SERVICES
SETA

DEVELOP & GROW

SECTOR SKILLS PLAN

2024 – 2025

higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

SERVICES SECTOR EDUCATION
AND TRAINING AUTHORITY

CLEANING & HIRING SERVICES

COMMUNICATION & MARKETING SERVICES

LABOUR & COLLECTIVE SERVICES

MANAGEMENT & BUSINESS SERVICES

PERSONAL CARE SERVICES

REAL ESTATE & RELATED SERVICES

VISION

A flourishing services sector that creates economic growth and inclusive opportunities for all South Africans.

MISSION

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

VALUES

1. Accountability
2. Innovation
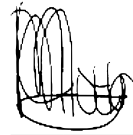3. Integrity
4. Professionalism
5. Responsiveness

Official Sign-off

It is hereby certified that this Sector Skills Plan:

› was developed by the Management of the Services SETA in consultation with the Department of Higher Education and Training;

› was informed by extensive primary and secondary research and complimented by comprehensive literature reviews;

› involved representative stakeholder consultation; and

› accurately identifies hard-to-fill vacancies and skills gaps to inform strategic and annual performance priorities.

Ms Mamabele Motla
Executive Manager: Strategy & Planning

Signature: _____

Date: 31   July   2023

Mr Menzi Fakude
Chief Executive Officer

Signature: _____

Date: 31   July   2023

Mr Stephen De Vries
Chairperson: Accounting Authority

Signature: _____

Date: 31   July   2023

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FOREWORD

BY THE CHAIRPERSON OF THE ACCOUNTING AUTHORITY

The Sector Skills Plan 2024/25 update marks a critical milestone in the term of the current Accounting Authority – the fifth and final year of office. This juncture calls for critical self-reflection and introspection. Essential questions to ponder include what contribution the Services SETA has made in addressing the skills demands of the services sector and how the mismatch between skills supply and demand has been addressed while ensuring alignment between skills supply and demand – thereby addressing unemployment and unemployability head-on, and what measures have been taken to mainstream transformational imperatives in the services sector.

MR S DE VRIES
Chairperson:
Accounting Authority

Definite answers to these questions are obscured by external factors, some national and others global in nature. The outbreak of the COVID-19 pandemic set back many achievements recorded in the latter part of the National Skills Development Strategy (NSDS) III, which formed a foundation upon which to build on the National Skills Development Plan (NSDP) 2030. The pandemic affected the post-school education and training sector directly and profoundly. Learning and teaching were interrupted for prolonged periods, inhibiting the Services SETA from carrying out its mandate dutifully.

Despite these challenges, the Services SETA recorded improvements from a skills planning perspective. These events prompted the Services SETA to devise innovative ways to strengthen skills demand and supply surveillance, including developing the skills demand forecast model and leveraging Information Communication Technology (ICT). In addition, skills planning had to be closely aligned with the challenges of the day to ensure responsiveness to save businesses and jobs. Development of occupational qualifications, including learnerships and short skills programmes (SPs) closely aligned with change drivers for skills demand, was expedited.

Closer collaborations with key role players in skills development were cultivated. A large amount of energy was devoted to building capacity to supply

within the Technical and Vocational Education and Training (TVET) and Community Education Training (CET) colleges system. Mobilisation of employers, employer bodies, professional bodies, labour, and learners was also intensified with vigour. Employer participation in skills development, at their own cost, was also intensified through mobilisation and capacitation to participate in the Workplace Skills Plan (WSP)/Annual Training Report (ATR) submission process and support with claiming Mandatory Grants. Trade Unions and Federations were also capacitated to initiate and participate in worker-driven skills development interventions.

Prioritising skills development interventions was foregrounded by transformational imperatives of ensuring equitable access to training opportunities by the SME sector, women, youth, people with disabilities and those living in rural areas. Vulnerable sectors and those requiring deliberate efforts to foster transformation have been identified, and appropriate interventions devised, implemented, and monitored. Care was also taken to ensure alignment with key government strategies to drive the reconstruction and recovery of the economy from the ruins of the COVID-19 pandemic and the resultant economic meltdowns.

Reflecting on these achievements and the daunting task ahead of us as a nation, the approach to this update has been premised on the need to deepen demonstratable impact. As a result, the prioritisation of change drivers of skills demand has been slightly modified to reflect current reality whilst not setting up new long-term objectives. Equally, the prioritisation

of skills development interventions has been closely aligned with the Services SETA's capacity to supply regarding the availability of appropriate occupational qualifications with accredited service providers. Partnerships and collaboration with Post-School Education and Training (PSET) role players have been given more impetus to realise demonstrable impact.

We will continue to strive to align Services SETA's learning intervention programmes with government strategies and plans. The Services SETA actively supports the Presidential Youth Employment Initiative by placing University and TVET college graduates in employment to fight the scourge of youth unemployment – the Work Integrated Learning (WIL) initiative. Priority is given to the Economic Recovery and Reconstruction Plan (ERRP) by implementing relevant skills development as identified in the Economic Recovery and Reconstruction Skills Strategy (ERRS) of the Department of Higher Education and Training (DHET).

Against this background, I call upon all internal and external stakeholders to join hands once again in driving a skills development revolution in the services sector to save businesses and jobs and entrench transformation for the benefit of our people.

MR STEPHEN DE VRIES

Chairperson: Accounting Authority

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LIST OF ACRONYMS

4IR	Fourth Industrial Revolution
APP	Annual Performance Plan
ATR	Annual Training Report
BPO	Business Process Outsourcing
CATI	Computer-assisted telephonic interviews
CET	Community Education Training
DG	Discretionary Grant
DHET	Department of Higher Education and Training
ERRP	Economic Reconstruction and Recovery Plan
ERRSS	Economic Reconstruction and Recovery Skills Strategy
FQ	Full Qualification
GDP	Gross Domestic Product
GWM&E	Government-wide Monitoring and Evaluation System
ICT	Information Communication Technology
IPAP	Industrial Policy Action Plan
LPE	Levy Paying Employer
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NGP	New Growth Path
NLPE	Non-Levy Paying Employer
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NSDP	National Skills Development Plan
NSDS	National Skills Development Strategy
OFO	Organising Framework for Occupations
PIVOTAL	Professional, Vocational, Occupational, Technical and Academic Learning
PFMA	Public Finance Management Act
PQ	Part Qualification
PSET	Post-School Education and Training System
QCTO	Quality Council for Trade and Occupations
QLFS	Quarterly Labour Force Survey

QES	Quarterly Employment Survey
RPL	Recognition of Prior Learning
SDL	Skills Development Levy
SDLA	Skills Development Levies Act
SDP	Skills Development Provider
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SET	Science, Engineering and Technology
SETA	Sector Education and Training Authority
SETMIS	The Sector Education and Training Management Information System
SEZ	Special Economic Zones
SIC CODE	Standard Industrial Classification Code
SIPs	Strategic Integrated Projects
SME	Small Micro Enterprises
SMME	Small, Medium and Micro Enterprises
SOP	Standard Operating Procedure
SP	Skills Programme
SPOI	Sectoral Priority Occupations and interventions
SSP	Sector Skills Plan
STATS SA	Statistics South Africa
TES	Temporary Employment Service
TVET	Technical and Vocational Education and Training
WIL	Work Integrated Learning
WP-PSET	White Paper on Post-School Education and Training
WSP	Workplace Skills Plan
WTO	World Trade Organisation

The Services SETA aims to forge a close working relationship with the industry, labour and government, and all key role players in the Post-School Education and Training (PSET) ecosystem to address the shortage of critical skills that can help grow the economy.

EXECUTIVE SUMMARY

This Skills Sector Plan (SSP) was prepared in accordance with Section 10 (1) (a) of the Skills Development Act (SDA) of 1998, which mandates the Sector Education and Training Authority (SETA) to develop an SSP within the framework and guidelines included in the NSDP 2030. The key policy drivers identified and considered in this SSP are the National Development Plan (NDP), National Growth Path (NGP), Industrial Policy Action Plan (IPAP), Medium Term Strategic Framework (MTSF) (2019-2024), National Skills Development Plan 2030 (NSDP), White Paper on Post-School Education and Training (WP-PSET), the Economic Reconstruction and Recovery Plan (ERRP), the Economic Reconstruction and Recovery Skills Strategy (ERRSS) and has highlighted the contribution of the Services SETA to the implementation of each discussed.

This SSP 2024/25 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 analysing the Services SETA mandatory grant data (WSP and ATR); performance information (learner enrolments and completion data); employer surveys and stakeholder engagements. Secondary research includes a desktop literature review and analysis of employers' recruitment data, Statistics South Africa's (Stats SA) Quarterly Labour Force Survey (QLFS) and Gross Domestic Product (GDP). Research findings were validated through stakeholder workshops comprising the Services SETA's management and Accounting Authority (AA) and key industry representatives.

As demarcated by the Department of Higher Education and Training (DHET), the services sector refers to the 68 Standard Industrial Classification (SIC) Codes. The 68 industries have been divided into six chambers and 16 subsectors for operational purposes. As of February 2022, there were approximately 191,170 employers actively trading within the sector; this represents an increase of more than 3,000 new employers entering the services sector. Most employers are classified as medium to small, 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 AA, employers, trade unions, TVETs, CETs, universities, industry bodies and associations.

Overall, the South African economy is not doing very well. The dire economic situation predates the COVID-19 pandemic era. The pandemic only served to exacerbate an already bad situation. Back on the heels of the COVID-19 pandemic, the globally spread inflation is inflicting yet another blow to the economy. The country is facing difficulties concerning overall recovery. In 2022, economic trends were characterised by repeated growth and decline each quarter. Employment, for the same period, follows a similar pattern – a positive growth in one quarter and a negative growth in the next.

To address the challenges faced by the services sector, the Services SETA aims to forge a close working relationship with the industry, labour and government, and all key role players in the Post-School Education and Training (PSET) ecosystem to address the shortage of critical skills that can help grow the economy. Critical partnerships being pursued and/or planned are highlighted in Chapter 4. The central focus is building the capacity to supply relevant skills to support the growth of the services sector and to bring business and labour onboard as key constituencies.

Change drivers for the skills development demand and supply include Information and Communication Technology, Economy, Climate Change and Globalisation. Technological evolution is taking place rapidly with dire consequences for the labour force, requiring regular upskilling of the economically active labour force and the supply of prospective labour force with relevant skills. Industries mostly affected by the technological change include marketing, real estate, postal services, contact centres and funeral services. The implications are that the labour force needs to constantly acquire the requisite skills, while the education and training institutions must strive to ensure the relevance of qualifications on offer. The Services SETA is collaborating with other SETAs to service the needs of the industry whilst developing in-house qualifications that address skills demand driven by technological change, especially management of big data.

Additional measures to mitigate the impact of key drivers of skills change introduced by the Services SETA include alignment with the government strategies and plans such as ERRP, ERRSS, and the Youth Employment Initiative. To address the latter, the Services SETA will continuously set annual targets to recruit and place University and TVET college graduates in workplaces, working with employers and labour.

A list of hard-to-fill vacancies per chamber and subsector is presented in Chapter 3. An attempt has been made to ensure the ability of the Services SETA to service these qualifications by highlighting the available interventions and investigating the possibility of collaborating with other SETAs where possible. The services sector is one of the sectors that lags behind regarding transformation. Not surprisingly, equity consideration is one of the underlying reasons for hard-to-fill vacancies. Alignment with the ERRSS has been affected by identifying scarce skills contained in the ERRSS that the Services SETA can support.

Common reasons for the inability to fill vacancies include lack of experience, qualifications, and equity considerations. Skills gaps in the services sector have also been identified. A strong focus on IT-related occupations signifies the impact of the Fourth Industrial Revolution (4IR). These observations align with the ERRSS's list of skill gaps highlighted in this SSP, and the alignment thereof has strengthened.

Emanating from the lists of hard-to-fill vacancies or skills gaps, a draft list of priority occupations has been developed jointly with key stakeholders. The magnitude of demand has been determined with inputs from management and the industry. Identified interventions will inform the updates of the Strategic and Annual Performance Plans 2024/25 and the Service Level Agreement (SLA) with the DHET.

Given the importance of partnerships in skills development, the Services SETA has initiated several partnerships with key stakeholders, which include TVET colleges, universities, local government, and strategic national and provincial departments. The focus of these partnerships is on skills demand and supply, the roles of TVET Colleges, Higher Education Institutions, intermediaries, and inter-SETA collaboration.

The current inter-SETA collaboration is the best partnership model for the Services SETA. This approach brings SETAs together under one roof and allows for sharing of information and resources.

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

Chapter 6 outlines five priority actions for implementing the SSP 2024/25. These include:

1. Foster Inter-SETA collaboration and industry partnerships to promote growth in the services sector, including Small, Medium and Micro Enterprises (SMMEs).
2. Secure workplace training opportunities working in collaboration with the industry, employers, and SETAs.
3. Work with the Quality Council for Trade and Occupations (QCTO) and industry role players to complete and implement registered occupationally directed qualifications.
4. Strengthen alignment between industry needs and Services SETA supply through research, implementation, and structured M&E.
5. Implementation of the organisational-wide M&E Framework to improve performance management.

A conscious decision has been made to retain priority actions from the SSP 2023/24 to allow for implementation, monitoring, and evaluation, as some of these action plans have short- to medium-term life cycles.

MR MENZI FAKUDE
Chief Executive Officer

MR STEPHEN DE VRIES
Chairperson: Accounting Authority

RESEARCH PROCESS AND METHODS

INTRODUCTION

The SSP is one of the key strategic documents that the Services SETA needs to develop. It is the culmination of rigorous research on the key skills development trends and issues in the services sector. In addition, the Services SETA conducts various research projects and studies in line with the Research Agenda approved by the Accounting Authority (AA). These research studies then contribute relevant information and knowledge to the six chapters in the SSP document.

The Department of Higher Education and Training (DHET) prescribed an SSP framework emphasising that the SSP must be informed by accurate, evidence-based research responding to the skills needs and gaps using objective study and consultations with the sector stakeholders. The Services SETA's SSP 2024/25 updates were informed by primary and secondary data, including qualitative and quantitative research methods. This SSP section outlines the research methods and processes applied in producing this SSP document.

RESEARCH PROCESS

Figure 1 below depicts the Services SETA research process followed in producing the SSP and the primary data collection methods used to collect data analysed in the document. This process starts with the approval of the Research Agenda and ends with the final approval and sign-off from the Accounting Authority.

Figure 1: Research Process

i. Approval of the Research Agenda by the Board

The research agenda is prepared every preceding year to guide research activities that inform the SSP update. This research is then implemented following the purpose outlined above. The research agenda for 2024/25 was approved in June 2023 and is attached herein as an annexure. Approval of the research agenda happens at the AA level with the guidance of the Management and Governance, Risk and Strategy Committee (GRSC). This approval allows the research team to actively implement the various research topics in the Research Agenda.

ii. Primary Research

The inception of new projects starts from the 1st of April (in line with the new financial year) until the completion. The start of new projects coincides with the financial year to ensure alignment with the budget. The completion date is dependent on the scope of the project. However, care is often taken to ensure that research projects do not exceed two consecutive financial years. In this update, findings from the following primary research studies were used:

1. Services Sector Economic and Skills Demand and Supply Analysis (WSP/ATR analysis);
2. Labour Market Outcome of the 2020/21- 2021/22 Cohort (Learner Tracer);
3. A skills demand and supply analysis and forecast model for the Services SETA;
4. Evaluation of the implementation of NSDS III and NSDP2030; and
5. Customer satisfaction survey.

Below is a summary of the research methods, research design, sample size and tools used.

a.   Research Study Title: Learner Tracer Study

The objective of the study	To track and trace learners who completed Services SETA learning interventions from 2011/12 to 2021/22.
Research design	Quantitative
Research method	Online survey
Sample size	3,365 email invitations were sent out to a list of contacts, and 939 responses were received. Additionally, 2,281 responses were received through a link posted on the Services SETA webpage and sent via cell phone numbers. 3,220 is the total number of responses received.
Data sources	Completed surveys
Study duration	Commenced in February 2022 and was completed by 28 February 2023

b.   Research Study Title: DHET Employer Interviews

The objective of the study	The purpose of this project was to conduct interviews with employers pertaining to change drivers, hard-to-fill vacancies, and skills gaps.
Research design	Qualitative
Research method	In-depth Interviews
Sample size	14
Data sources	Completed questionnaires
Study duration	Commenced on 1 July 2022 and was completed by 30 November 2022

c.   Research Study Title: Customer Satisfaction Survey

The objective of the study	The overall objective was to conduct a customer satisfaction survey on the Services SETA services in the provision of its guaranteed programmes and generate insights on how to further improve the quality of its services. The study aimed to determine whether stakeholders are satisfied with the services and products provided by the SETA. Determine whether stakeholder expectations are being met and whether stakeholders plan to participate in future activities. Assist the organisation in assessing the extent to which its reputational goals are being met.
Research design	Quantitative and qualitative
Research method	Computer-assisted telephonic interview (CATI) online interviews
Sample size	85 CATIs with an employer, 300 CATIs & online with learners, 85 CATIs with skills development providers (SDPs), as well as 8 in-depth interviews (3 board members and 5 executive managers)
Data sources	Completed surveys and interview guides
Study duration	Commenced in December 2022 and was completed by 31 March 2023

d.   Research Study Title: A skills demand and supply analysis and forecast model for the Services SETA

The objective of the study	To develop a forecast model for skills demand and supply for the services sector for the next five years
Research design	Quantitative
Research method	Analysis of existing data
Sample size	Not applicable
Data sources	Stats SA's QLFS, GDP; Services SETA WSP/ATR, Performance Information
Study duration	Commenced in January 2022 and was completed by 31 July 2022

e.   Research Study Title: Evaluation of the implementation of NSDS III and NSDP

The objective of the study	To evaluate the Services SETA's success in implementing the NSDS III and two years of NDSP 2030
Research design	Quantitative and Qualitative
Research method	Strategy documents review, policy review, interviews with managers and executive managers, employer survey, case studies of Services SETA interventions and learner tracer study
Sample size	Employer Survey: 1,667 invitations were sent to the employers, and only 229 responded. There were 32 partial and 197 complete responses. Interviews with Services SETA managers and executive managers: TBC Case studies: 8 cases of interventions implemented by the Services SETA were identified, and their impact analysed
Data sources	Stats SA's QLFS, GDP; Services SETA WSP/ATR, Performance Information
Study duration	Commenced in February 2022 and was completed by 31 March 2023

iii.   WSP/ATR Submissions

WSP/ATR data is critical in informing the SSP, especially regarding the nature and extent of skills demand for the sector, including the economic outlook. Around 4,567 employers submitted WSPs/ATRs in 2023/24, which were analysed to inform this update. As discussed above, WSP/ATR data is crucial for understanding skills demand and supply in the services sector. The analysis focused on the lists of Hard-to-Fill Vacancies, Skills Gaps, Change Drivers, and Future skills. Consideration of planned and implemented skills was also made in the overall analysis.

iv.   Consultations

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

There were online workshops with stakeholders to investigate the nature and extent of skills demand and supply and change drivers within the services sector. Follow-up validation workshops were later held with previous participants to confirm the validity and magnitude of the skills identified. These are depicted as follows:

Table 1: List of Stakeholder Engagement Sessions

Stakeholders	Date
Management Strategy Session	05 May 2023
Governance Risk and Compliance Committee	10 May 2023
Management and Business Services Chamber validation workshop	11 May 2023
Haircare, Beauty, and Image Services Subsector validation workshop	15 May 2023
Communications and Marketing Services Chamber validation workshop	15 May 2023
Labour and Collective Services Chamber validation workshop	16 May 2023
Real Estate and Related Services Chamber validation workshop	17 May 2023
Funeral Services Subsector validation workshop	18 May 2023
Executive Committee of the Accounting Authority	18 May 2023
Cleaning and Domestic Services Subsector validation workshop	19 May 2023
Hiring Services Subsector validation workshop	30 May 2023
Executive Committee of the Accounting Authority	14 June 2023
DHET Feedback Session	10 July 2023
Governance Risk and Compliance Committee	18 July 2023
Executive Committee of the Accounting Authority	20 July 2023
Accounting Authority	28 July 2023

CONCLUSION

The methods of data collection discussed above provide a balance between quantitative and qualitative methodologies. There are many benefits and some limitations to each of the methods used. However, applying the above provides rich data that was analysed for accurate information in the SSP update.
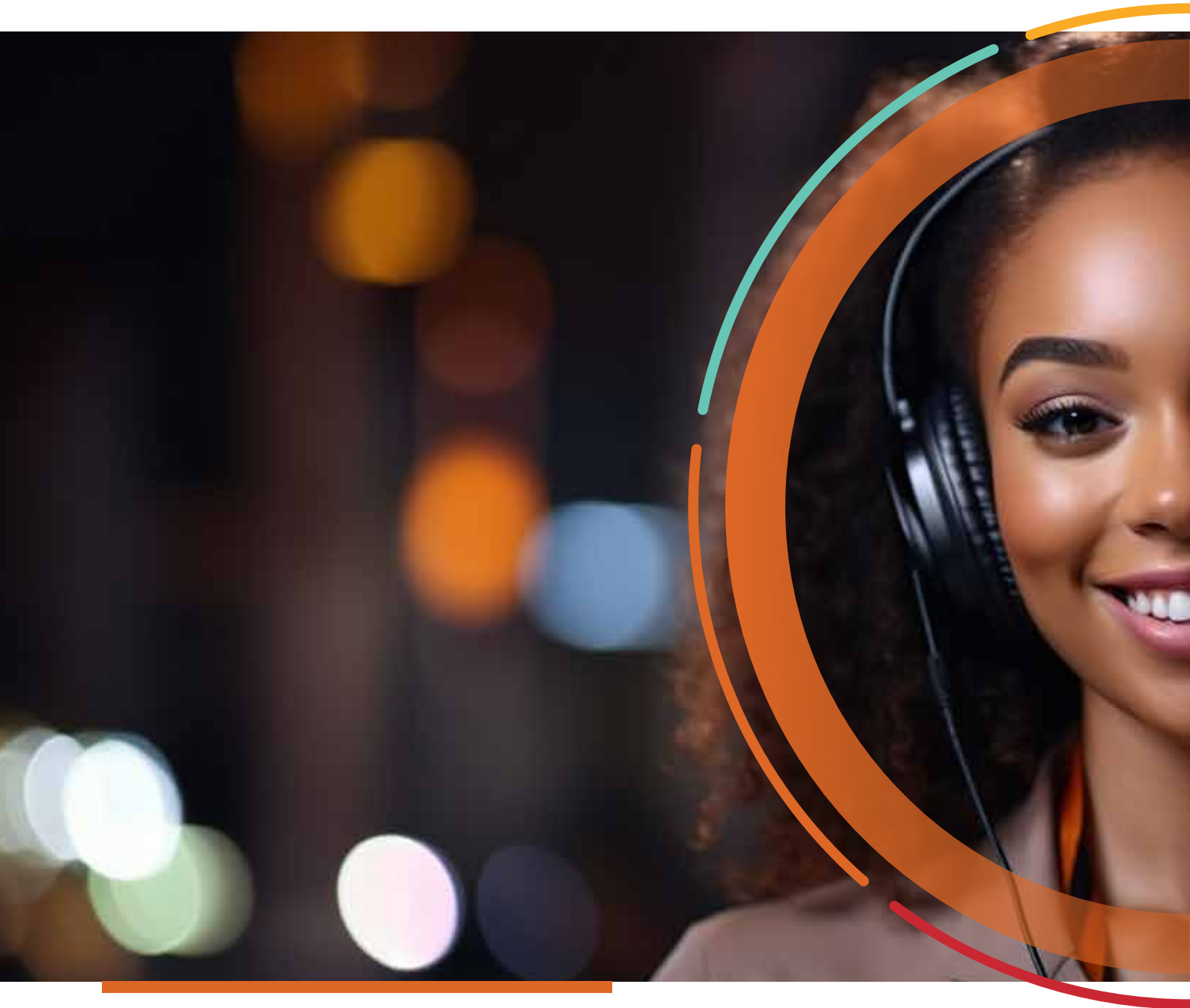
CHAPTER 1

SECTOR PROFILE

SECTOR PROFILE

1.1. INTRODUCTION

This chapter presents the profile of the services sector by covering its scope of coverage, key role players, economic performance, employer profile, and labour market profile and its evolution. This chapter discusses the size and shape of the services sector, thereby providing an understanding of the sector's contribution to the overall economic, employment, and human capital development. The discussions herein are informed by data collected through primary and secondary research. Primary data include a research study on the impact of COVID-19 on the services sector, a learner tracer study, a study on the skills demand and supply in the services sector, impact evaluation of the NSDS III and baseline for the NSDP 2030, SETAs' WSP and ATR 2023 data, series of workshops with services sector stakeholder analysis, Services SETA Performance Information, Gross Domestic Product (GDP), QLFS, and Quarterly Employment Surveys (QES) by Stats SA. Secondary data include reviewing published, unpublished, and international and national research studies.

1.2. SCOPE OF COVERAGE

The Services SETA is constituted by 68 SIC codes clustered into sixteen subsectors and grouped into six Chambers. This section commences with a description of the services sector as defined by the SIC Codes. The discussions on the scope of the services sector will, firstly, reveal that the sector is very diverse and cuts across several major industry categories and, secondly, indicate that the services sector is informal and comprises many small and medium-sized companies. Given the sector's diversity, several role-players provide support in ensuring that the sector supports the sustainability and growth of SMMEs, including its labour force. Table 2 provides a breakdown of the Services SETA's industries by 68 SIC codes, 16 sub-sectors and six chambers. Each of these sub-sectors has characteristics, employment trends and economic drivers that are strikingly different from one another. The various sub-sectors have, in turn, been grouped into six chambers.

Table 2: Services SETA Chambers and Sub-Sectors

CLEANING AND HIRING SERVICES CHAMBER		
Sub-Sector Title	**SIC Code**	**Gazetted Industry Descriptor**
Hiring Services	86025	Office Machinery, Equipment and Rental Leasing
	50500	Renting of Construction or Demolition Equipment with Operators
	85000	Renting Of Machinery and Equipment, Without Operator and Of Personal and Household
	85200	Renting of Other Machinery and Equipment
	85300	Renting of Personal and Household Goods N.E.C
	99029	Function and Catering Equipment Hire
	99035	Miscellaneous Item Hire
	99036	Truck Hire
	99037	Video Hire
	99052	Truck and Plant Hire
Household Services	99025	Dry Cleaning and Laundering
	99026	Garden Maintenance Services
Domestic Services	99027	Domestic Services
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 Services	99055	Call Centre Management of People
Postal Services	75110	National Postal Activities
	75111	Banking Via Post Office
	75121	Mail Handling
LABOUR AND COLLECTIVE SERVICES CHAMBER		
Labour Recruitment Services	88918	Permanent Employment Agencies
	88910	Labour Recruitment and Provision of Staff
	88916	Private Employment Agencies and Temporary Employment Services
	99045	Personnel Services Agencies
	88917	Temporary Employment Services
Collective Services	95120	Activities of Professional Organisations
	95155	Professional Bodies N.E.C.
	95991	Bargaining Councils and Dispute Resolution
	95992	Associations, Federations and Umbrella Bodies
MANAGEMENT AND BUSINESS SERVICES CHAMBER		
Business Services	61421	Import and Export of Various Metals
	88141	General Consulting Services
	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 Services	99039	Generic Project Management
	99056	Event And Conference Management Excluding the Operation of Convention Centres
PERSONAL CARE SERVICES CHAMBER		
Hair Care Services	99022	Ladies Hair Dressing
	99023	Men's and Ladies' Hairdressing
Beauty Treatment Services	99024	Beauty Treatment
	99041	Nail Technology, including Nail technologists, Nail Technicians and Distributors and Agencies of Nail Products
	99042	Non-Allied Registered Perfumery, including Aromatic Oils and Related Products, Perfumery Consultants, Salespeople and Agencies of Nail Products
	99043	Health And Skin Care Inc. Health and Skin Care Therapists, Stress Therapists and Cosmetologists, Slimming Salons and Distributors of Slimming Products
	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 Services	99046	Modelling Agencies
	99054	Fashion Design Not Related to Clothing

REAL ESTATE AND RELATED SERVICES CHAMBER		
Real Estate Services	50411	Decorating Business/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

Source: DHET (2019)

1.3. KEY ROLE-PLAYERS

The key role-players in the services sector include the AA, industry-organised bodies and associations, employers, trade unions and educational and training institutions. A brief description of each key role player, their role at the Services SETA and their contribution to the NSDP 2030 outcomes is provided in Table 3 below.

Table 3: Key Role Players

Key Partners	Description
Services SETA Accounting Authority	The Accounting Authority of the Services SETA and its five committees play a key role in governing and managing the SETA in accordance with the Public Finance Management Act (PFMA) and any other applicable legislation. These committees are mechanisms to assist the AA in giving detailed attention to specific key areas of its duties and responsibilities, including implementing the NSDP 2030. **Role in relation to NSDP 2030 Outcomes:** Provide an oversight role over the Services SETA to ensure that the SETA fulfils its mandate and effectively implements all eight outcomes of the NSDP.
Employers	Employers are a critical voice for the business community in influencing policy direction of the country. The Services SETA interacts with employers through associations, among which chamber committees are constituted to jointly facilitate skills development in line with the NSDP 2030. Annexure B lists bodies that constitute key role players in the sector. **Role in relation to NSDP 2030 Outcomes:** They support outcomes 1, 2, 3 & 4.
Trade Unions	Trade Unions are critical voices for workers. They lobby workers to participate in skills development initiatives to improve their skills. And advises SETAs on skills demand and supply. **Role in relation to NSDP 2030 Outcomes:** They support outcome 7.
Department of Higher Education and Training	The Department of Higher Education and Training makes provisions for skills development legislation, policies, regulations, and guidelines. Key policies include the NSDP 2030 and the WP-PSET. The Services SETA is committed to implementing the NSDP 2030 outcomes through the SSP, the Strategic Plan and the Annual Performance Plan (APP).
Industry Bodies and Associations	Organised Employer organisations provide a collective voice of the industry. They also play an essential role in formalising and standardising operations within the sector. **Role in relation to NSDP 2030 Outcomes:** They support all NSDP 2030 outcomes by ensuring that skills development initiatives are implemented and monitored.
TVET Colleges, CETs and Universities	TVET colleges, CETs, and universities are critical components of the skills development ecosystem within the post-school and education and training (PSET) system. They are responsible for implementing the training interventions. They are a crucial link between education and the world of work. The Services SETA works closely with the TVET Governance Council and DHET to develop their capacity. **Role in relation to NSDP 2030 Outcomes:** They support outcomes 2, 3, 4 & 5.
Skills Development Providers	They provide skills development training in the labour force and are on the supply side. **Role in relation to NSDP 2030 Outcomes:** They support outcomes 2, 3 & 4.

1.4. ECONOMIC PERFORMANCE

The section on the economic performance of the services sector provides an account of the sector's contribution to the economy compared to the rest of the economic sectors, describing how the sector is currently performing and its outlook. The chapter then focuses on the employer profile and the labour

market profile. Both are significant in providing a detailed understanding of the nature of employers and employment in the sector. It is important to emphasise that the Services SETA's scope of coverage overlaps with several industries as defined by the World Trade Organisation (WTO) and Stats SA. Analysis of the service sectors that fall under the Services SETA purview includes finance, transport, construction, mining, agriculture, and personal services. Reference to the services sector in this SSP includes the subsectors mentioned above. Figure 2 reflects the GDP growth trends and industry contributions.

Figure 2. Growth in GDP, Q1 2020- Q1 2023 (%)

	20/1	20/2	20/3	20/4	21/1	21/2	21/3	21/4	22/1	22/2	21/3	22/4	23/1
Positive %	0,2		13,7	2,7	0,6	1,3		1,4	1,5		1,8		0,4
Negative %		-16,9					-1,9			-0,8		-1,1	
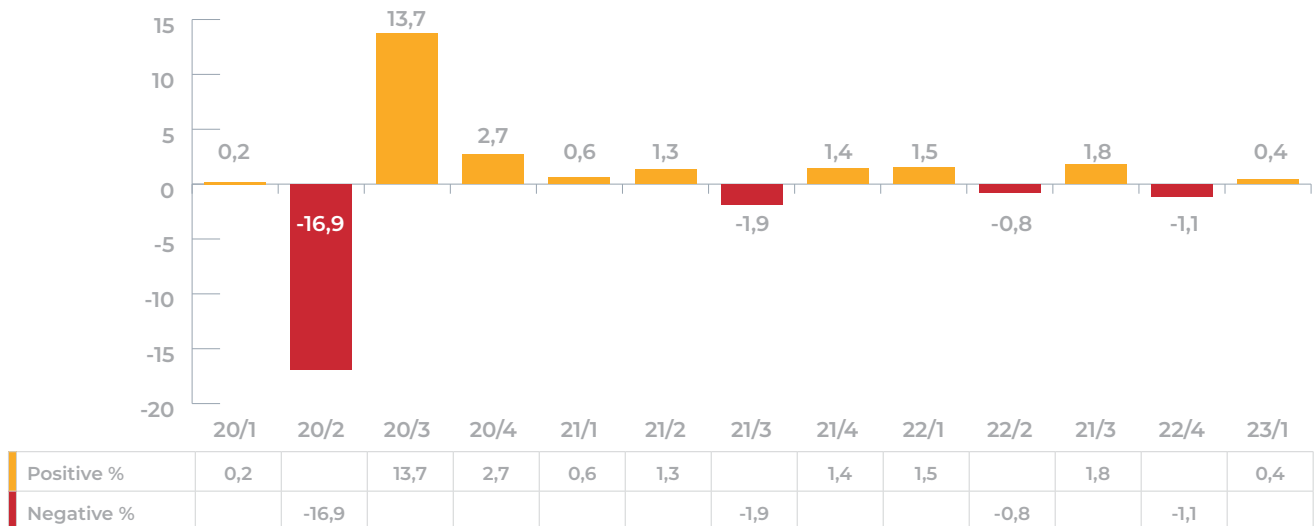
Source (Stats SA, 2023a)

As Figure 2 illustrates, the South African economy has not fully recovered from the effects of the COVID-19 pandemic. Despite the promising signs of recovery with the easing of lockdown regulations, economic growth as measured in GDP terms has not fully recovered. The South African economy grew by 0.4% in Quarter 1 of 2023, following a decline of -1.1% in Quarter 4, 2022. Recent global events such as high inflation rates and widespread increases in interest rates are the most apparent indicators from the recovery perspective that the economy is in for a long ride. Increases in commodities such as gas, oil and certain food items are likely to exacerbate an already worse situation. The effects of the war between Russia and Ukraine are yet to filter through, given their role in the world's gas, oil, and grain commodities.

Figure 3. Contributions to GDP, Q1 2023 (%)
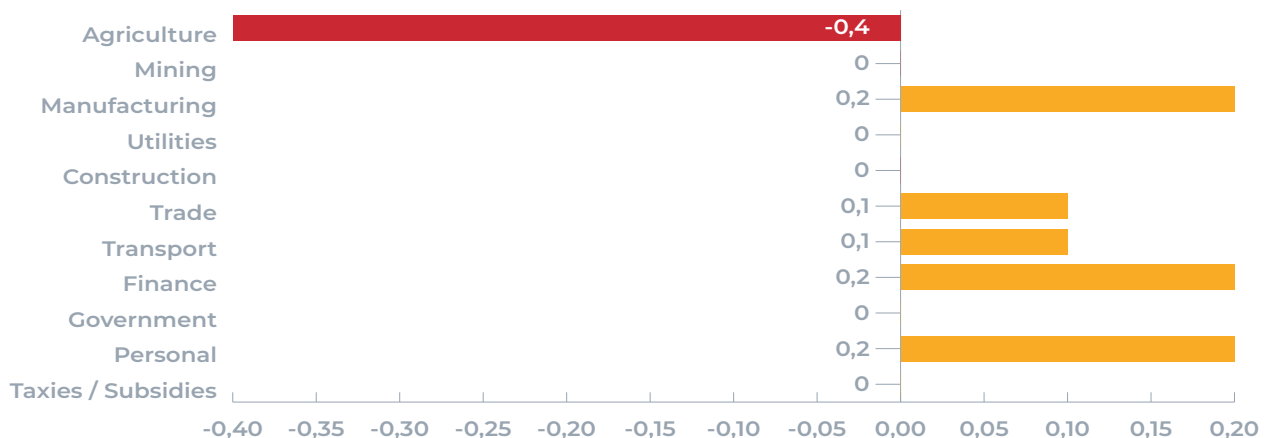
Source (Stats SA, 2023a)

Regarding the industry's performance, the manufacturing and finance sectors performed better, followed by trade, transport and personal. The most significant decline was in the agriculture sector.

The 2022 Quantec data of the services sector's contribution to the GDP by chambers shows growth from R1,129,555 million in 2021 to R1,154,073.50 million in 2022; see Table 4 below. It is important to monitor growth trends at the chamber level to identify areas that require urgent attention in good time.

Table 4: Services Sector GDP at Current Prices by Chamber[1] (R'm)

CHAMBER	2019	2020	2021	2022
Cleaning & Hiring Services Chamber	56,553.1	48,288.5	49,672.4	49,871.1
Communications and Marketing Services Chamber	105,378.5	98,746.4	94,204.3	94,581.1
Labour & Collective Services Chamber	495,510.8	527,461.5	577,910.2	580,221.8
Management & Business Services Chamber	217,192.2	218,437.9	234,961.8	235,901.6
Personal Care Services Chamber	86,585.2	73,911.0	93,557.0	93,931.2
Real Estate & Related Services Chamber	87,620.9	85,981.1	79,249.7	79,566.7
Total	1,048,840.7	1,052,826.4	1,129,555.4	1,154,073.50

Source (Quantec, 2023)

1.5. EMPLOYER PROFILE

1.5.1. SIZE OF SERVICES SETA

The services sector is one of the leading sectors in South Africa in terms of GDP growth and employment. About 191,170 employers belong under the Services SETA. Most employers are found in the Management and Business Services Chamber, followed by the Real Estate and Related Services Chamber.

Table 5: Services SETA Chamber by Size and Levy Status

Row Labels	Grand Total	LEVY PAYING TOTAL		NON-LEVY PAYING TOTAL	
		Total	%	Total	%
Cleaning and Hiring Service Chamber	5,024	983	3%	4,041	3%
Communications and Marketing Services	4,395	697	2%	3,698	2%
Labour and Collective Services Chamber	4,323	726	2%	3,597	2%
Management and Business Services Chamber	153,452	27,039	75%	126,413	81%
Personal Care Services Chamber	8,795	3,106	9%	5,689	4%
Real Estate and Related Services Chamber	15,181	3,380	9%	11,801	8%
Grand Total	191,170	35,931 (19% of total employees)		155,239 (81% of total employees)	

As the table above illustrates, only 19% of the Services SETA employees are paying levies as per the Skills Development Levies Act (SDLA). The majority of Services SETA's employers are concentrated in the Management and Business Services Chamber. The irony of this chamber is that it has the highest number of levy-paying employers (75%) as well as non-levy paying employers (NLPE) (81%). It has a mix of both formal and employer businesses.

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

Table 6: Services SETA Employers by Chamber, Subsector, Size and Levy Status

Row Labels	LEVY PAYING					NON-LEVY PAYING				
	Large	Medium	Small	Unknown	Total	Large	Medium	Small	Unknown	Total
Cleaning and Hiring Service Chamber	5	15	419	544	983	56	132	2,559	1,294	4,041
Cleaning Services	4	9	149	155	317	40	75	1,136	644	1,895
Domestic Services	0	0	8	0	8	0	0	18	13	31
Hiring Services	1	3	229	385	618	16	56	1,310	466	1,848
Household Services	0	3	33	4	40	0	1	95	171	267
Communications and Marketing Services	5	4	336	352	697	11	17	2,479	1,191	3,698
Contact Centres Services	1	1	8	1	11	4	0	30	29	63
Marketing Services	4	2	310	316	632	6	17	2,276	1,123	3,422
Postal Services	0	1	18	35	54	1	0	173	39	213
Labour and Collective Services Chamber	12	17	333	364	726	111	216	2,347	923	3,597
Collective Services	0	1	102	125	228	2	5	459	162	628
Recruitment Services	12	16	231	239	498	109	211	1,888	761	2,969
Management and Business Services Chamber	86	321	16,239	10,393	27,039	439	1,117	108,882	15,975	126,413
Business Services	86	320	16,206	10,389	27,001	438	1,115	108,803	15,880	126,236
Project Management Services	0	1	33	4	38	1	2	79	95	177
Personal Care Services Chamber	3	2	764	2,337	3,106	9	26	4,680	974	5,689
Beauty Treatment Services	2	0	78	106	186	1	6	466	183	656
Fashion Services	0	1	2	1	4	0	0	5	2	7
Funeral Services	0	0	5	3	8	0	0	33	11	44
Hair Care Services	1	1	679	2,227	2,908	8	20	4,176	778	4,982
Real Estate and Related Services Chamber	2	6	1,287	2,085	3,380	21	42	8,543	3,195	11,801
Real Estate Services	2	6	1,287	2,085	3,380	21	42	8,543	3,195	11,801
Grand Total	113	365	19,378	16,075	35,931	647	1,550	129,490	23,552	155,239

As Figure 4 on the next page illustrates, most Services SETA employers are based in Gauteng Province, with 117,362 employers stating that they are based in this province, followed by Western Cape and KwaZulu-Natal with 29,734 and 17,086, respectively.

Figure 4. Services SETA Employers by Provincial Spread
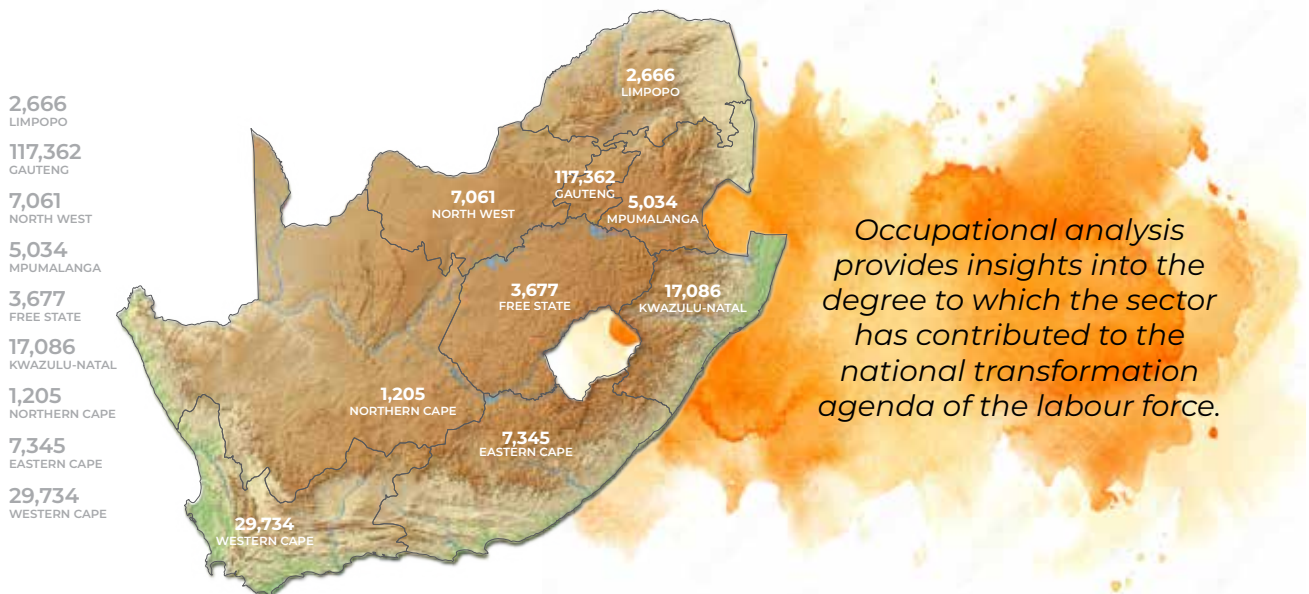
2,666
LIMPOPO

117,362
GAUTENG

7,061
NORTH WEST

5,034
MPUMALANGA

3,677
FREE STATE

17,086
KWAZULU-NATAL

1,205
NORTHERN CAPE

7,345
EASTERN CAPE

29,734
WESTERN CAPE

Occupational analysis provides insights into the degree to which the sector has contributed to the national transformation agenda of the labour force.

Source: Services SETA Database, 2022

1.5.2. WSP/ATR SUBMISSION

About 35,931 employers are paying the skills development levy (SDL) to the Services SETA. Only about 4,567 submitted WSPs/ATRs. The majority of these were small employers. The Services SETA has embarked on a wide campaign to encourage employers to submit WSPs/ATRs and provide support where necessary. Participation of employers in the submission of WSPs/ATRs is a direct indicator of employers' participation in workplace training. Information collected about planned and implemented training interventions helps the Services SETA to properly plan for skills development in the sector.

Figure 5. Employers Submitting WSP/ATR
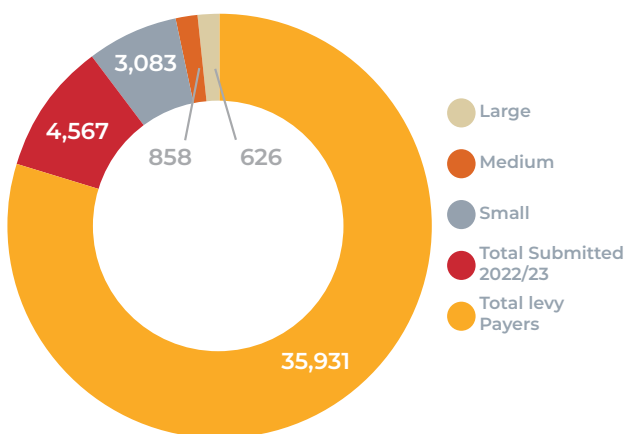
Source: Services SETA Database, 2022

This section is meant to describe the firms that comprise the services sector and their distribution in terms of company size and location of trading. The data sources are the DHET/SARS Database and WSP/ATR submissions.

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 transformation agenda of the labour force. Data used is derived from Stats SA's QLFS and QES and Services SETA's WSP and ATR 2023.

1.6.1. EMPLOYMENT BY SECTOR

In line with the falling economic growth, unemployment levels have persistently increased in the last two years. As illustrated, the expanded unemployment rate is higher than the official unemployment rate. The official unemployment rate increased by 0.2% to 32.9% in the first quarter (Q1) of 2023 compared to quarter four (Q4) of 2022. The expanded unemployment rate decreased by 0.2% in Q1 of 2023 compared to Q4 of 2022. This trend contributes significantly to poverty and inequality in the country.

Figure 6: Unemployment Rates, Q1 2022-Q1 2023

- ● Official Unemploynet Rate
- ● Expanded Unemploynet Rate

	2022/1		2022/4		2023/1	
Official	34.5		32.7		32.9	
Expanded		45.5		42.6		42.4
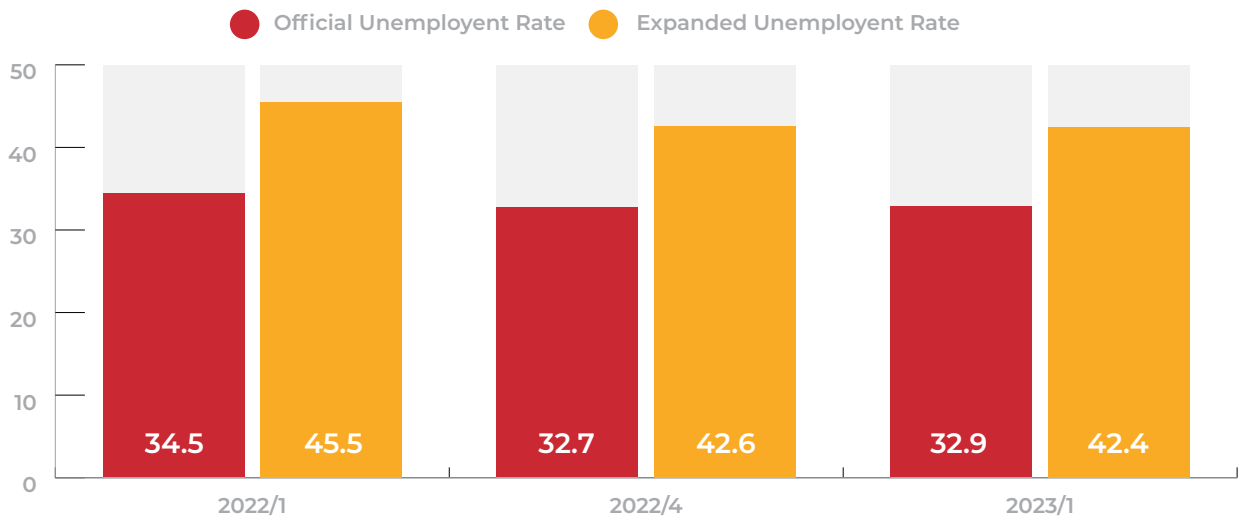
Source: Statistics South Africa (2023b)

Hardest-hit are precarious jobs, predominantly found in the informal sector. However, along with the GDP figures for Q4 2022, the expanded unemployment rate fell by 0.2% and increased at the same rate as the official unemployment rate. More work is needed to grow the economy. Skills development interventions play a central role in this regard by ensuring an adequate supply of skilled workforce. The Services SETA is monitoring these developments carefully to ensure an appropriate response from a skills development perspective.

Figure 7: Unemployment by Gender, Q1 2021-Q1 2023

- ● Female
- ● Male
- ● Total (SA)
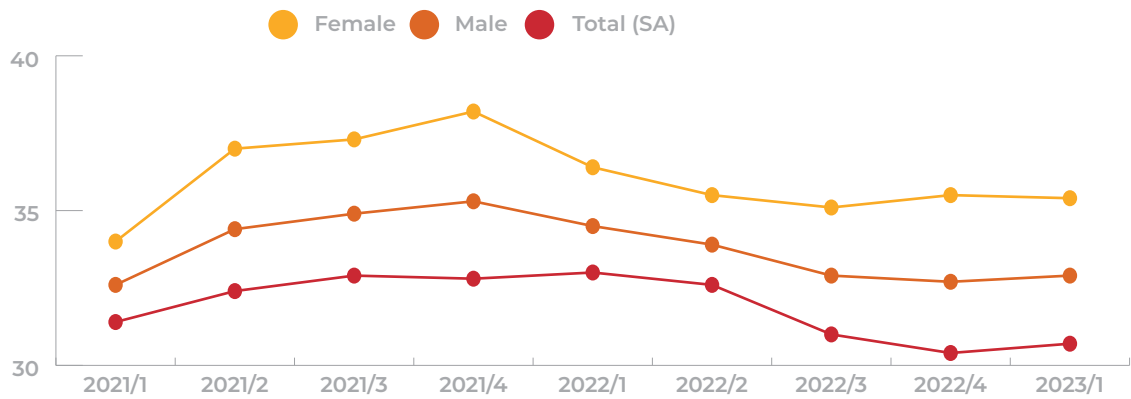
	2021/1	2021/2	2021/3	2021/4	2022/1	2022/2	2022/3	2022/4	2023/1
Female	34,00	37,00	37,30	38,20	36,40	35,50	35,10	35,50	35,40
Male	31,40	32,40	32,90	32,80	33,00	32,60	31,00	30,40	30,70
Total (SA)	32,60	34,40	34,90	35,30	34,50	33,90	32,70	32,90	32,90

Source: Statistics South Africa (2023b)

Regarding unemployment by gender, women still bear the harshest brunt of unemployment. In Q1 2023 alone, unemployment among women was more than 5% of men – see Figure 7. In addition to women, youth and people with low levels of education are disproportionately affected by unemployment. Unemployed work seekers with no matric accounted for more than half of the total unemployed, followed by those with a matric. Unemployment was lowest among graduates at 2,8%.

Figure 8: Proportion of the Unemployed by Education Level, Q1: 2023

Bar chart — Proportion of the unemployed by education level:
- Other: 0.4
- Other tertiary: 6,7
- Graduates: 2,8
- Matric: 40,1
- Less than matric: 50,1
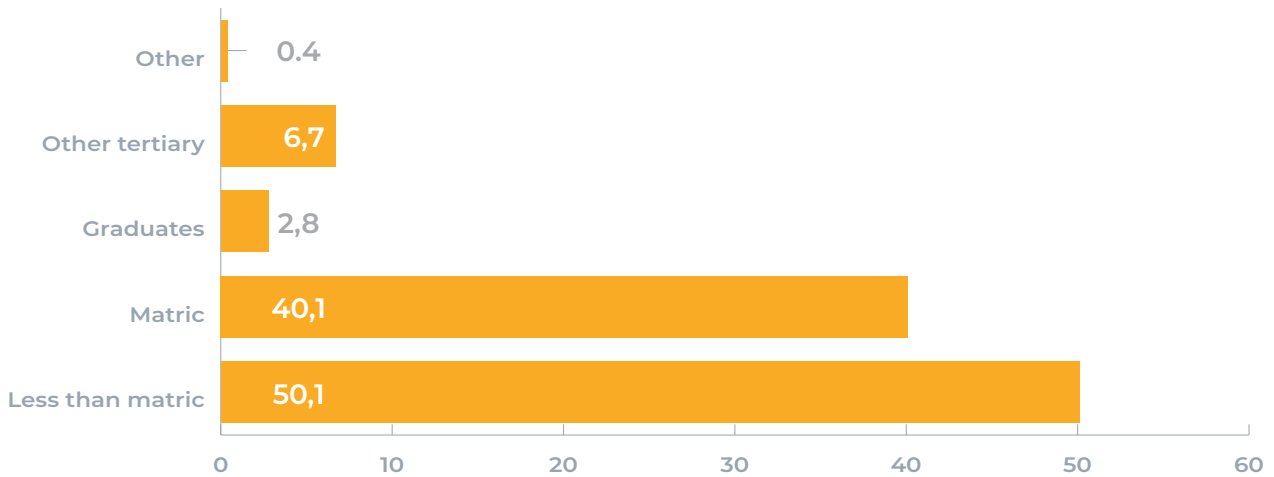
Source: Statistics South Africa (2023b)

Unemployment among youth, especially those not employed or in education and training (NEET), is equally concerning. The Stats SA distinguishes between the NEETs aged 15-24 and 15-34. The statistics indicate that the latter category of NEET is particularly affected by unemployment. Close to half of this labour force was unemployed. And as is the case with the general unemployment trends, the numbers keep rising at a worrying rate. As of Q1 2023, total employment in South Africa has increased by 1.3 million. The majority of those employed were in the finance sector, as illustrated below.

Figure 9: NEET Rates for Youth Aged 15–24 and 15-34 years Q1, 2023

Bar chart — NEET rates:
- Q1 2022: 46,3 (15-34 yrs); 37,0 (15-24 yrs)
- Q1 2021: 43,6 (15-34 yrs); 32,4 (15-24 yrs)

Legend: ● (15-34 yrs) ● (15-24 yrs)
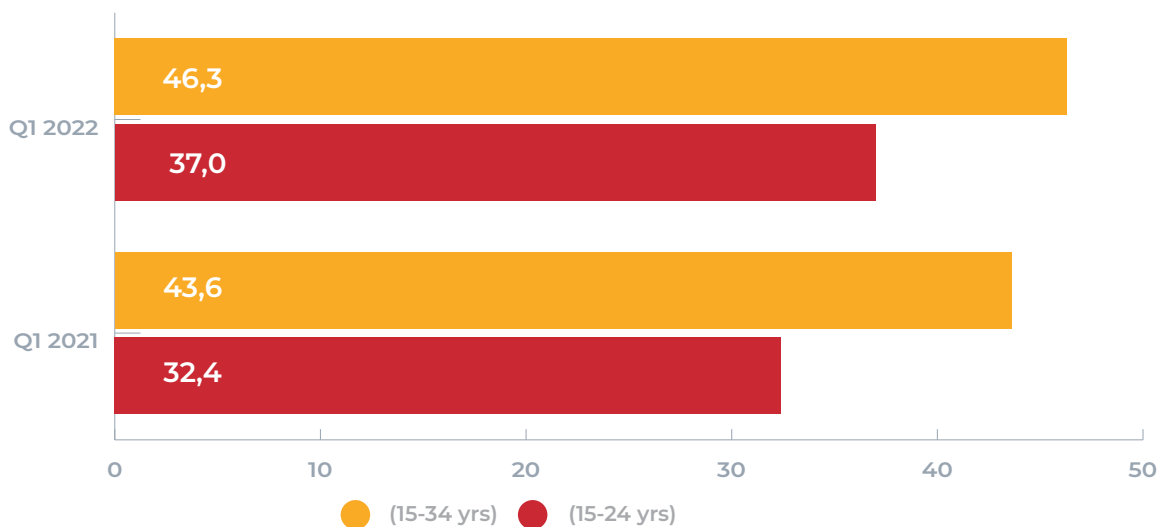
Source: Statistics South Africa (2023b)

Notwithstanding, the informal sector and private households contribute a sizable portion of the employed workforce. This is the industry that is conspicuously dominant in the services sector. Nevertheless, despite the difficult economic conditions that the sector faces, the services sector remains the largest backbone of employment in South Africa. Key industries with higher concentrations of service sectors, such as private households, community and social services, and finance, account for a substantial portion of the employed labour force.

Figure 10: Employment by Industry, in Thousands, Q4 2022 – Q1 2023

Legend: ● Q4- 2022 ● QI- 2023

	AGRICULTURE	MINING	MANUFACTURING	UTILITIES	CONSTRUCTION	TRADE	TRANSPORT	FINANCE	COMMUNITY & SOCIAL SERVICES	PRIVATE HOUSEHOLDS
QI- 2023	888	413	1654	135	1201	3269	992	2,667	3,902	1056
04- 2022	860	436	1656	124	1212	3297	982	2,484	3,727	1142

Source: Statistics South Africa (2023b)

Employee demographic profiles and occupational trends within the services sector are provided below. Analysis of Stats SA's QLFS Q1 2021 at a 4-digit level reveals that most people were employed under the Labour & Collective Services Chamber, with 1,070,395 people employed in this subsector followed by Management and Business Service Chamber's 488,343 employees (Quantec, 2021b). When the Stats SA QLFS of 2021 (Stats SA, 2021a) is compared with the Services SETA Chambers, it reveals correlations between the economic size of the subsector and employment levels.

The general trend is that employment in the services sector has declined consistently in the last two years. This places greater responsibility on the Services SETA to design appropriate interventions to supply the sector with a suitably qualified labour force to drive its growth.

Table 7. Employment in the Services Sector by Sub-Sector[2](R'm)

Industry	2015	2016	2017	2018	2019	2020	2021
Cleaning and Hiring Services Chamber	129,010.1	127,667.1	133,703.6	139,625.0	143,197.2	116,647.0	111,583.8
Communication and Marketing Services Chamber	214,563.6	209,206.2	214,291.5	239,355.9	233,333.7	209,527.5	190,228.2
Labour and Collective Services Chamber	875,872.1	932,119.6	999,565.2	1,049,744.1	1,061,588.2	1,045,185.8	1,070,395.2
Management and Business Services Chamber	456,607.0	451,567.1	486,432.5	506,200.3	525,904.3	491,495.1	488,343.6
Personal Care Services Chamber	195,681.9	208,639.7	219,053.9	220,168.8	233,186.3	186,057.4	204,439.4
Real Estate Services Chamber	302,625.9	338,580.1	344,411.0	346,979.2	329,663.5	282,612.7	264,994.5
Total	**2,174,360.7**	**2,267,779.8**	**2,397,457.8**	**2,502,073.2**	**2,526,873.2**	**2,331,525.4**	**2,329,984.6**

Source: Quantec (June, 2023b)

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2   *This data is extracted from Quantec (June 2021), which is calculated from the Stats SA annualised QLFS. Stats SA's withholding of QLFS data at the 4-digit level has made estimates less accurate. This information should, therefore, be understood in this context – it is the closest economic data available. The unavailability of recent data rendered it impossible to provide 2021 figures.*

The section below provides a demographic profile of the services sector labour force. The information is gleaned from the QLFS and WSP/ATR. The latter is based on the submission of more than 4,567 employers participating in workplace training. It provides a useful benchmarking against the overall sector per Stats SA data.

1.6.2. EMPLOYEES' DEMOGRAPHIC PROFILES

a. Gender

International trends on the demographic features of service sector employees point to 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 QLFS (Stats SA, 2020a) indicates that 56% of the labour force in the services sector is comprised of men, Table 8, whilst the Services SETA WSP/ATR (2022) indicates that 47% of the labour is male. It also shows that the Services SETA employs more women (53%) than males.

b. Race

Regarding the racial composition of the services sector workforce, almost 76% comprises Africans. This is followed by Whites and Coloureds at 12% and 9%, respectively. These trends are in line with the demographic features of the South African population. The only downside is that most 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 (57%) are aged between 35 and 54. These trends align with the WSP/ATR data, which indicates that 48% of the total labour force is between the ages of 35 and 54. This implies that this sector tends to attract a mature workforce.

d. Disability

According to the WSP/ATR (2022), about 3% of employees had some form of disability. The most common forms mentioned were sight and physical disabilities. The rest of the disabilities indicated were others or multiple.

Table 8. Employment by Gender, Race and Age in the Services Sector

Gender	Services SETA (2022)	National (Stats SA) (2023)
Male	393,270 (47%)	1,453,534.2 (62%)
Female	451,895(53%)	875,715.8 (38%)
Total	**845,165 (100%)**	**2 329 250.0 (100%)**
Race		
Black African	543,125(64%)	1,777,556.9 (76%)
Coloured	79,519(9.4%)	200,115.1 (9%)
Indian/ Asian	43,372(5.1%)	66,854.1 (3%)
White	175,465 (21%)	284,724.0 (12%)
Other	3,684 (0.1%)	
Total	**845, 165 (100%)**	**2,329,250.0 (100%)**
Age		
<34yr	395,197 (47%)	826,512.28 (35%)
35-54yr	405,267 (48%)	1,320,989.99 (56%)
>55yr	30,143 (3%)	181,697.76 (7%)
Unknown	14,558 (2%)	49.97(2%)
Total	**845,165 (100%)**	**2,329,250.0 (100%)**

Source: Services SETA Mandatory Grant Data, May 2022, Statistics South Africa, 2023b

### 1.6.3. SERVICES SECTOR OCCUPATIONAL TRENDS

a.   Occupational Category

Data from Stats SA indicates that in 2022 most of the workforce in this sector was employed at the level of domestic workers (51%), followed by salespersons (24%). These developments suggest that the Services SETA should ensure sufficient qualifications at the higher National Qualification Framework (NQF) level to ensure the relevance of training interventions. As will be discussed in Chapter 4, several initiatives are underway to establish partnerships with universities to help strengthen the pipeline of skills supply.

b.   Levels of education

Regarding the level of education, the WSP/ATR data indicate that some of the workforce has not completed secondary education (3%), with most having completed secondary education (83%). Only 13% of the workforce had tertiary education.

Figure 11: Services Sector Employers by Level of Education
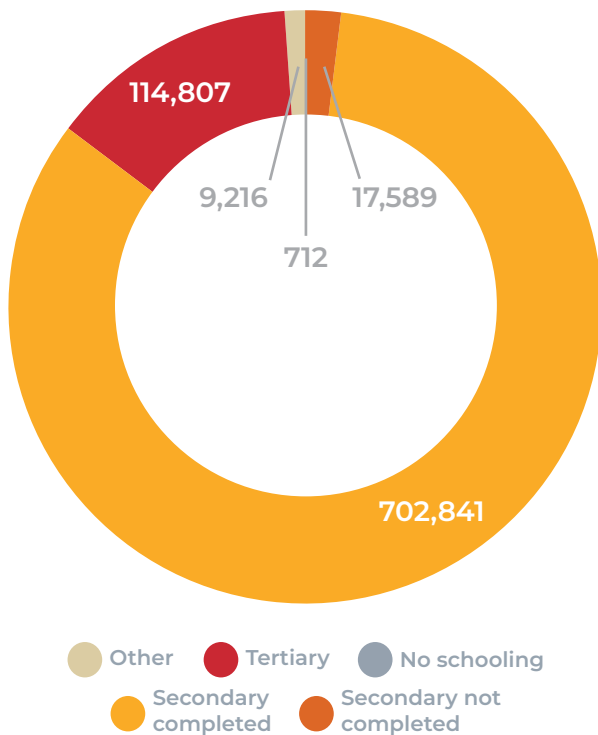
Source: Services SETA Database, 2022

Of particular interest in analysing the educational qualification of the services sector's labour force is that the number of completions with no schooling is decreasing, whilst those who have completed secondary education are steadily increasing.

c.   Working conditions

Analysis of WSP submissions reveals that many workers are employed permanently. About 67% of the workforce had permanent employment. The remainder are temporarily employed. Temporary staff include temporary employment service (TES) assignees, interns, and leadership students.

1.7.   CONCLUSION

Chapter 1 demonstrates that South Africa's economy is slowly recovering to the pre-COVID-19 pandemic era. By Q1 2023, the GDP grew by 1,1%. Similarly, the unemployment rate dropped to 32,9%. Employer participation in WSP/ATR at the Services SETA also increased, as well as levy contribution. These are promising signs that the economy is making a positive return. These developments allow the Services SETA to plan meaningfully to support growth.

CHAPTER 2

KEY SKILLS CHANGE DRIVERS
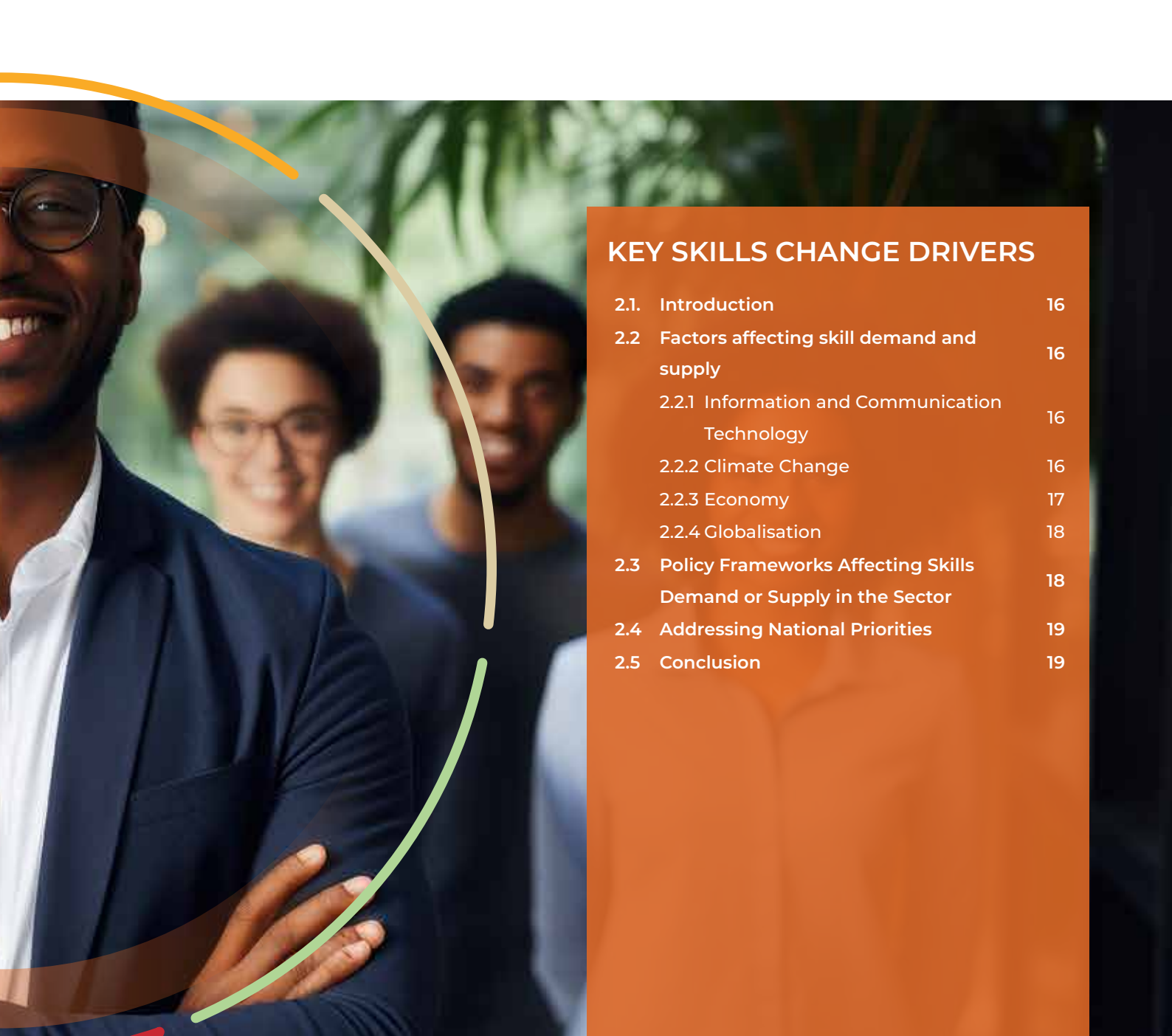
KEY SKILLS CHANGE DRIVERS

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 data source included a desktop review of existing literature on megatrends in the services sector and a review of Services SETA's performance in the past financial year. This review and analysis indicate that all the megatrends identified herein, bar the COVID-19 pandemic, still drive the demand for skills in the services sector. For this reason, this SSP update will retain the change drivers and leave out the COVID-19 pandemic.

2.2. FACTORS AFFECTING SKILL DEMAND AND SUPPLY

2.2.1. 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 technology. For employers, this means the possibility of a reduction in the cost of doing business and creating value for customers. This implies changes in occupations, jobs, and tasks for the workforce. Some jobs may become obsolete and can be replaced with new ones. This will require upskilling and reskilling the current workforce to avoid possible job losses. The digital communication platforms, the growth of e-commerce, global industry and customer access are some of the main trends driving the services sector.

Technology has impacted the design, form, and nature of the interaction between sellers and buyers. This impact traverses sub-sectors such as real estate, business, contact centre, recruitment, and postal services. Subsectors impacted, and implications for skills development are outlined in Table 9. In the main, companies are required to invest in ICT training for staff to avoid layoffs and improve operational and cost efficiencies.

2.2.2. CLIMATE CHANGE

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 in the services sector. Several electricity disruptions have affected the sector profoundly, making the cost of running a business slightly high as the sector seeks alternative power supply. The services sector has also been affected by the increase in fuel prices. 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).

Table 9. Skills Implications of ICT on the Services Sector

Subsector impact	Nature of impact	Occupations affected
Business Services	Ability to access and use big data.	Quality Manager, Business Advisor/ Consultant
Contact Centre Services	Automation of certain functions.	Contact Centre Call Agent/Manager
Recruitment Services	Online recruitment.	Recruitment officer
Postal Services	Digitised mail.	Delivery driver, mail clerk
Real Estate Services	Online marketing and contracting. Automation and other digital technologies are continuously enhancing services and improving cost efficiency.	Sales Agent, Property Agent

Table 10. Skills Implications of Climate Change on the Services Sector

Subsector impact	Nature of impact	Occupations affected
Cleaning Services	Environmentally friendly products.	Commercial cleaner
Personal Care Services	Environmentally friendly products, alternative ways to consume electricity.	Hairdresser, Beautician, Barber
Funeral Services	New burial practices.	Mortician, Funeral Director, Embalmer, Coffin Maker
Real Estate Services	Travelling to clients has been impacted due to the increase in fuel prices.	Property developer, Real Estate Agent/ Manager, Leasing Agent

Pressures around protecting the environment, preserving natural resources, and conserving energy mostly 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.

2.2.3. ECONOMY

As pointed out in Chapter 1, the South African economy experienced a serious contraction last year.

The COVID-19 pandemic exacerbated an already worse situation. The services sector, the backbone of South Africa's economy, was disproportionately affected by the pandemic. This sector has not fully recovered from these setbacks, as demonstrated by the GDP figures for Q1 2022. The decline in economic growth has had a knock-on effect on employment as many companies closed or were forced to lay off staff to reduce expenditure. The current situation will require innovation to keep businesses afloat and grow the economy. Table 11 illustrates the impact of the economy on the services sector.

Table 11. Skills Implications of the Economy on the Services Sector

Subsector impact	Nature of impact	Occupations affected
Business Services	The need to upskill business advisors and consultants, including e-commerce.	Contact Centre Manager, Quality Manager, Business Consultant/Advisor
Marketing Services	The changing landscape of the marketing industry.	Sales Manager, Sales Representative
Recruitment Services	The changing landscape of the labour recruitment industry.	Recruitment manager, Recruitment officer
Real Estate Services	The changing landscape of the real estate industry, including high reliance on ICT.	Sale Agent, Property Agent, Property developer, Real Estate Agent
Beauty Treatments Services	Business downsizes due to changes in the economy.	Health and Skin Care Therapist, Spa Therapist, Nail Technician
Funeral Services	Some funeral undertakers find themselves having to do pro-bono work for families who are unable to pay for the burials of their loved ones.	Mortician, Funeral Director, Embalmer, Mortuary Technician / Assistant, Crematorium Operator
Hair care Services	Business downsizes due to changes in the economy.	Hairdresser

The ERRP discussed below provides a helpful strategy to drive growth in this sector. The Reconstruction and Recovery Skills Strategy further clarifies alignment with skills planning initiatives of the Services SETA. Due to job losses during COVID-19, there is a need to develop other business streams that are not dependent on face-to-face events, making room for innovative ideas to take form. This will require

retraining and/or upskilling of staff. With the country facing an intense energy crisis, the services sector has been impacted hard as alternative sources of acquiring energy had to be utilised to mitigate against business interruptions. Solar installation suddenly becomes a critical skill to learn.

2.2.4. GLOBALISATION

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

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

Table 12. Skills Implications of Globalisation on the Services Sector

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

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, emphasising the implications for skills planning. The Services SETA values the significance of strong alignment between its programmes and the national strategies. Table 13 provides a brief discussion of each national strategy and policy.

Table 13 National Strategies/Policies and Implications for Skills Development

National Strategy/Policy	Implications for skills development
National Skills Development Plan 2030	The main task of the Services SETA is the implementation of the NSDP 2030. The NSDP 2030 is a 10-year plan for skills development in post-school education and training in South Africa. This will be realised through 8 Outcomes. Through the SSP and the Strategic and Annual Performance Plans, the Services SETA will factor these outcomes into its operations.
National Development Plan 2030	The NDP 2030 forms the basis of all national policies and strategies. The South African government plans to stimulate economic development and growth through strategic integrated projects (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, recruitment services, cleaning services, household services, collective services such as dispute resolution and wage negotiation services, business services and real estate services.
New Growth Path	Services SETA's response to NGP is to identify large infrastructure projects that provide opportunities for sector role-players, employment creation, small business expansion and rural development. In addition, Services SETA will contribute to areas of the economy like the green industry and environmentally friendly production processes by exploring the services sector's role. The Services SETA is reviewing current learnerships and qualifications to determine the extent to which they respond to the current skills needs. Work is already underway to fill the identified skills gaps.

National Strategy/Policy	Implications for skills development
Medium Term Strategic Framework (2019-2024)	The Services SETA, through its Special Projects Department, has targeted small- and micro enterprises, non-profit organisations (NPOs), and cooperatives to render support as a contribution to the Government's MTSF (2019-2024). A needs assessment identified the following skills in demand: business plan development, financial management, project management and marketing. The Services SETA will work with SDPs to expand access to skills development.
Reimagined Industrial Strategy	This policy strongly supports spurring economic growth and development potential in both local and international markets (global value chains). Skill interventions required in support of the dti's IPAP, special economic zones (SEZs) and designated trades include those related to contact or call centres and business advising.
White Paper on Post-School Education and Training	The Services SETA has forged strategic partnerships with TVET colleges and universities to ensure improved access to quality learning programmes, increased relevance of skills development interventions and built strong partnerships between stakeholders and social partners.
Economic Reconstruction and Recovery Plan	The Services SETA has identified scarce and critical skills prioritised by the Department for inclusion in this SSP update. These include Call or Contact Centre Manager, Quality Manager, Contact Centre Resource Planner, Contact Centre Forecast Analyst, Call or Contact Centre Manager, Inbound Contact Centre Consultant, Outbound Contact Centre Consultant, Contact Centre Real Time Advisor, Call or Contact Centre Agent. These lists of scarce and critical skills have been incorporated into hard-to-fill vacancies, skills gaps, and priority lists for implementation in the next financial year. Efforts are also underway to accommodate these lists in the 2023/24 financial year.
Youth Employment Initiative	The Presidential Youth Employment Initiative is South Africa's most comprehensive effort to address the crisis of youth who remain outside of employment, education, and training. It is a campaign that calls upon all stakeholders to join forces to address youth unemployment. The Services SETA is committed to this initiative by providing Internship opportunities to TVET, CET and university graduates. Each year, the Services SETA sets a target to contribute to the Presidential and DHET's target of placing these graduates.

2.4. ADDRESSING NATIONAL PRIORITIES

The policies outlined above emphasise the role of Small and Medium Enterprises (SMEs) in propelling economic growth, livelihoods, and jobs. Whilst there are high rates and opportunities for entrepreneurial activity, entrepreneurship is both necessity- and opportunity-driven. Therefore, the needs differ across stages and the nature of the venture. This requires an applied, interactive, mentored and peer-learning approach to grow their businesses. Against this background, the Services SETA is forging collaboration with other SETAs and key government departments. The strategy is being developed under our Strategic Partnership Department.

After the due diligence study conducted by the DHET on all SETAs' finances following the call by the President to harness government efforts to mitigate the effects of the COVID-19 global health pandemic on the economy, the DHET was triggered to explore various means to contribute towards mitigating the impact of the global pandemic. The outcome of this resulted in support of the proposed Presidential Youth Employment Intervention, where learners will be undertaking Work Integrated Learning (WIL), targeting 10,500 beneficiaries.

The Services SETA was proportionally allocated 854 beneficiaries, which amounted to R58,514,400.00 in the 2022/2023 Annual Financial Year. In the 2023/2024 and 2024/2025 financial years, the SETA planned to replicate the programme for 1,000 beneficiaries. The advantage of this programme is that it ensures that the workplaces are public TVET colleges.

2.5. CONCLUSION

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

CHAPTER 3

OCCUPATIONAL SHORTAGES AND SKILLS GAPS

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 driving change in the services sector and influencing skills demand and supply of skills either positively or negatively, alignment to key government policies or programmes and interventions to address national priorities. This chapter focuses on the sector's occupational shortages, skills gaps, and occupational supply. 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, significant skill 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 and covers the extent of occupational supply, the state of education and training provision and the supply problems employers experience with the current labour market. The data was sourced from multiple sources, such as the DHET's Higher Education Information Management System (HEMIS)/The Sector Education and Training Management Information System (SETMIS) data, Services SETA WSP data, Services SETA chamber-led research, desktop research and national accounts data.

The last section presents the Sectoral Priority Occupations and Interventions (SPOI) list of programmes that the Services SETA will implement to address occupational shortages, skills gaps, and labour supply challenges. In drafting this chapter, the research methods employed were informed by a desktop literature review of employment and unemployment trends within the sector, an analysis of WSP/ATR data submitted by employers, especially the vacancy trends and planned interventions, stakeholder consultation workshops and an online employer survey to corroborate findings across multiple sources.

3.2. SECTORAL OCCUPATIONAL DEMAND

Occupational shortages occur when the demand for workers in specific occupations exceeds the supply of qualified, available, and willing workers, which refers to excess demand for workers in specific occupations (DHET, 2020). The strongest indicator or unit to measure occupational shortages is the 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 a lack of specific competencies by employees to undertake job tasks successfully based on required industry standards (DHET, 2020). The term "top-up skills" also refers to skills gaps. It usually requires a short training intervention. Skills gaps may arise due to lack of training, new job tasks, technological changes, or new production processes, to list a few, which need to be addressed.

3.2.1. HARD-TO-FILL VACANCIES

This section presents the list of hard-to-fill vacancies identified within the services sector. A desktop literature review informs the list of employment and unemployment trends within the sector, an analysis of WSP/ATR data submitted by employers, especially the vacancy trends and planned interventions, stakeholder consultation workshops and an online employer survey to corroborate findings across multiple sources. The hard-to-fill vacancies list and the demand magnitude are presented per chamber, and the lack of suitably qualified persons is cited as the main reason for delays in filling in vacancies on time, along with equity considerations.

a. Cleaning and Hiring Services Chamber

The Cleaning and Hiring Services Chamber is one of the subsectors mainly employing entry-level workers, except in management positions. It is, therefore, not surprising to note below in Table 14 that there is a high vacancy rate at the senior levels of employment, like manager and inspector or equivalent. Commonly cited reasons are the lack of suitably qualified people and relevant qualifications.

The implication for skills development planning is the need to pay special attention to training at management and senior employment levels. 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. Communications and Marketing Services Chamber

The Communications and Marketing Services Chamber subsectors attract people with a relatively high level of skills and qualifications, see Table 15. The main reasons employers struggle to fill vacant posts identified below for this Chamber are the lack of relevant qualifications and skills, which are some of the top reasons employers find it takes too long to fill the vacancies listed below.

The list below also includes occupations identified by the ERRS as critical for the success of the ERRP.

Table 14: Hard-to-Fill Vacancies, Cleaning and Hiring Services Chamber

OFO code	Hard-To-Fill Vacancy	No	Reasons	Occupational qualifications to address the skills shortages
2021-143902	Cleaning Services Manager	133	› Lack of relevant qualifications	› Cleaning Operations Manager (Full Qualification (FQ)) › Cleaning Contract Manager (Part Qualification (PQ))
2021-515104	Cleaning Supervisor	218	› Shortage of suitably qualified people	› Cleaning Practitioner (FQ)
2021-811202	Healthcare Cleaner	2,197	› Lack of relevant qualifications. › Shortage of suitably qualified people	› Healthcare Cleaner (FQ) › Crime scene cleaner / high-risk cleaner (SP)
2021-811201	Commercial Cleaner	517	› Lack of relevant qualifications › Shortage of suitably qualified people	› Commercial Cleaner (FQ) › Commercial Ablution Cleaner (PQ) › Above Surface Cleaner (PQ) › Kitchenette Cleaner (PQ) › Commercial Floor Cleaner (PQ) › High-Pressure Water Jetting Cleaner (SP)
2021-812101	Laundry Worker	181	› Lack of relevant qualifications	› Laundry Finisher (PQ) › Laundry Sorter (PQ) › Laundry Washer (PQ) › Laundry Worker (FQ)
2021-821401	Garden Worker	81	› Lack of relevant qualifications	› Garden Worker (FQ) › General Residential Repairer (Garden Maintenance) (SP)
2021-325705	Safety Inspector	179	› Lack of relevant qualifications › Shortage of suitably qualified people	› Safety Inspector (SP)

Table 15. Hard-to-Fill Vacancies, Communications and Marketing Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons	Occupational Qualifications to address the skills shortages
2021-243201	Communication Coordinator	488	› Lack of relevant skills	› Communication Coordinator (PQ)
2021-143905	Call Centre Manager	124	› Lack of relevant qualifications › Lack of relevant skills	› Contact Centre Manger (FQ)
2021-422206	Call or Contact Centre Agent	345	› Lack of relevant qualifications › Lack of relevant skills	› Contact Centre Agent (FQ)
2021-333908	Marketing Coordinator	517	› Lack of relevant qualifications › Lack of relevant skills	› Marketing Coordinator (FQ)
2021-122103	Director of Marketing	232	› Lack of relevant qualifications › Shortage of suitably qualified people › Lack of relevant skills	› Director of Marketing (FQ)
2021-122104	Interactive and Direct Marketing Strategist	691	› Lack of relevant qualifications › Shortage of suitably qualified people › Lack of relevant skills	› Interactive and Direct Marketing Strategist (SP)
2021-243103	Marketing Practitioner	109	› Lack of relevant skills	› Marketing Practitioner (PQ)
2021-142104	Post Office Manager	178	› Lack of relevant skills	› Postal Frontline Service worker (FQ)

One of the 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 disabilities. 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 the nature of its operations, the Labour and Collective Services Chamber seems to struggle to recruit staff in critical recruitment areas. Table 16 illustrates that the main reasons for the inability to attract relevant staff include lack of relevant skills and the shortage of qualified people.

Table 16: Hard-to-Fill Vacancies, Labour and Collective Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons	Occupational Qualifications to address the skills shortages
2021-242303	Human Resource Advisor	134	› Lack of relevant qualifications › Lack of relevant skills	› Human Resource Management and Practice Support (PQ) › Human Resource Management (HRM) Administrator (PQ) › Human Resource Management Officer (PQ) › Human Resource Management Advisor (PQ)
2021-242304	Industrial Relations Advisor	638	› Lack of relevant qualifications › Lack of relevant skills	› Industrial Relations Advisor (SP)
2021-261105	Conciliation /Arbitration Commissioner	116	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Conciliation /Arbitration Commissioner (SP)
2021-242102	Transformation Manager	95	› Lack of relevant qualifications	› Transformation and Change Manager (PQ)
2021-226302	Health and Safety Officer		› Lack of relevant qualifications › Lack of relevant skills	› Health and Safety Officer (SP)
2021-335901	Labour Inspector	178	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Labour Inspector (FQ)

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 constrained by a lack of relevant skills and suitable qualifications in attracting suitably qualified incumbents – see Table 17. Skills scarcity is also mainly concentrated in the management and senior occupational categories.

Table 17. Hard-to-Fill Vacancies, Management and Business Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons	Occupational Qualifications to address the skills shortages
2021-121905	Project Manager	158	› Complexity – Lack of relevant skill › Competence – Shortage of suitably qualified people	› Project Management for Non-project Managers (SP) › Project Manager (FQ) › Project Manager (Foundational Principles of PM vs LEAN) (SP)
2021-132107	Quality Manager	232	› Low supply – Shortage of qualified personnel › Complexity – Lack of relevant skills	› Quality Manager (FQ)
2021-252901	ICT Security Specialist	1834	› Complexity – Lack of relevant skills › Low supply – Shortage of qualified personnel	› ICT Security Specialist (FQ)
2021-242101	Management consultant (Business Analyst, Business Consultant)	705	› Complexity – Lack of relevant skills › Competence – Shortage of suitably qualified people	› Small Business Consultant (PQ) › Management Assistant (SP) › Management Consultant (Business Consultant) (FQ)
2021-122101	Business Development Manager	432	› Complexity – Lack of relevant skills › Competence – Shortage of suitably qualified people	› Business Development Manager (FQ)
2021-121906	Franchise Manager	612	› Complexity – Lack of relevant skills › Lack of relevant qualification › Competence – Shortage of suitably qualified people	› Franchise Manager (FQ)
2021-121901	E-Commerce Manager (Entrepreneurial)	150	› Complexity – Lack of relevant skills › Lack of relevant qualification › Competence – Shortage of suitably qualified people	› E-Commerce Manager (FQ) › Corporate General Manager (Entrepreneurial E-Commerce Manager) (PQ)
2021-121901	Business Operations Manager	204	› Complexity – Lack of relevant skills › Lack of relevant qualification › Competence – Shortage of suitably qualified people	› Business Operations Manager (FQ) › First Line Manager (PQ)
2021-333910	Business Support Coordinator	48	› Lack of relevant qualification	› Business Support Coordinator (PQ)
2021-684305	Quality Assurer	78	› Complexity – Lack of relevant skills › Competence – Shortage of suitably qualified people	› Quality Assurer (FQ)
2021-134903	Small Business Manager	194	› Complexity – Lack of relevant skills › Lack of relevant qualification › Competence – Shortage of suitably qualified people	› Coffee Bar Technician (FQ)

The current economic challenges of slow economic growth mean that skills related to turning around business operations and consulting will be in higher demand. This is an ideal opportunity for promoting transformation by aiming training interventions at marginalised groups, as discussed above.

e.   Personal Care Services Chamber

The Personal Care Services Chamber is one of the subsectors that does not require high qualifications to enter the labour market. Table 18 indicates that the nature of business is primarily informal and small in size. Therefore, it is unsurprising that the skill scarcity is decreasing in the clerical and sales workers' area downwards.

The labour profile of this sector is that it is dominated by women, and the majority are self-taught. These factors alone can be the most significant barrier to the growth and sustainability of entrepreneurs, with a direct impact on the workforce.

Table 18. Hard-to-Fill Vacancies, Personal Care Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons	Occupational Qualifications to address the skills shortages
2021-514101	Hairdresser	3890	› Lack of relevant qualifications	› Hairdresser (FQ) › Barber (SP) › Chemical Hair Reformation Attendant (SP) › Hair and Scalp Treatment Attendant (SP) › Hair Coloring Attendant (SP) › Hair Cutting Attendant (SP) › Hairstylist (SP)
2021-514209	Aesthetic Laser Therapist	340	› Lack of relevant qualifications › Lack of relevant skills	› Micro Needling (SP)
2021-514201	Beauty Therapist	400	› Lack of relevant qualifications	› Beauty Therapist (FQ)
2021-514207	Somatologist	243	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Somatologist (FQ)
2021-514210	Image Consultant	204	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Image Consultant (FQ)
2021-516301	Funeral Director	105	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Funeral Director (FQ)
2021-516301	Mortician	640	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Mortician (FQ) › Mortician's Administrator (SP)
2021-641301	Stonemason	85	› Lack of relevant qualifications › Lack of relevant skills	› Stonemason (FQ) › Stone Engraver (PQ) › Stone Polisher (PQ) › Erector (PQ)
2021-516303	Embalmer	118	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Embalmer (FQ) › Embalmer's Assistant (PQ)

OFO Code	Hard-To-Fill Vacancy	No	Reasons	Occupational Qualifications to address the skills shortages
2021-682201	Coffin Maker	213	› Lack of relevant qualifications › Lack of relevant skills	› Coffin Maker (FQ)
2021-516306	Crematorium Operator	428	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Crematorium Operator (FQ)

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 to prepare 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, requiring a fair literacy level and educational qualifications. Unsurprisingly, vacancy rates are concentrated in the high-level occupational categories, and underlying reasons include the lack of relevant skills, relevant qualifications, and equity considerations, respectively, as illustrated in Table 19.

Table 19: Hard-to-Fill Vacancies, Real Estate and Related Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons	Occupational Qualifications to address the skills shortages
2021-333901	Auctioneer	140	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Auctioneer (FQ)
2021-333401	Property Manager	295	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills › Equity Considerations	› Property Manager (Public Sector) (FQ)
2021-333405	Real Estate Principal Agent	334	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills › Equity Considerations	› Real Estate Principal Agent (PQ) › Real Estate Agent (FQ)
2021-143901	Facility Manager	76	› Lack of relevant qualifications › Lack of relevant skills › Equity Considerations	› Facilities Manager (FQ) › Facilities Manager (Entry level) (PQ)
2021-331501	Valuer	218	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills › Equity Considerations	› Valuer (FQ)
2021-333907	Property Investor	135	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Property Entrepreneur (PQ)
2021-121903	Managing Agent	86	› Shortage of suitably qualified people › Lack of relevant qualifications › Lack of relevant skills	› Property Manager (managing Agent) (SP)
2021-333904	Property Business Broker	106	› Lack of relevant qualifications › Lack of relevant skills	› Property Business Broker (SP)

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

3.2.2. ADDITIONAL LIST OF OCCUPATIONAL SHORTAGES

In addition to the above-identified lists of hard-to-fill vacancies per chamber, the following occupations are considered to be in high demand in the services sector. Even though they are not identified as hard to fill, the Services SETA must watchfully ensure adequate supply by providing the availability of relevant and appropriate occupational qualifications to address the demand.

Table 20: List of Occupations in High Demand

OFO Code	Name of Occupation	Relevant Qualifications
2021-531103	Nanny	No qualification developed yet
2021-516401	Pet Groomer	No qualification developed yet
2021-641902	Scaffolder	No qualification developed yet
2021-542903	Sales Clerk / Officer (Hire Coordinator)	No qualification developed yet
2021-422701	Survey Interviewer	Survey Interviewer
2021-343201	Interior Designer	No qualification developed yet
2021-343202	Interior Decorator	No qualification developed yet
2021-251102	Data Scientist	Data Scientist
2021-216603	Multimedia Designer	Digital Manager
		Advanced Spatial Intelligence Data Scientist
		Spatial Intelligence
2021-251201	Software Developer	Software Developer
2021-122105	Customer Service Manager	No qualification developed yet
2021-121102	Payroll Manager	Payroll Manager
2021-431301	Payroll Administrator	No qualification developed yet
2021-242302	Enterprise Resources Planner	No qualification developed yet
2021-683104	Wig Maker	No qualification developed yet
2021-514204	Nail Technologist/ Technician	Qualification in the development phase
2021-514204	Make-up Artist	Qualification in the development phase
2021-334101	Office Supervisor	Office Supervisor
2021-334102	Office Administrator	No Qualification developed yet
2021-122201	Advertising/ Public Relations Manager	Qualification in the development phase
2021-243102	Market Research Analyst	Market Research Analyst
2021-122101	Sales and Marketing Manager	No qualification developed yet
2021-122102	Sales Manager	No qualification developed yet
2021-122105	Customer Service Manager	No qualification developed yet
2021-121204	Recruitment Manager	Recruitment Manager
2021-333201	Events Manager (Conference and Event Organiser)	Conference and Events Organiser

3.2.3. ALIGNMENT OF ERRSS OCCUPATIONS

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

Table 21: ERRSP Occupations Falling under the Services Sector

Name of Occupation	Relevant Qualifications
Call or Contact Centre Manager	NQF Level 6, 7 or 8
Quality Manager	National Diploma in Engineering (Computer Systems), NQF Level 8; Bachelor of Technology in Quality Management, NQF Level 7; Master of Technology in Quality Management, NQF Level 9; National Diploma in Engineering (Computer Systems), NQF Level 8
Contact Centre Resource Planner	National Diploma: Contact Centre Management, NQF 6
Contact Centre Forecast Analyst	National Certificate: Contact Centre Operations, NQF 4
Call or Contact Centre Manager	National Diploma: Contact Centre Management, NQF 6
Inbound Contact Centre Consultant	National Certificate: Contact Centre Support NQF 2; National Certificate: Contact Centre and Business Process Support NQF 3
Outbound Contact Centre Consultant	National Certificate: Contact Centre Support NQF 2; National Certificate: Contact Centre and Business Process Support NQF 3
Contact Centre Real Time Advisor	National Diploma Contact Centre Management, NQF 5
Call or Contact Centre Agent	Diploma Contact Centre Management, NQF Level 5

Source: (DHET, 2022)

3.2.4. SKILLS GAPS

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

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

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

Analysis of skills gaps requirements within the services sector reveals a similar pattern. There is a strong demand for soft skills at the managerial level, whereas the requirement for technical skills is higher at the lower levels of occupational categories. Table 22 lists key skills gaps identified within the services sector by magnitude, major, and occupational categories.

3.2.5. ALIGNMENT OF ERRSS SKILLS GAPS

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

Table 22: Skills Gaps in the Services Sector

MAJOR GROUP	SKILLS GAPS	OCCUPATIONS
Managers	Quality management	Project Manager; Quality Manager
	Strategic management	Corporate Services Manager, Project Manager, Payroll Manager, Business Manager, Franchise Manager
	Leadership	
	Financial Management	
	Change management	
Professionals	Cybersecurity	Business Consultant
	Social media	Marketing Practitioner/ Coordinator
Clerical support workers	Customer service	Office clerk; Call Centre Agent
	Time management	
	Foreign language	
	Computer literacy	
	Work ethics	
Service and sales workers	Communications	Rental Salesperson; Hairdresser
Elementary occupations	Communications	Cleaner; Event assistant
	Basic Computer	
	Customer Services	

Table 23: ERRSS Skills Gaps

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

Source: (DHET, 2021)

3.3. EXTENT AND NATURE OF SUPPLY

3.3.1. THE STATE OF EDUCATION AND TRAINING PROVISION

Higher Education and Training Programmes

The skills development ecosystem PSET consists of TVET, CET, private Colleges, public and private universities, and SETAs. PSET is positioned to ensure the pipeline of supply of skills for the labour market. There are 26 public universities, 132 private institutions of higher education, 50 TVET Colleges, 9 CETs, 257 registered private colleges and 21 SETAs. In addition, there are thousands of SDPs. Altogether, the system enrolled more than 2,1 million learners in 2021 – see Figure 12.

The highest intake within the public universities system is within the Science, Engineering and Technology (SET) followed by Humanities, Business and Management, and Education disciplines – see Figure 13. All fields of study experienced a decline in enrolment between 2020 and 2021, with the exception of other humanities, which recorded a slight increase of 0.3% (761). The most significant decline was in the business and management field of study, as enrolment fell by 5.2% (14,692) between 2020 and 2021.

Figure 12: Learner Enrolment in Public and Private HEIs, 2016-2021

	2016	2017	2018	2019	2020	2021
Public HEIs	975,837	1,036,984	1,085,568	1,074,912	1,094,808	1,068,046
Private HEIs	167,408	185,046	197,898	208,978	219,031	232,915
Total	1,143,245	1,222,030	1,283,466	1,283,890	1,313,839	1,300,961
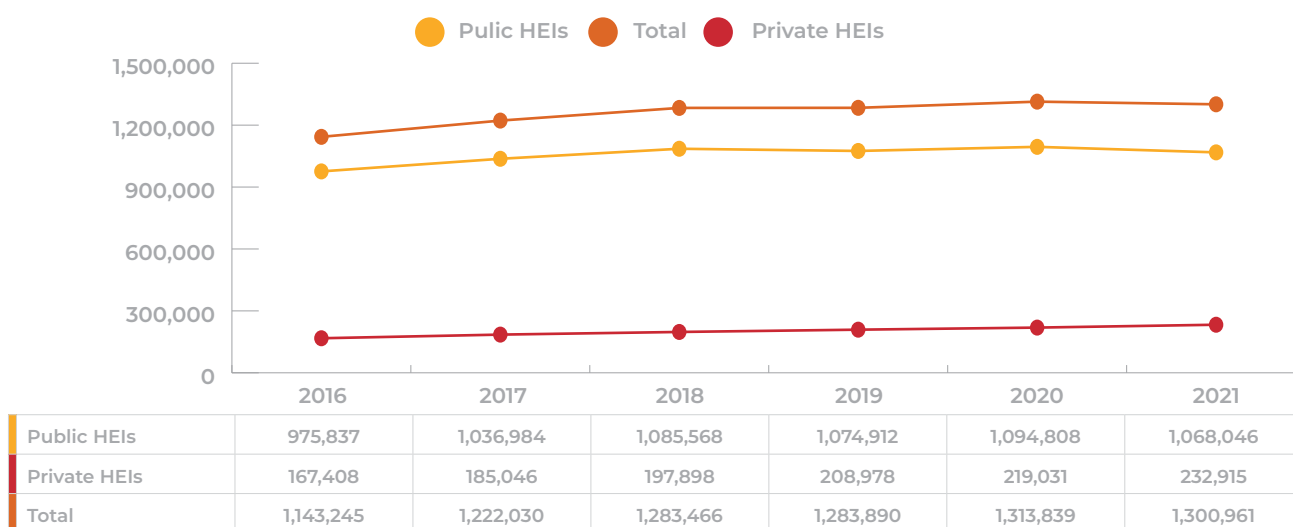
Source: (DHET, 2015; 16; 17; 19; 20; 21;22)

Figure 13: Number of Students Enrolled in Public HEIs by Major Field of Study, 2011 – 2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
SET	264,447	273,282	283,622	287,221	294,935	295,383	310,115	320,671	323,105	319,902	313,788
Business & Management	288,487	282,299	279,954	272,409	273,828	264,934	278,930	283,194	265,973	280,489	265,797
Other Humanities	220,326	229,184	247,131	243,426	245,899	238,535	252,826	267,553	274,377	294,986	295,747
Education	164,939	168,608	172,991	166,099	170,550	176,986	195,113	214,151	211,274	199,432	192,714

Source: (DHET, 2015; 16; 17; 19; 20; 21;22)

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 next five years. The low rate of skills supply for the services sector is made pale by the low enrolment rate of SETA-related qualifications in the TVET College space. For TVET colleges, occupational qualifications are directly aligned to the SETA training facilitation mandate. As Figure 14 illustrates, enrolment in SETA-related qualifications has been the lowest among 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 14: Learner Enrolment by Type of Qualifications in TVET Colleges, 2016-2021

	2016	2017	2018	2019	2020	2021
NC(V)	177,261	142,373	131,212	138,912	146,637	141,768
Report 191 (N1-N6)	492,026	510,153	482,175	494,070	274,907	416,949
Occupational Qualifications	13,642	10,969	20,106	22,886	20,130	18,277
Other	22,468	24,533	23,355	14,025	3,888	6,653
Level 5 and 6	-	-	-	-	1,465	855
PLP	-	-	285	3,597	5,250	4,581
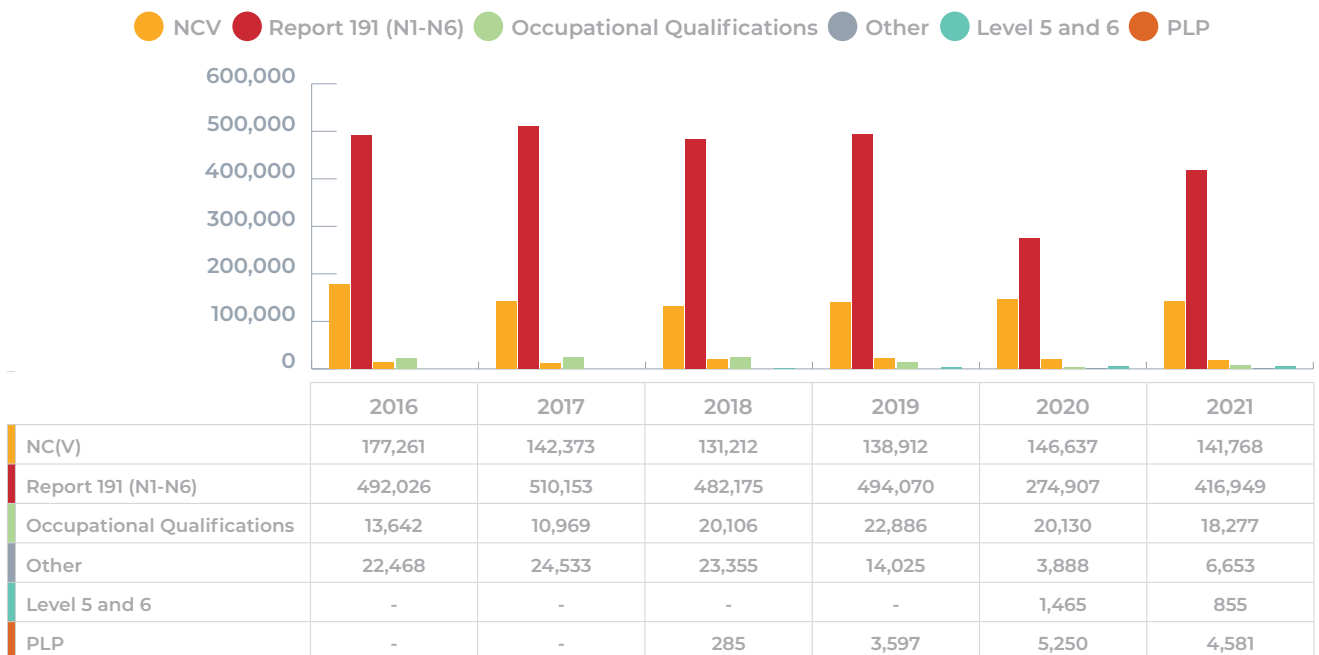
Source: (DHET, 2015; 16; 17; 19; 20; 21;22)

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 15 illustrates, completion rates fall far short of enrolment rates. A detailed analysis of the data reveals a worrying trend of low completion rates within CET and TVET colleges and public universities. Together, these institutions account for more than 90% of the student enrolment in the country. Several trace studies reveal several 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.

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

Figure 15: Comparison of Enrolment and Completion in HEIs, 2021

Legend: ● Completions for HEIs, TVET & CET Colleges ● Enrolments for HEIs, TVET & CET Colleges
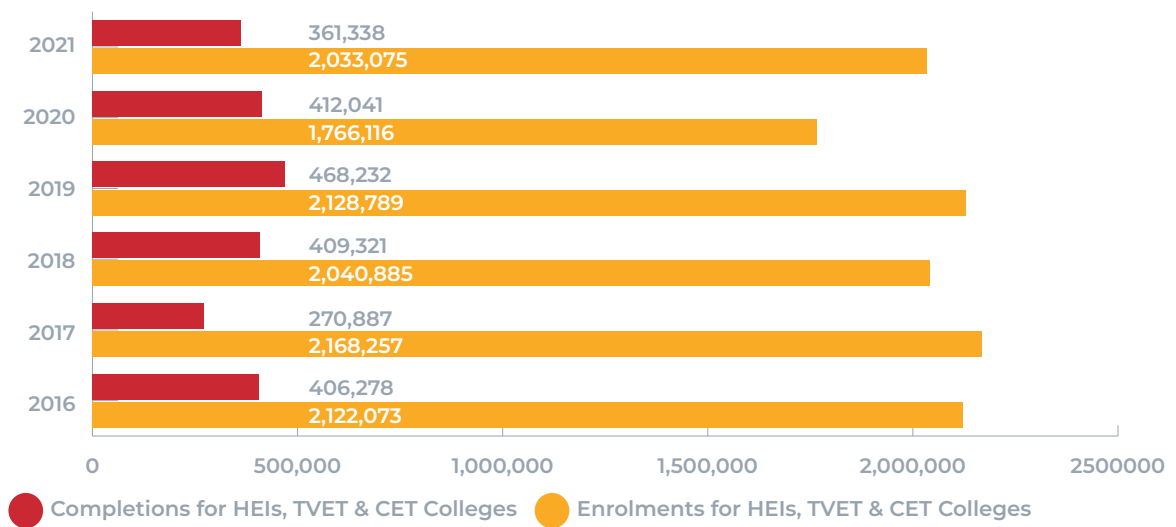
Source: (DHET, 2015; 16; 17; 19; 20; 21;22)

Sector Education and Training Authorities

There are 21 SETAs responsible for different sectors as determined by DHET. There has been a steady increase in the enrolment of learners over the last five years. Enrolment in Learnerships has surpassed others, followed by Skills Programmes. Figure 16 illustrates this picture.

Figure 16: Learner Enrolment in all 21 SETAs, 2021

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Learnerships	101,447	111,681	105,548	81,988	46,546	71,921
Internships	17,216	12,935	15,482	11,784	6,022	9,598
Skills Programme	131,017	144,531	150,674	128,438	65,973	48,745
Total	249,680	269,147	271,704	222,210	118,541	130,264
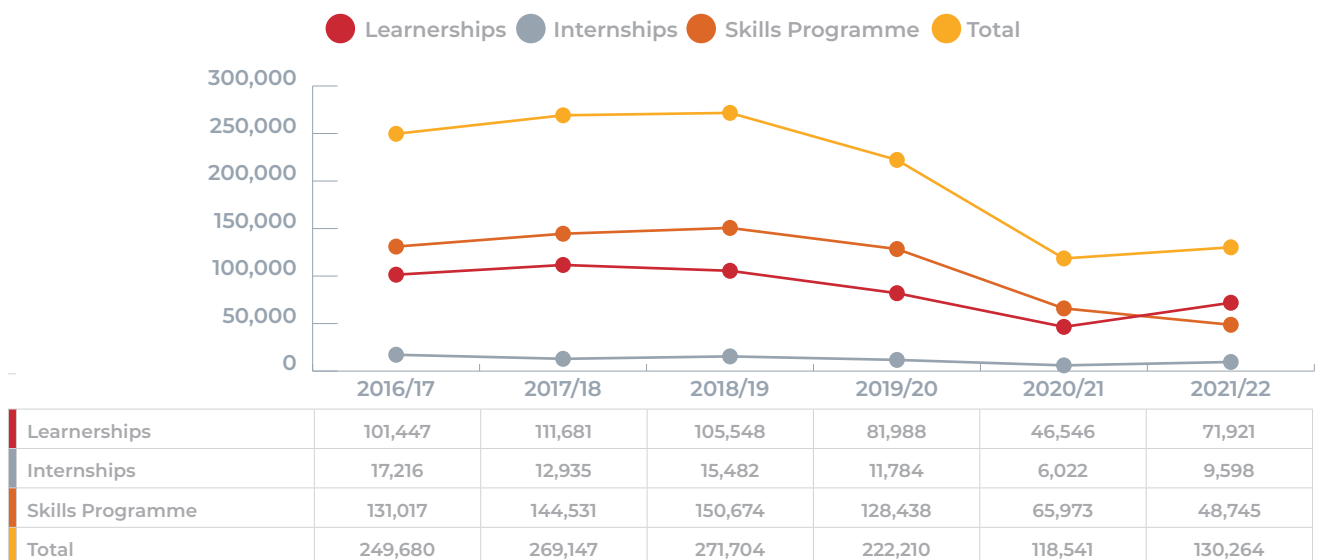
Source: (DHET, 2015; 16; 17; 19; 20,21,22)

In line with the enrolment trend above, Skills Programmes registered the highest completion rates, followed by Learnerships. While also realising a steady increase in completion rates, internship programmes' completion rates are far lower than the enrolments, as Figure 17 illustrates. This is a problem common across all SETAs that needs closer scrutiny.

Figure 17: Learner Completion in all 21 SETAs, 2021

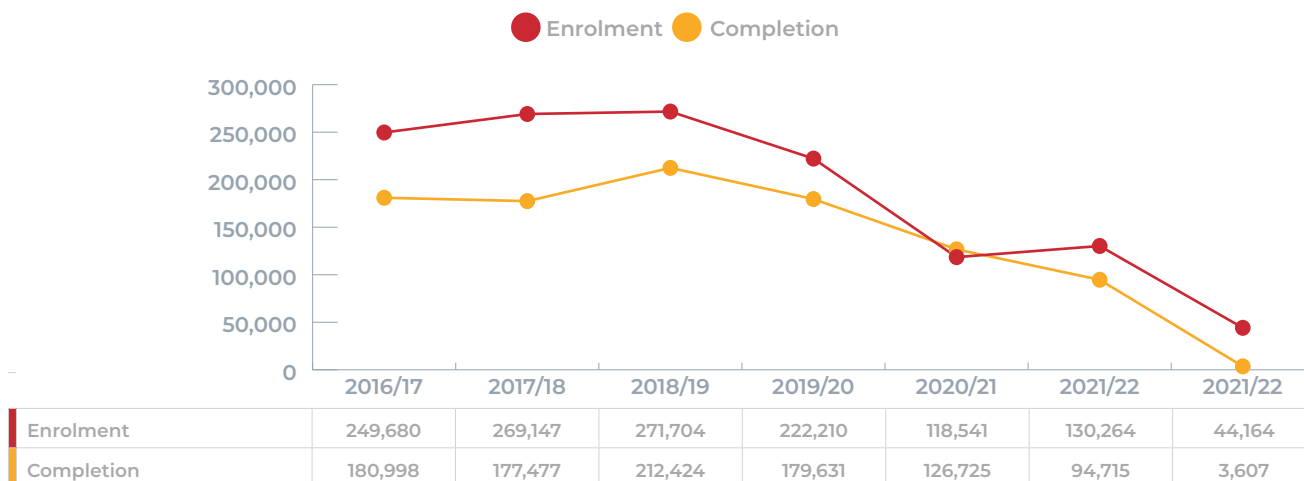|	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Learnerships	58,080	48,002	61,841	57,888	37,684	44,164
Internships	6,777	6,496	6,123	7,711	7,405	3,607
Skills Programme	116,141	122,979	144,460	114,032	81,636	46,944
Total	180,998	177,477	212,424	179,631	126,725	94,715
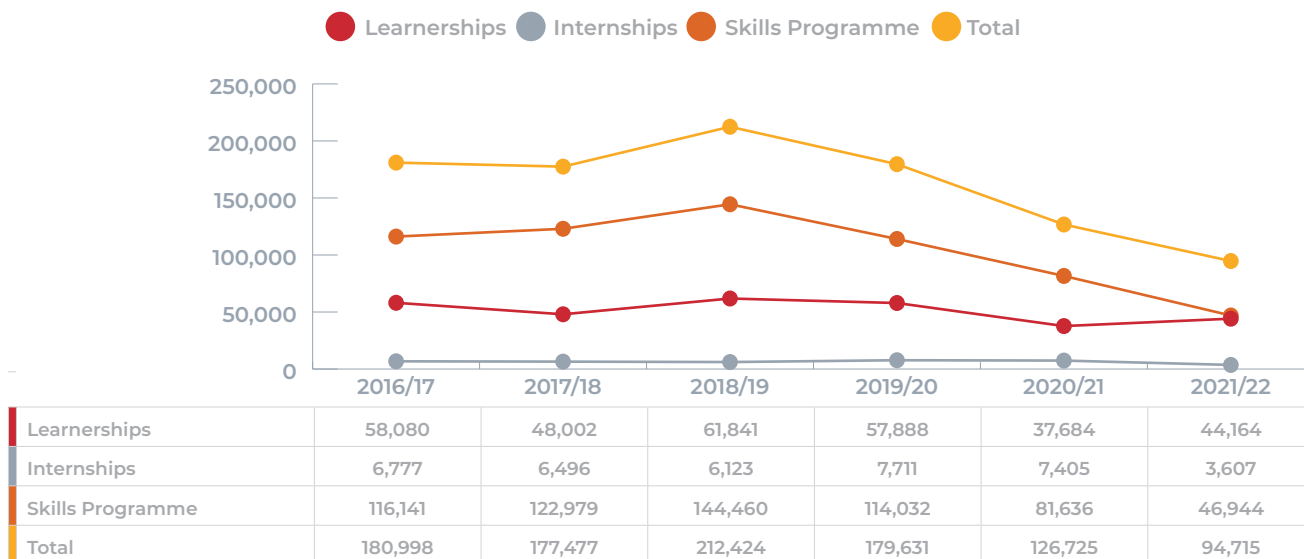
Source: (DHET, 2015; 16; 17; 19; 20; 21;22)

The discrepancy between enrolment and completion rates is aptly illustrated in Figure 18. The gap between the two is increasing instead of declining. Even more worrying is that completion rates appear to fall more instead of increasing or remaining constant.

Figure 18: Comparison of Total Learner Enrolment and Completion in all 21 SETAs

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2021/22
Enrolment	249,680	269,147	271,704	222,210	118,541	130,264	44,164
Completion	180,998	177,477	212,424	179,631	126,725	94,715	3,607

Source: (DHET, 2015; 16; 17; 19; 20,21,22)

The overall decline in completions within the PSET system places severe pressure on SETAs to enhance the pipeline of exiting learners. The following 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 a noticeable contribution to skills development in the last five years. The highest enrolment rates are in the Learnership Learning Programme, followed by Internship. These two learning

programmes are critical because they mainly benefit youth and women. The latter category is, in most cases, new entrants to the labour market. These programmes equip them with relevant work experience and exposure to the world of work.

Figure 19: Services SETA Learner Enrolment, 2016-2021
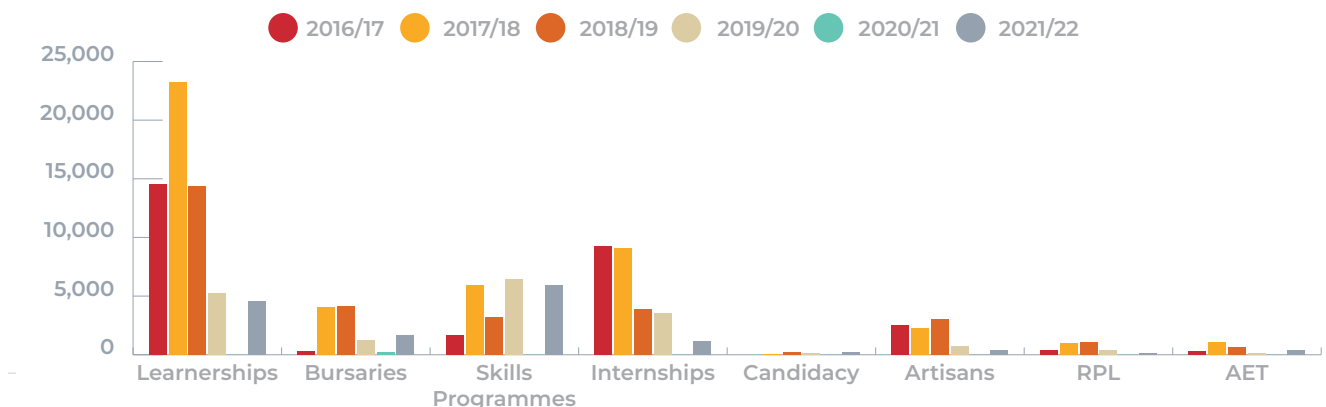
Source: (Services SETA LMIS, 2015; 16; 17; 18; 19,20,21,22)

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.
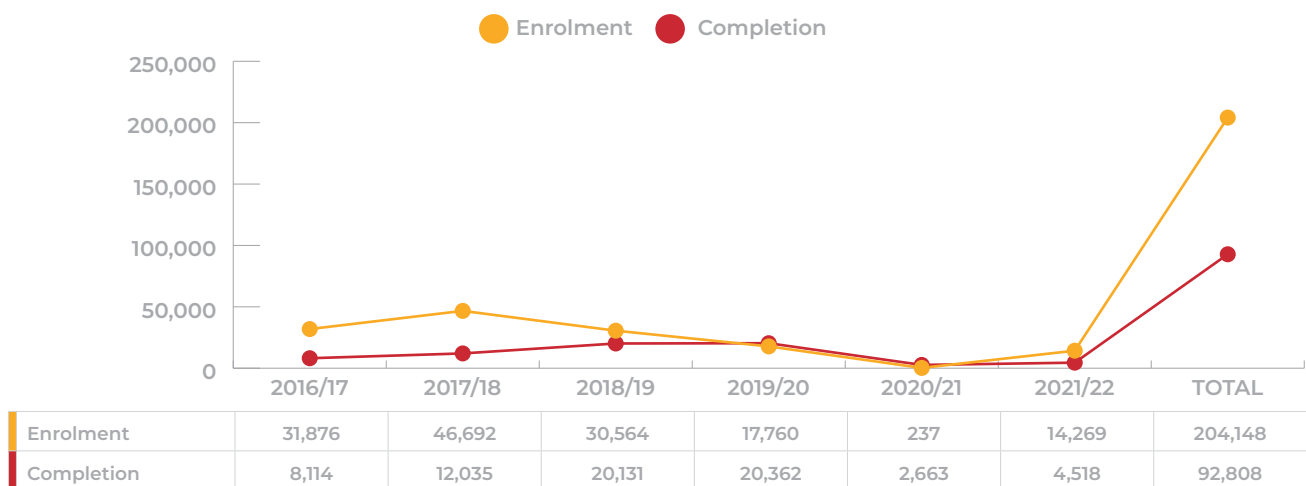
Regarding completion rates, the Services SETA, like other SETAs above, falls behind with completion – see Figure 20. Tracer studies revealed several reasons for this state of affairs. Key amongst them is the high rate of dropouts (Services SETA, 2022). Learners are often tempted to quit learning programmes when they find employment or receive enrolment acceptance from another SETA, TVET college or university.

Figure 20: Services SETA Learner Enrolment and Completion, 2016-2021

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
Enrolment	31,876	46,692	30,564	17,760	237	14,269	204,148
Completion	8,114	12,035	20,131	20,362	2,663	4,518	92,808

Source: (Services SETA LMIS, 2015; 16; 17; 18; 19, 20, 21, 22)

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.   SUPPLY PROBLEMS EXPERIENCED BY EMPLOYERS

Employers are more often equally concerned about the work-related practical skills or competencies that current or prospective employees can perform and if they can do the various job tasks successfully. The significance of investment in skills supply 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.

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 employee performance, as are cognitive abilities and process skills (World Economic Forum, 2016). A mixture of soft and technical skills is preferred to adequately address skills gaps. Training for critical skills usually takes the form of short courses delivered in-house or externally. Due to their short duration, such programmes do not require accreditation and thus do 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 demonstrated below, the Services SETA is gradually investing in Skills Programmes. Investment in this area has grown fivefold in the last seven years—training investment cuts across all occupational categories, with a substantial bias towards low-level occupations.

3.3.3. THE EXTENT OF OCCUPATIONAL SUPPLY

About 70 occupational qualifications (i.e. Full/Part qualifications and Skills programmes) have been developed and registered with the Quality Council for Trade and Occupations (QCTO) to respond to the current skills demand within the services sector. Most of these occupational qualifications and skills programmes have been developed to address the occupational shortages within the sector. See Table 24 below.

Table 24: Registered Occupational Qualifications (Full/Part) and Skills Programmes

Cleaning & Hiring Services Chamber	Communication & Marketing Services Chamber	Management & Business Services Chamber
Garden Worker (FQ) General Residential Repairer (Garden Maintenance) (SP) Laundry Finisher (PQ) Laundry Sorter (PQ) Laundry Washer (PQ) Laundry Worker (PQ) Commercial Cleaner (FQ) Commercial Ablution Cleaner (PQ) Above Surface Cleaner (PQ) Kitchenette Cleaner (PQ) Commercial Floor Cleaner (PQ) Healthcare Cleaner (FQ)	Contact Centre Manger (FQ) Marketing Coordinator (FQ) Survey Interviewer (PQ) Market Research Analyst (FQ)	Project Manager (FQ) Conference and Events Organiser Management Assistant (SP) Small Business Consultant (PQ) Office Administrator (FQ) Quality Manager (FQ) Quality Assurer (FQ) Small Business Consultant (PQ) Advanced Spatial Intelligence Data Scientist (SP) Spatial Intelligence Data Scientist (SP)
Labour & Collective Services Chamber	**Personal Care Services Chamber**	**Real Estate & Related Services Chamber**
Recruitment Manager (FQ) Labour Inspector (FQ)	Embalmer (FQ) Embalmer's Assistant (PQ) Hairdresser (FQ) Barber (SP) Chemical Hair Reformation Attendant (SP) Hair and Scalp Treatment Attendant (SP) Hair Colouring Attendant (SP) Hair Cutting Attendant (SP) Hairstylist (SP) Mortician (FQ) Stonemason (FQ) Stone Engraver (PQ) Stone Polisher (PQ) Erector (PQ)	Facilities Manager (FQ) Auctioneer (FQ) Real Estate Agent (FQ)

The following qualifications (part and/or full) and SPs are being developed, re-aligned, or reviewed, as the case might be, to build capacity further within the services sector.

Table 25: Occupational Qualifications (Full/Part) and Skills Programmes Under Development / review / re-alignment

Occupational qualifications planned for 2022 / 23 and deferred to 2023 / 24	Occupational qualifications identified for development in 2023 / 24	Occupational qualifications identified for potential development in future
1. Coffin Maker 2. Public Relations Practitioners (Generalist) 3. Public Relations Practitioner (Consultant) 4. Project Manager 5. Project Management for Non-project Managers 6. Contact Centre Compliance Insurer 7. Corporate General Manager (Entrepreneurial E-Commerce Manager) 8. Introduction to Embalming 9. Postal Frontline Service worker 10. Sales and Marketing Manager 11. Digital Manager 12. Management Consultant (Business Consultant) 13. Small Business Consulting Fundamental 14. Property Entrepreneur 15. Exhibition stand design, construction and support 16. Coffee Bar Technician 17. Cleaning Operations Manager 18. Cleaning Contract Manager 19. Crime scene cleaner / high-risk cleaner 20. High-Pressure Water Jeter Cleaner	1. Business Development Manager 2. Manager (Foundational Principles of PM vs LEAN) 3. Property Manager (Public Sector) 4. Property Manager (managing Agent) 5. Facilities (Entry level) 6. Property Business Broker 7. Nail Technology / Nail Technician 8. Management Assistant 9. Office Administrator 10. Conference and Events Organiser 11. Survey Interviewer 12. New Venture 13. Barber 14. Crematorium Operator	1. Payroll Administrator 2. Business Coordinator 3. Project Administrator 4. Sponsorship Liaison Officer / Funding Generator / Deal Originator 5. Working at Heights for Telecommunication and Construction (Advance) 6. Safety at Heights for Telecommunication and Construction 7. Wig Maker 8. Crematorium Operator 9. Micro Needling 10. Contact Centre Quality Assurer 11. Contact Centre Data Optimizer 12. Contact Centre operations facilitator 13. Enterprise Resources Planner 14. Human Resource Management and Practice Support 15. First Line Manager 16. Transformation and Change Manager 17. Customer Service Manager 18. E-Commerce (Entry) 19. Pet Care / Grooming 20. Child Minder / Nanny 21. Hiring Coordinator 22. Hiring Operations 23. Working at Heights for Telecommunication and Construction (basic) 24. Contact Centre Workforce Planner 25. Interior design and Décor

3.4. SECTORAL PRIORITY OCCUPATIONS AND INTERVENTIONS

This section presents the list of sectoral priority occupations and interventions – otherwise known as PIVOTAL (Professional, Vocational, Occupational, Technical and Academic Learning) – for the Services SETA for 2024/25. Identification of the list used primary and secondary research methods. Primary research involved surveying employers falling under the Services SETA scope, employer interviews, consultations with key stakeholders through workshops, the Services SETA Management, and the AA. The secondary research included analysis of WSP data submitted by Services SETA employers and desktop literature reviews.

Literature Review and Performance Information

A thorough literature review preceded the analysis of sectoral priority occupations and interventions list for the services sector. A wide-ranging literature review was conducted to understand skills demand and supply in the services sector. Key documents included the World Economic Forum's 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 conducted to report on enrolled, planned or completed employer-funded and Services SETA-funded skills development interventions between 2016 and 2021. 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 2022 and 2023 was also analysed to investigate areas of planned training, where training takes place and areas that need interventions through the PIVOTAL programme.

Stakeholder Engagements

The Services SETA conducted virtual stakeholder engagements between 16 and 30 May 2023 to compile the draft list. The workshops aimed 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.

3.4.1. THE MAIN FINDINGS THAT INFORMED THE SPOI 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 SPOI programmes through skills programmes, internships, learnerships and bursaries.

3.4.2. ENVISAGED OUTCOMES FROM THE IDENTIFIED INTERVENTIONS

The identified priority list aims to close the skills gaps within the services sector. Research reveals that there is a high vacancy rate in the sector, especially in middle and senior management.

3.4.3. CONSULTATIVE PROCESSES

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

3.4.4. QUANTIFYING THE SETA SPOI LIST

The Services SETA, in consultation with key stakeholders, estimated the quantity of the Priority Skills list as reflected in Table 24. 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 2021 and 2022 (excluding submissions where the chamber was listed as "Unknown");
› The average number of enterprises that submitted WSPs between 2022 and 2023 was determined for each chamber;
› The average number of planned interventions was divided by the average number of WSP submitters to determine the average number of interventions per enterprise;
› The full population of both levy-paying and non-levy-paying enterprises operating in Services SETA-related sectors were identified per chamber;
› The projections are based on a linear forward projection of planned training interventions, assuming that the average number of scheduled interventions from 2012 to 2022 will also be applicable for future years. No other exogenous factors are considered for these projections.

3.4.5. RANKING OF THE PRIORITY LIST

The ranking of the Priority list of the Services SETA is based on the priority of the AA. The magnitude is based on the projection of demand, as explained above. The magnitude of planned intervention is based on the available budget. The AA applied an additional criterion 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 26. The Accounting Authority approved the planned number of interventions after consultations with management and the industry.

Table 26: Services SETA Priority Occupations List 2024/25

Seta Name	Period	Occupation Code	Occupation	Specialisation/ Alternative Title	Intervention Planned By The SETA	NQF Level	NQF Aligned	Quantity Needed	Quantity To Be Supported
Services SETA	2024/25	2021-122201	Advertising & Public Relations Manager	Public Relations Manager, Media and Communications Manager, Advertising Manager	Learnership (National Certificate: Public Relations Practice)	5	Y	133	50
Services SETA	2024/25	2021-333901	Auctioneer	None	Learnership/ Recognition of Prior Learning (RPL) (Further Education and Training Certificate: Auctioneering Support Services)	4	Y	140	100
Services SETA	2024/25	2021-515104	Cleaning Supervisor	Cleaning Practitioner	Learnership (Occupational Certificate: Cleaning Practitioner) / (National Certificate: Hygiene and Cleaning Supervision)	3	Y	218	50
Services SETA	2024/25	2021-226302	Health & Safety Officer	Safety, Health, Environment and Quality (SHE&Q) Practitioner	Skills Programme – (OHS)	2	Y	703	100
					Learnership (Occupational Certificate: Safety, Health and Quality Practitioner)	4	Y		50
Services SETA	2024/25	2021-252901	ICT Security Specialist	Database Security Expert, Internet Security Architect / Engineer / Consultant	Bursary (Occupational Certificate: Cybersecurity Analyst)	5	Y	1,834	50
Services SETA	2024/25	2021-242304	Industrial Relations Advisor	Employee Relations Advisor, Industrial Relations Advisor, Conflict Resolution Practitioner	Learnership/ Skills programme (National Certificate: Labour Relations Practice)	5	Y	638	50
Services SETA	2024/25	2021-516301	Mortician	Funeral Practitioner	Learnership/RPL (Occupational Certificate: Mortician) / (National Certificate: Funeral Services Practice)	3	Y	640	100
Services SETA	2024/25	2021-121905	Project Manager	Project Director	Learnership (Occupational Certificate: Project Manager) / (National Certificate: Project Management)	5	Y	158	100

Seta Name	Period	Occupation Code	Occupation	Specialisation/ Alternative Title	Intervention Planned By The SETA	NQF Level	NQF Aligned	Quantity Needed	Quantity To Be Supported
Services SETA	2024/25	2021-333402	Real Estate Agent	Rental Agent, Real Estate Practitioner, Leasing Agent (Buildings)	Internship/Learnership/ Candidacy/RPL (Further Education and Training Certificate: Real Estate – 59097)	4	y	217	150
Services SETA	2024/25	2021-251201	Software Developer	Software Architect, Information Architect Software, Software Designer, Software Engineer, ICT Risk Specialist	Bursary (Occupational Certificate: Software Developer)	5	y	3,728	100

MR STEPHEN DE VRIES

Chairperson: Accounting Authority

MR MENZI FAKUDE

Chief Executive Officer

3.5. CONCLUSION

This chapter presented occupational shortages and skills gaps regarding hard-to-fill vacancies and 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 Sectoral Priority Occupations and Interventions (SPOI) list indicates interventions that have been prioritised for implementation. Prioritisation of the list considered the priority areas of the ERRSS.

CHAPTER 4

SETA PARTNERSHIPS

SETA PARTNERSHIPS

4.1. INTRODUCTION

This chapter reports on existing and new partnerships between the Services SETA and key role players to implement skills development interventions effectively. A partnership is often defined as a collaborative agreement between two or more parties to achieve specified outcomes directed towards addressing mutually inclusive skills priorities or objectives within a specified time frame.

The Services SETA has partnered with several post-education and training role players such as public, private, and non-profit parties, including labour, to deliver skills development for the services sector.

Progress on the existing partnerships will be provided. Furthermore, it describes the success factors, challenges experienced with existing partnerships, the planned partnerships, and a successful SETA partnership model/approach. The NSDP's framework informs the partnership framework. The NSDP recognises that the skills development agenda requires collaborations among key role players in the ecosystem. Business and SDPs – small and large, and private and public constitute the core of the ecosystem of the PSET. Figure 21 illustrates the NSDP partnership framework that the Services SETA has adopted.

Figure 21: Linkage of Education and the Workplace through SETAs

Source: DHET (2009)

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

4.2. AN ANALYSIS OF EXISTING SETA PARTNERSHIPS

Table 27: List of Existing Partnerships with the Services SETA

Nature	Name of institution/ partner organisation	Term and duration of the partnership	Objective(s) of the partnership	Value of partnership
TVET/CET Partnerships	**Infrastructure Development Support** 1. Motheo TVET College – Motheo Artisans Skills Academy 2. Ikhala TVET College – Cala Skills Development Centre 3. Eastern Cape CET – Ngqeleni Skills Development Centre 4. KZN CET College – Kokstad Skills Development Centre 5. South Cape TVET College – Beaufort West Skills Development Centre 6. Northern Cape Rural TVET – Prieska Skills Development Centre 7. Buffalo City TVET College – Mount Coke Skills Development Centre 8. Mthashane TVET College – Dumbe and Mkhuze Skills Development centres	1 Apr 2021/22 – 31 Mar 2029/30	To support the TVET Colleges in infrastructure development, equip lectures with relevant skills, and deliver our learning interventions.	The Services SETA established these partnerships with TVET and CET colleges to strengthen the supply of skilled and capable workforce for the services sector.
	Public College System Capacitation 1. Nkangala TVET College 2. Ekurhuleni West TVET College 3. Boland TVET College 4. Capricorn TVET College 5. Carlton TVET College 6. False Bay TVET College 7. Northern Cape TVET College 8. Flavius Mareka TVET College 9. Tshwane North TVET College 10. Ingwe TVET College 11. Sekhukhune TVET College 12. Sedibeng TVET College 13. Central Johannesburg TVET College 14. ORBIT TVET College 15. Gauteng West TVET College	01 Nov 2022-31 Mar 2025	To build capacity within the TVET College space to implement Services SETA occupational qualifications.	Ability to implement SETA qualifications through the public college system for wider reach and value for money.

Nature	Name of institution/ partner organisation	Term and duration of the partnership	Objective(s) of the partnership	Value of partnership
	Centres of Specialisation 1. Majuba TVET College 2. Gert Sibande TVET College 3. Tshwane South TVET College 4. Umfolozi TVET College 5. Flavius Mareka TVET College 6. Port Elizabeth TVET College 7. College of Cape Town 8. Tshwane South TVET College 9. East Cape Midlands TVET College	30 Jan 2022 – 31 Dec 2024	To deliver artisanal development programmes by building capacity in the Centres of Specialisation.	Support to Centres of Specialisation pursuant to the national artisan programme
	10. Majuba TVET College 11. Port Elizabeth TVET College 12. College of Cape Town 13. False Bay TVET College	01 Apr 2023- 31 Mar 2024		
	Research Nkangala TVET College	1 Apr 2022/23 – 31 Mar 2024/25	Research partnership on occupationally directed qualifications	This partnership was formed to build research capacity in the TVET colleges.
University Partnerships	Research University of Western Cape	1 Apr 2022/23 – 31 Mar 2023/24	Research collaboration of impact evaluation practices	To strengthen collaborations with HEIs to assist with research and graduate support.
	Learner Funding The following universities have partnered with USAF: 1. DUT 2. University of Limpopo 3. UFS 4. Vaal University of Technology 5. CPUT 6. University of Venda 7. CUT 8. University of Zulu land 9. Mangosuthu University 10. Tshwane University of Technology	1 Apr 2021/22 – 31 Mar 2029/30	To provide bursary opportunities for the missing middle students and lecturers' development.	Improved pipeline of supply for industry-aligned skills needs.
Labour	Support on various learning interventions 1. NACTU 2. Workers College	1 Apr 2022/23 – 31 Mar 2023/24	To promote worker-led education and training	Capacitation of organised labour to carry out its mandate effectively.
	1. NEHAWU 2. SATAWU 3. COSATU	Apr 2019/20 – 31 Mar 2023/24		

Nature	Name of institution/ partner organisation	Term and duration of the partnership	Objective(s) of the partnership	Value of partnership
Government Departments Partnerships	**Municipalities** 1. Beaufort West Municipality 2. Mkuze Local Municipality 3. Buffalo City Metropolitan Municipality 4. Merafong Local Municipality 5. Raymond Mhlaba Local Municipality **Government Departments** 1. Department of Roads and Public Works Northern Cape (Prieska) 2. Department of Social Department (Dumbe/Paul Pietersburg)	1 Apr 2021/22 – 31 Mar 2029/30	To construct and build capacity to operationalise the Skills Development Centres.	To increase access to skills development in the communities.

4.3. PARTNERSHIP PERFORMANCE ANALYSIS

4.3.1. TVET/CET PARTNERSHIPS

The Infrastructure Development and Support partnerships are working successfully. The aim is to ensure that in addition to providing infrastructure support to TVET colleges, attention is paid to equipping lecturers with the relevant skills and building capacities of council members to ensure effective governance. This partnership has implemented the training among TVET lecturers to expose them to the industry and further provide bursary opportunities to them. The research partnership is not working successfully as there's limited research capacity on the side of the TVET college, which has delayed the implementation of research projects. There were also challenges concerning tracing graduates due to the lack of active/ current contact details. The measures to strengthen this partnership are that we have incorporated capacity building as part of the partnership. The TVET colleges were advised to establish a research-focused unit to benefit fully from the partnership.

4.3.2. UNIVERSITY PARTNERSHIPS

This partnership is working successfully. Funding for tuition fees is one of the biggest obstacles to accessing university education by many students in the country. The missing class students are the hardest hit as their parents do not earn enough money to afford university tuition or qualify for a study loan. To close this gap, the Services SETA has partnered with USAF to provide bursary opportunities to university students, and over 1,000 students have benefited from this funding. The project implementation was clear, and no delays were experienced from this project.

4.3.3. GOVERNMENT DEPARTMENTS PARTNERSHIPS

There were challenges with this partnership. The main part of this partnership is the construction of skills development centres to benefit local communities. However, the challenge in these partnerships is due to the changes in the construction project scope, which caused delays in completing the construction of the skills development centres. For this reason, the Services SETA has extended the contractual period and value. To strengthen this partnership, the SETA has employed experienced construction personnel tasked to monitor and manage all construction-related projects.

4.4. PLANNED PARTNERSHIPS

The SETA is looking into partnerships with industry bodies aimed at cultivating workplaces for our TVET/ CET learners. We have seen how the TVET Colleges struggle to secure workplaces for their TVET learners who require workplace exposure to complete their N6 diplomas. Partnerships with industry, TVET and SETA will yield good results, which will lessen the unemployment and dropout rate of TVET students. We are also looking into rekindling the relationship with the Department of Small Business Development, as most of our stakeholders are SMMEs and need programmes aimed at business growth.

With the move to occupational-directed programmes, the SETA will forge partnerships with TVET Colleges to build the capacity to deliver our programmes to industry.

4.5. SUCCESSFUL PARTNERSHIP APPROACH / MODEL

The Services SETA understands the value of effective partnerships and their role in assisting the SETA in achieving its strategic objectives. The partnership model is built around bringing all key role players in the services sector and the skills planning ecosystems, such as government departments, industry bodies, and private sector businesses. Furthermore, the Services SETA has recently reviewed its current business operations through the Business Optimisation Process, and it has found the importance of the following principles in implementing its partnerships and collaborations to ensure collective success:

› Careful planning;
› Managing risk;
› Clear strategy and goals; and
› Project management.

All the above features were evident in the Services SETA's partnership with the Small Enterprise Development Agency (SEDA), making this a successful partnership as summarised below:

The Services SETA established a collaborative partnership with SEDA and the local municipalities in the rural areas to offer training on entrepreneurial skills, strengthen the entrepreneurial mindset and provide E-learning training to SMMEs and Co-operatives.

› This initiative involved joint research to identify the skills needs of the SMME sector and develop relevant training programmes targeted at Cooperatives, NPOs, business start-ups, and established businesses. This collaboration was based on *careful planning* and research that contributed to the successful implementation of the project.

› One of our SDPs rolled out the training programme using the E-learning platform. This required effective participation of SMEs in SETA learning interventions, especially those in rural areas, often with limited internet access. This was achieved due to all parties' *clearly established strategies and goals* in the partnership. All partners understood their role in the SMMEs' value chain and were able to link the relevant benefits for SMMEs and co-operatives and gain the support of the local municipality.

› The project faced the risk of struggling with the internet to implement E-learning. *The Services SETA applied effective risk management, using offices* equipped to assist entrepreneurs with internet and computers.

› *Project management* contributed to the success of the project. The partnership management implemented key project management principles such as clear contractual objectives and TORs, regular communication and strict time and budget management in line with project deliverables.

In addition to the smooth management of the project, in the end, this e-learning training ensured that learners in rural areas gained access to helpful training on how to run their businesses.

4.6. CONCLUSION

This chapter highlighted best practices for effective partnership for replication across the SETA landscape. Partnerships have great importance in the NSDP 2030. The SETA will continue to monitor and assess the implementation of these partnerships to improve their effectiveness.

CHAPTER 5

SETA MONITORING AND EVALUATION

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 and a review of the Services SETA's performance against the previous year's skills priorities. The latter will reflect on progress made, shortcomings and plans to address them.

5.2. SECTOR SKILLS PLANNING REFLECTIONS

5.2.1. THE SERVICES SETA'S APPROACH TO MONITORING AND EVALUATION

The Services SETA's M&E approach is informed by the Policy Framework for the Government-wide Monitoring and Evaluation System (GWM&E) (DPME, 2007). The GWM&E system recognises the role of evaluations, performance information, and social, economic, and demographic statistics in the M&E function. The M&E approach of the Services SETA is further informed by the government's approach to planning, which places greater focus on outcomes and impact – a results-based management framework embedded in the Theory of Change philosophy. The Theory of Change logical framework and alignment with Services SETA's strategic documents are highlighted in Figure 22. This planning philosophy and approach aims to help the organisation focus on outcomes and impact instead of outputs (numbers), ensuring alignment with the mandate of the government of the day. Such an approach is critical for skills development interventions whose sole aim is to produce quality graduates that contribute to economic growth and social development.

Figure 22: Linkage of Education and the Workplace through SETAs

1	GWM&E	Constitutional and legislative mandates
2		National, provincial and local government planning frameworks and plans
3	SSP & SP	Vision, Mission, Values
4		Strategic goals with 5-year targets
5		Budget programme structures
6		Strategic objectives by programme with 5-year targets
7	APP	Programme performance indicators with annual and MTEF targets
9		Reconciliation of budgets and performance targets

DEPARTMENT'S OPERATIONAL PLANS AND INDIVIDUAL PERFORMANCE AGREEMENTS

This performance monitoring and evaluation approach is further strengthened by the realisation that M&E happens at different levels and intervals – e.g., organisational, departmental, or programmatic- and can occur monthly, quarterly, or annually, as demonstrated below.

Figure 23: Services SETA's M&E Framework

MONITORING

1. Process Monitoring
2. Compliance Monitoring
3. Context Monitoring
4. Beneficiary Monitoring
5. Financial Monitoring
6. Organisational Monitoring
7. Results Monitoring

EVALUATION

1. Formative Evaluation
2. Process Evaluation
3. Outcome Evaluation
4. Summative Evaluation
5. Impact Evaluation
6. Real-time Evaluation
7. Participatory Evaluation
8. Thematic Evaluation
9. Cluster Evaluation
10. Meta Evaluation

As the above framework illustrates, the Services SETA's M&E framework delineates between M&E activities. The monitoring function considers processes, compliance, financial and organisational performance and economic considerations. The reporting happens frequently and routinely to ensure efficiencies and improved performance. A dedicated unit – Performance Verification and Reporting, is tasked with this responsibility.

Evaluation, in its nature, is a once-off activity that takes place mid- or end-term of the project/programme. The mid-term evaluation ensures the intervention is on the right track to achieving the intended results. In contrast, the end-term evaluation is meant to investigate whether the intended outcomes or impacts have been realised. As a public entity, the Services SETA holds itself to ensuring value for money from its intervention. As a result, evaluation studies are conducted on strategic interventions to determine the value of money. A dedicated Unit – Impact Assessment – is tasked with this responsibility.

Outputs from the M&E functions are fed back into the planning process to guide strategic decision-making. A skill planning unit – SSP & SP – is responsible for desalinating key pointers for decision-making and incorporating them in strategic documents such as the Sector Skills, Strategic, Annual Performance Plans, and, ultimately, the Annual Report. The latter constitutes a public accountability mechanism.

5.2.2. USE OF INTERNAL DATA TO INFORM RESEARCH AND PLANNING

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

The previous two figures informed the use of internal data for planning purposes, highlighting the approach to M&E and the framework for its implementation. Internal data is used to monitor and evaluate progress against the turnaround strategy developed by the AA and Management; "A

Responsive Strategy". This strategy has identified six areas that need urgent attention to turnaround the Services SETA and improve service deliver. These are outlined in table 28 below.

This strategy is monitored monthly, and progress updates are provided to the AA quarterly. Research forms the basis of the Services SETA's plans. M&E research uses performance reports and formative and evaluation research to inform key strategic plans such as the SSP, Strategic Plan, and APP. M&E data is used to:

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

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

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

Section 5.3. discusses measures put in place to strengthen achievements and skills priorities. These measures are informed by the activities outlined above.

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 2023/24 had identified four priority actions. Significant progress has been made concerning all priority actions. These action plans informed the Strategic Plan and the Annual Performance for the 2023/24 financial year. Achievements are outlined on the following page.

Table 28. Use of Internal Data to Inform Research and Planning

Focus Area	Description
Organisational Performance	Drive organisational performance to deliver effectively on NSDP 2030 and mandate, and ensure responsiveness to sector skills needs as informed by ongoing labour market research, SSP, strategic plan and annual performance plan.
Finance	Strive for effective use of resources to ensure financial sustainability to meet the mandate through improvement of financial controls and effective implementation and monitoring of commitments.
Business Processes, including systems	Improve and align business processes to ensure efficiencies in delivering the Services SETA strategic goals and enhancements of ICT infrastructure and system, including integrating systems and platforms to optimise operational efficiencies.
People	Our people are central to the desired performance. The Services SETA aims to invest in employees' capabilities to drive a culture of continuous personal development and high performance.
Stakeholder Relationship	A healthy working relationship is critical to the success of the Services SETA. The Services SETA will continue building, strengthening, and maintaining good relationships with its internal and external stakeholders.
Governance	Risk management and organisational compliance are critical governance functions. The Services SETA strives to promote good governance by early detection of strategic risks and treatment thereof. Improved organisational compliance will ensure adherence to critical legislative prescripts.

Table 29. Key Priority Actions – Prior Year Reflections

Key prior action	Progress update
Foster Inter-SETA collaboration and industry partnership to promote SMME development in the services sector.	Collaboration with SETAs, Wits Business School and SEDA in the previous financial year highlighted the need to extend collaboration to support the development and growth of the SME sector. For this reason, the Services SETA will deepen this approach to include other SETAs that are currently not part of the collective.
Secure workplace training opportunities working in collaboration with the industry, employers, and the SETA.	The Services SETA has embarked on an extensive campaign to promote the participation of large companies in funded and unfunded learning interventions and forge closer collaboration with these role players. This approach has netted some improvements.
Work with QCTO and industry role players to complete and implement registered occupationally directed qualifications.	The SETA managed to develop/re-align 10 occupational qualifications in the 2022/23 financial year. A targeted DG window for occupational qualification was opened in December 2022 to ensure that the occupational qualifications were implemented for use by the industry. The allocations have not yet been concluded as some qualifications have no accredited SDPs. The SETA, working with the industry and the QCTO, are developing assessment instruments and training tools. 35 occupational qualifications and 10 occupational SPs have been developed.
Strengthen alignment between industry needs and Services SETA supply through research, implementation, and structured M&E.	A preliminary organisational-wide M&E framework was developed and is ready for broad implementation. The following research topics were conducted as part of the Research Agenda addressing issues related to industry needs: 1. **Skills Forecasting Model:** A model of services SETA sectors is a model to forecast future skills needs. 2. **The Employer Interview:** A focused study reliant on industry participation collecting the latest skills needs from the industry. 3. **Learner Tracer Study:** A tracer study was conducted, delving into the impact of training on the industry and its alignment with industry needs.
Implementation of an organisational-wide M&E Framework to improve performance management	Services SETA has a Research and Impact Assessment Manager responsible for the M&E framework and its implementation. A preliminary organisational-wide M&E framework was developed and will be ready for board implementation after extensive internal consultation.

5.3. MEASURES TO STRENGTHEN THE ACHIEVEMENT OF SKILLS PRIORITIES

The Services SETA has put several measures in place to improve the M&E function and to strengthen achievements of skills priorities.

Planning Policy and Standard Operating Procedures: To streamline planning, monitoring and evaluation of approaches and practices.

Performance Information Management Standard Operating Procedures (SOPs): To ensure reliable and comprehensive reporting of performance information, the Services SETA has developed an SOP to guide the collation, verification and reporting of performance information to internal and external stakeholders.

Qualifications Development and Maintenance Policy: The development of occupational qualifications is a regulated environment that requires stringent adherence to applicable legislation and policies. A policy on occupational qualifications development and maintenance has been developed to guide the Services SETA in this endeavour.

Organisational review: To promote organisational efficiency, the Services SETA, under the direction of the AA, has embarked on a business process review, which includes the review of the M&E function. The M&E function, broadly speaking, sits across various departments such as planning, special projects, the quality management division, learning interventions, and project coordination. The aim is to integrate various existing monitoring, reporting and evaluation policies, processes, and systems under a single framework that guides decision-making and ongoing planning.

Discretionary Grant Policy: The Services SETA is tasked with reviewing the DG policy to improve

responsiveness to NSDP and ERRSS goals. The primary goal is to enhance the mobilisation of the industry to participate in work-based learning programmes and to attract quality learners.

Work Integrated Learning: In the first place, the Services SETA has embarked on ongoing engagement with CEOs of top levy-paying companies to strengthen relationships to secure work placements for learners. Secondly, the Services SETA has entered into a research partnership on WIL with TVET colleges to explore effective delivery models.

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

5.4. INTERVENTIONS IMPLEMENTED IN SUPPORT OF THE ERRP SKILLS STRATEGY

The ERRP and the Skills Strategy were launched in the middle of the financial year, allowing less time to fully incorporate them into the planned interventions and budget. Nevertheless, the Services SETA did endeavour to address related skills where possible. The ERRP considered the contact centre industry one of the industries that can assist in the reconstruction and recovery of South Africa's economy post-COVID-19. In turn, the ERRSS identified key occupations and qualifications required to support the growth of this sector.

In support of the ERRP, the Services SETA provided 50 learnership opportunities to customer service managers. Current plans have made adequate provisions for Services SETA to support the country's reconstruction and recovery efforts.

5.5. CONCLUSION

This chapter discussed the skills planning process at the Services SETA regarding institutional arrangements and staffing capacity. It demonstrated the strong alignment between planning, 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 have been realised.

CHAPTER 6

STRATEGIC SKILLS PRIORITY ACTIONS

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. The economy might be heading into a recession. While some underlying causes are within the control of the South African government, others are not, like "international trade wars."

Despite these challenges, the services sector remains central to the South African economy. This sector continues to lead in terms of contribution to the GDP, at 22%, despite the decline in the overall growth rate. The sector creates employment opportunities for 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 many employees in this sector are concentrated, more than 50%.

This state of affairs has profound implications for skills development. It includes 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, to promote entrepreneurial development. There is a need to prioritise training in the SMME space to support growth. Research reveals that medium enterprises are more likely to create new jobs than large ones. The establishment of the Strategic Partnerships and Collaborations Department department by the Services SETA to support SMEs is a timely intervention in this regard.

Chapter 2 addresses key drivers for change in skills development and their impact. Information and Communication Technology, Climate Change,

Globalisation and the Economy were identified as key change drivers in the services sector. The 4IR has a profound impact across sub-sectors and industries. Sub-sectors primarily impacted include marketing, contact centres, labour recruitment, business and cleaning services. 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.

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 strive 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 training providers' readiness stage. The Services SETA is currently working with the industry to identify new qualifications that best meet the sector's 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, WP-PSET, NSDP, NDP and ERRSS.

Chapter 3 discusses skills issues in the services sector. The chapter identifies vacancies for which it is difficult to recruit – hard-to-fill vacancies and skills gaps. Hard-to-fill vacancies refer to vacancies for which employers cannot recruit or attract suitable talent for more than six 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 struggles 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, 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 considering 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. Various strategies have 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 informing the organisation's decision-making process. Key information sources are derived from the pipeline analysis, 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 PRIORITY ACTIONS

The SSP 2024/25 identified the below-mentioned priorities. Since they are in the implementation stage, the management retained them to allow time for impact evaluation. However, their descriptions have been updated to reflect current developments.

Table 30. Recommended Priority Actions

Recommended priority actions	Explanation
Foster Inter-SETA collaboration and industry partnership to promote SMME development in the services sector	Collaboration with SETAs, Wits Business School and SEDA in the previous financial year highlighted the need to extend collaboration to support the development and growth of the SME sector. This goal is even more important in light of the current economic climate highlighted in Chapter 2. For this reason, the Services SETA will deepen this approach to include other SETAs that are currently not part of the collective.
Secure workplace training opportunities working in collaboration with the industry, employers, and the SETA	The Services SETA has embarked on an extensive campaign to promote the participation of large companies in funded and unfunded learning interventions and forge closer collaboration with these role players. This approach has netted some improvements. The aim is to deepen this campaign in the 2024/25 financial year. This intervention will also ensure that the sector adapts well to the effects of globalisation and the volatile economic environment, including increasing living costs due to climate change and energy costs.
Work with QCTO and industry role players to complete and implement registered occupationally directed qualifications	Closer collaboration between the Services SETA and QCTO has resulted in up to 10 qualifications being developed and/or updated in one financial year to ensure the adequacy of supply for the services sector. Given the current backlog, this partnership will be strengthened this year to develop and/or align a further 10 qualifications.
Strengthen alignment between industry needs and Services SETA supply through research, implementation, and structured M&E	Rapid developments in the South African economy, as brought about by ICT and COVID-19, require SETAs to conduct regular and relevant research to inform decision-making processes and inform training interventions. The Services SETA will foster closer collaboration with industry partners, businesses, labour, and university research institutions to conduct relevant, up-to-date research. Internal business operations will be streamlined to ensure efficient and effective implementation of learning interventions and timely M&E of impact. Services SETA impact is measured by the growth of the economic sector in terms of GDP and employment. Addressing key drivers of skills demand is critical in realising this goal.
Implementation of organisational-wide M&E Framework to improve performance management	In 2023/4, the Services SETA will develop a framework that will draw from the GWM&E system and frameworks for Evaluation, Performance Standards (Monitoring), and Social, Economic and Demographic Statistics. The Theory of Change will be used to guide the M&E framework to adequately measure the impact of Services SETA's skills development interventions. This framework will be fully implemented in 2024/25 and will form part of the internal review function.

6.4. THE IMPACT OF THE FOURTH INDUSTRIAL REVOLUTION

The world of work beyond 2023 will be significantly different from today's workplace. Therefore, the PSET system must 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 4IR are significantly impacting businesses and the world of work. Two priorities for the Services SETA are, therefore, to:

› Engender a deliberate programme aimed at stimulating sufficient understanding of disruptive changes eminent within the services sector; and
› As a result of the former, cultivate a workforce development strategy aligned to the unravelling innovation across the sector.

More specifically, to effectively engender a 4IR outlook on 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; and
› The 4IR will also mitigate against the impact of COVID-19 on training interventions by providing training opportunities remotely to protect learners against possible exposure to the disease.

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

6.5. MEASURES TO SUPPORT NATIONAL STRATEGIES AND PLANS

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

Table 31. Alignment with National Strategies and Plans

National strategies and plans	Explanation
National Skills Development Plan, 2030	The Services SETA has (i) established two university research chairs, namely the M&E Research Chair (Rhodes University) and the OFO Research Chair (REAL, WITS). It supports 16 Skills Development Centres across the country, with a particular 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 to support SEDA and the Small Enterprise Finance Agency (SEFA) in growing SMEs.
Reimagined Industrial Strategy	This policy strongly supports spurring economic growth and development potential in both local and international markets (global value chains). Re-industrialisation and localisation hold great potential if successfully achieved. Currently, South Africa faces high unemployment rates and an enormous skills shortage, which will obstruct the reindustrialisation drive before it starts. Over 6 million South Africans are unemployed; youth unemployment remains stubbornly above 50% (Business Day, 2018). Skill interventions required in support of the DTI's IPAP, SEZs and designated trades include those related to contact or call centres and business advising.

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

The Department of Higher Education, Science, and Innovation has developed a skills development strategy to support this initiative. The Services SETA has identified scarce and critical skills prioritised by the Department for inclusion in this SSP update. These include Call or Contact Centre Managers, Quality Managers, Contact Centre Resource Planners, Contact Centre Forecast Analysts, Call or Contact Centre Managers, Inbound Contact Centre Consultants, Outbound Contact Centre Consultants, Contact Centre Real Time Advisors, and Call or Contact Centre Agents. These lists of scarce and critical skills have been incorporated into the lists of hard-to-fill vacancies, skills gaps, and priority lists for implementation in the next financial year. Efforts are also underway to accommodate these lists in the 2023/24 financial year. |
| Presidential Youth Employment Initiative | As illustrated in Chapter 2, the Services SETA has aligned its internship programmes for CET, TVET and University graduates in support of the presidential initiative. Annual targets are set in consultation with DHET and monitored quarterly, bi-annually, and annually. |

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. Key priority actions to address skills demand and supply for the services sector have been outlined.

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Notes

Notes

Training serves as the lifeline to the future of the services industry by equipping professionals with the essential skills and knowledge necessary to navigate evolving trends, embrace technological advancements, and deliver unparalleled excellence in an ever-changing landscape.

SERVICES SETA

DEVELOP & GROW