W&RSETA
WHOLESALE & RETAIL SETA
Skills Development for Economic Growth

SECTOR SKILLS PLAN

2013 – 2014 UPDATE

higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

FOREWORD

This is the 2013 updated version of the Sector Skills Plan prepared by the Wholesale and Retail Sector Education and Training Authority (W&RSETA) (2011 – 2016). The Sector Skills Plan has been prepared in accordance with the guidelines of the *National Skills Development Strategy (NSDS III)*, as well as the *DHET Guide to the Process and Timeframes*.

The principal aim of this Sector Skills Plan is to guide and inform skills development initiatives in the sector. It is the outcome of, not only a thorough research process, but also of extensive stakeholder consultation and engagement. This Sector Skills Plan will be reviewed and updated on an annual basis and will be aligned to government policies. There have been a number of new developments since the last submission in 2012. First, although this year requires an SSP update, we have made radical changes to the SSP in its entirety. This overhaul is an integral part of our research agenda towards "raising the bar" with respect to sector skills research within the W&RSETA. We want to be at the forefront of research innovation in designing an appropriate skills planning mechanism for the sector which is a key goal of NSDS III.

Second, we have reduced the length of the SSP considerably to make it more focused, coherent and poignant. This involved eliminating unnecessary, marginal and irrelevant information as part of our drive for continuous improvement. We want to prioritise quality over quantity and make the document user-friendly.

Third, we have implemented an evidence-led approach of identifying and anticipating scarce skills. We have achieved this by devising a research methodology to identify scarce skills in the sector. This is explained clearly in the SSP. Over time we intend refining the research methodology to serve as an early warning system for anticipating skills shortages. We want to be in a position to justify our choices with evidence.

Four, we have given consideration to national policy issues outlined in the New Growth Path, HRDSA, National Development Plan, IPAP, National Skills Development Strategy and Skills Accord in the SSP.

Five, the economic and labour market contexts discussed in Chapter One are directly related to the designated sector, instead of providing a general overview which appears to be the norm.

Six, we have advised our research team to produce an SSP that is easy-to-read. The primary target audience are employers and labour unions. The secondary audience are public entities, NGOs, CBOs, investors, training providers and other interest groups. Our SSP is not written in a thesis or peer-reviewed academic journal style, but rather as a document which is in the public domain for all to read. We want employers and trade unions to read the document. The SSP is concise; visual and graphic; uses simple language; and easy to understand. All this is achieved without compromising the integrity, accuracy and thoroughness of the research.

Seven, our SSP is analytical, incisive and insightful, not descriptive in nature. This enables a deeper understanding of occupational and skills needs. We have balanced quantitative research with qualitative insights.

Eight, we have considered the DHET feedback on the previous SSP and the Continuous Improvement Plan and have responded accordingly.

In a nutshell, we believe that we have taken our SSP to the next level. The Sector Skills Plan is submitted to the Minister of Higher Education and Training in partial compliance with the requirement of the Skills Development Act 1998 as amended and the National Skills Development Strategy (NSDS III). The Sector Skills Plan is hereby endorsed by duly authorised representatives.

APPROVED BY:

CHAIRPERSON: W&RSETA BOARD

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CHIEF EXECUTIVE OFFICER:

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ABBREVIATIONS AND ACRONYMS

Abbreviation / Acronym	Description
ABET	Adult Basic Education and Training
AET	Adult Education and Training
ATR	Annual Training Report
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CJI	Career Junction Index
DHET	Department of Higher Education and Training
ETQA	Education and Training Quality Assurance
FET	Further Education and Training
HEI	Higher Education Institution
HRDSA	Human Resource Development Strategy for South Africa
HSRC	Human Sciences Research Council
ILDP	International Leadership Development Programme
ILO	International Labour Organisation
IPAP	Industrial Policy Action Plan
LSM	Living Standards Measure
MOU	Memorandum of Understanding
MQA	Mining Qualifications Authority
NEDLAC	National Economic And Development Labour Council
NGO	Non-Governmental Organisation
NGP	New Growth Path
NQF	National Qualifications Framework
NVC	National Certificate Vocational
NSDS	National Skills Development Strategy
OECD	Organisation for Economic Cooperation and Development
OFO	Organising Framework for Occupations
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PSET	Post-School Education and Training
PWC	PriceWaterhouseCoopers
QCTO	Quality Council for Trades and Occupations
QES	Quarterly Employment Survey
QLFS	Quarterly Labour Force Survey
RFID	Radio Frequency Identification
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Framework
SETA	Sector Education and Training Authority
SGB	Standards Generating Body
SMME	Small, Medium and Micro Enterprises
SDF	Skills Development Facilitator
SSP	Sector Skills Plan
WSP	Workplace Skills Plan

EXECUTIVE SUMMARY

This section provides a synopsis of the main elements emerging from the research with commentary on implications for skills development.

This Sector Skills Plan is drafted at a time when the Wholesale and Retail Sector is experiencing a moderation in consumer spending and deteriorating trading conditions. Higher prices for essential foods, transport and electricity is putting strain on the purchasing power of households, particularly lower income groups that spend a large portion of their monthly disposal income on non-durables such as food, cosmetics, pharmaceuticals and beverages.

In addition, there are a myriad of other factors driving change in the sector and impacting on skills planning and development.

Reducing unemployment, particularly for youth, on a sustainable basis is the single most important economic objective of national government at present. The number of unemployed young people, and the length of time they have no jobs, is rising. The DHET is prioritising skills development for the “not in education, employment and training” (NEET) segment of the youth population through a protracted effort to support public FET Colleges who are at the vanguard of addressing youth unemployment. Concomitantly, the SETA also has a catalytic role to support skills formation and employment creation within the framework of the NSDSIII.

The sector is characterised by high levels of casualisation. Atypical forms of employment prevail, together with labour brokering, permanent temps, temporary managers and supervisors in the workplace, especially retail outlets. Such forms of employment negate the promotion of skills development in the sector. The W&RSETA is challenged to promote a “Decent Work Agenda” and foster skills development to all segments of the workforce. Moreover, there is a need for the SETA to support transformation of the upper echelons of the management hierarchy in the sector through skills development of previously disadvantaged sections of society.

Growth opportunities into the fledging African economy offer a plethora of new growth opportunities for local companies in the sector. Some companies such as Shoprite Checkers, Mr Price and Spar, to list a few, have already begun to entrench their operations in African countries with burgeoning retail sectors. This requires a new cadre of African Managers with a deep understanding of the African business context. It presents a set of interesting challenges to the W&RSETA.

Unarguably the single most important factor driving change in the W&R Sector with massive implications for skills development is the onward march of technological change. This development is leading to a multitude of new occupational clusters and skills sets relating to eRetailing, online shopping, digitalisation, mobile technologies and IT systems development. The W&RSETA is engaging with these new dynamics.

Businesses are becoming more conscious of protecting the environment. Increased legislation and consumer pressure are driving the demand for eco-compliance. Businesses now have to show that they are environmentally friendly in their business processes and in the products and services they offer. Some companies are subscribing to the green agenda by making it a key competitiveness factor in their business strategy. The W&RSETA should take cognisance of this emerging issue and its impact on skills development of existing and new employees.

Over 80% of the sector comprises of SMMEs. The W&R Sector is essentially a small business sector, though major wholesale and retail chains exert a powerful influence on the sector due to employment levels and turnover. The W&RSETA is poised to establish the arbitrage between large and small companies by improving linkages and supporting an inclusive growth path.

The range of major change drivers that impact on skills planning and development in the sector is depicted below.

Figure 1: Major change drivers impacting on skills planning and development

Research Methods

A major focus of the SSP is the identification of scarce and critical skills. The research design employed in the SSP is based on mixed method studies which attempt to bring together methods from different paradigms. In a mixed method study there is an integration of qualitative with quantitative methods, also sometimes referred to as *multi-strategy* research. The chosen design is intended to supplement one information source with another, or 'triangulate' on an issue by using different data sources to identify scarce skills.

The research design involved eliciting information on scarce and critical skills through regional workshops, WSP/ATR Analysis, interviews with key informants in the sector, experts' workshop, literature reviews and online vacancy analysis. The objective of this chapter is to develop a methodology or tool that can be used to form an assessment of skills in demand.

The methodology for identifying scarce and critical skills is intended to be highly transparent, open to replication and simple to calculate. Furthermore, the methodology is designed in such a way that enables new information (through new and better data) to be incorporated without the need to redesign the process.

The methodology developed is set out as follows:

- All occupations considered for the Scarce Skills List are evaluated by stakeholders according to 6 criteria which include the following:
    - **Entry** to the occupation requires a long lead time of formal education and training – **3 years.**
    - Skills which people acquire are being deployed for the **uses intended.**
    - Shortage of skills causes **a significant cost** to the company.
    - **Hard-to-fill vacancies** – more than **3 months** to find a suitable candidate.
    - There is **plausible evidence** to identify an occupation as a scarce skill.
    - Recommendation from a professional body, trade union or employer body in the sector.
- For an occupation to be eligible for inclusion on the Scarce Skills List, at least 3 out of the 6 criteria should be met.
- This selection process is undertaken by stakeholders in the sector with a special knowledge and understanding of skills development.

CHAPTER 1: SECTOR PROFILE

1.1 INTRODUCTION

Chapter One of the Sector Skills Plan (SSP) profiles the Wholesale and Retail Sector within the wider context of the South African economy.

It outlines the extent of stakeholder engagement in updating the SSP; demarcates the scope of coverage of the sector using Standard Industrial Classification (SIC) codes; provides labour market and economic sector profiles; and identifies forces driving change in the sector and its consequent impact on skills development.

1.2 KEY QUESTIONS

Key Questions **Chapter One will respond to:**

- Have key stakeholders participated in the updating of the SSP?
- What challenges do the economic and labour market profiles present for sector skills planning?
- What factors are driving change and influencing the sector either positively or negatively?
- What are the implications of the above factors for sector skills planning?

1.3. STAKEHOLDER ENGAGEMENT

Sector Skills Plans are sector-wide efforts aimed at improving the competitiveness of designated economic sectors. They bring together a range of social partners – employer associations, organised labour, community-based organisations, education and training providers, public entities and student bodies together with the state as key facilitator – to upgrade skills and foster the growth of economic sectors.

These Plans require various stakeholders to establish sustainable relationships to determine skills shortages and implement appropriate interventions. As these relationships mature, the supply-side component of the skills development equation will align with the demand-side of the labour market.

There is a growing recognition that strong stakeholder partnerships can move sectors toward longer term, systemic collaboration and improved competitiveness in today's globally-competitive environment.

Stakeholder-Driven Approach **will ensure the following SSP outcomes:**

- Target a specific industry and cluster of occupations
- Establish an interrelationship between industry competitiveness and skills development
- Craft training solutions customised to the designated sector
- Support workers in improving their range of employment-related skills
- Meet the needs of employers
- Create lasting change in the labour market to the benefit of workers and employers
- Address national and regional priorities

Stakeholder participation is integral to the compilation of the SSP. Exceptional value was added through the incorporation of focus group and questionnaire data from stakeholders.

The W&RSETA's approach to stakeholder engagement is graphically illustrated below.

Stakeholder Engagement

The partnership addresses common needs of employers and generates co-ordinated solutions that benefit workers

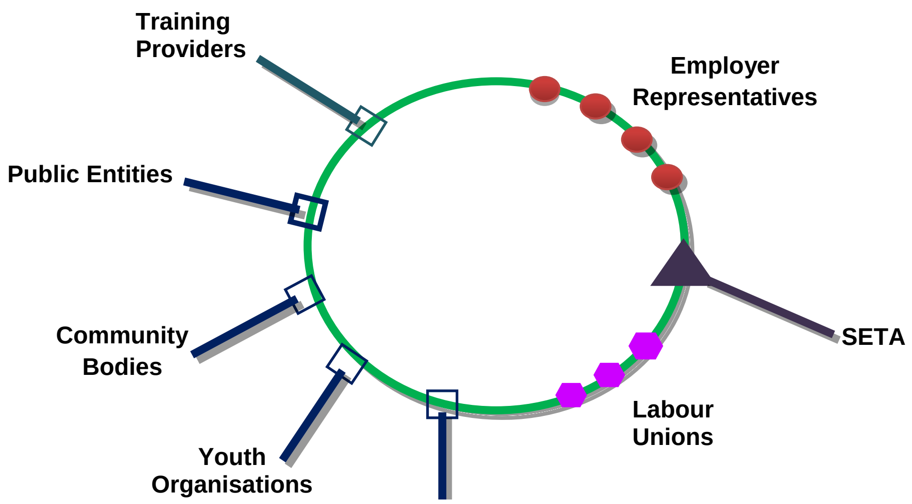
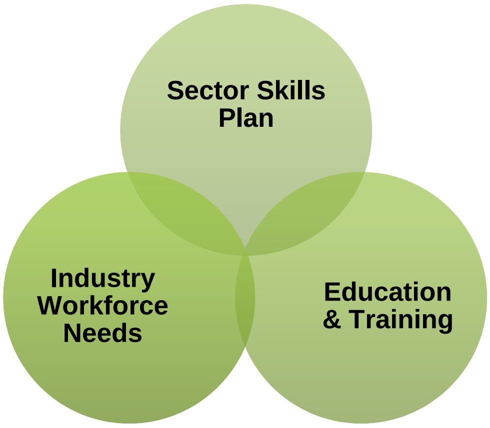


Figure 2: Approach to stakeholder engagement

The W&RSETA Sector Skills Plan works as a connecting framework across strategies, systems, plans, projects and programmes to address targets set out in the National Skills Development Strategy lll.



It translates industry needs to responsive education and training offerings to improve the skills of the workforce.

1.4 SCOPE OF COVERAGE (SIC CODES)

The scope of coverage of the W&RSETA in terms of the Skills Development Act 97 of 1998 is as follows:

SIC Code	Trade Category
	Wholesale
61000	Wholesale and commission trade, except for motor vehicles and motor cycles
61100	Wholesale trade on a fee or contract basis
61220	Wholesale trade in food, beverages and tobacco
61310	Wholesale trade in textiles, clothing and footwear
61391	Wholesale trade in household furniture requisites and appliances
61392	Wholesale trade in books and stationery
61393	Wholesale trade in precious stones, jewellery and silverware
61394	Wholesale trade in pharmaceuticals, toiletries and medical equipment
61420	Wholesale trade in metal and metal ores
61430	Wholesale trade in construction materials, hardware, plumbing and heating equipment
61501	Office machinery and equipment, including computers
61509	Other machinery
61901	General wholesale trade
61909	Other wholesale trade not elsewhere classified (nec)
	Retail
62000	Retail trade, except for motor vehicles and motor cycles; repair of personal and household goods
62110	Retail trade in non-specialised stores with food, beverages and tobacco dominating
62190	Other retail trade non-specialised stores
62201	Retail trade in fresh fruit and vegetables
62202	Retail trade in meat and meat products
62203	Retail trade in bakery products
62204	Retail trade in beverages (bottle stores)

SIC Code	Trade Category
	Retail
62209	Other retail trade in food, beverages and tobacco (nec)
62311	Retail of non-prescribed medicine and pharmaceutical products other than by pharmacists
62321	Retail trade in men's and boy's clothing
62322	Retail trade in ladies‟ and girls‟ clothing
62323	Retail trade by general outfitters and by dealers in piece goods, textiles, leather and travel accessories
62324	Retail trade in shoes
62330	Retail trade in household furniture appliances, articles and equipment
62340	Retail trade in hardware, paints and glass
62391	Retail trade in reading matter and stationery
62392	Retail trade in jewellery, watches and clocks
62393	Retail trade in sports goods and entertainment requisites
62399	Retail trade by other specified stores
62400	Retail trade in second-hand goods in stores
63122	Retail sale of used motor vehicles
63311	Sale of tyres
63500	Retail sale of automotive fuel

Table 1: W&RSETA SIC Codes

1.5 ECONOMIC PERFORMANCE AND OUTLOOK

Wholesale and Retail in South Africa is regarded as a growth sector of the economy and a major employer. Statistically, it is a sector which is more volatile to cyclical changes and global economic conditions than many other sectors. It is the fourth largest contributor to Gross Domestic Product (GDP) with a contribution of around 13.3% and employs around 19% of the total active workforce of the country.

- Competition increases efficiencies in supply chains, reduces the cost of doing business and enhances the customer experience.
- Cost inflation brings similar pressures to achieve volume growth above their fixed-cost bases.
- Growth of wholesalers and retail chains into Africa opens huge growth prospects.
- The continent's collective GDP is expected to swell to US$2.6 trillion by 2020, up from US$1.6 trillion in 2010.

- The Eurozone crisis is creating uncertainty in the sector.
- GDP for 2013 is expected to be around 2.5%.
- Low GDP growth, high unemployment and structural problems is a drag on growth.
- Companies must contend with limited volume growth, increasing costs and falling prices.
- High utility costs such as electricity and the impending e-tolls in Gauteng is likely to be felt throughout the supply chain in the form of rising prices.

Figure 3: Economic changes that will impact on the W&R Sector

1.5.1 Sector Contribution to GDP

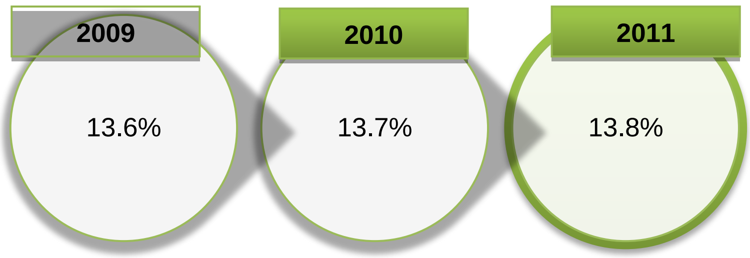


Figure 4: Flat Growth

SAIRR National Survey, 2011/12

1.5.2 Wholesale & Retail Market Share (%)

The major segments of the market are in Gauteng, KwaZulu-Natal and the Western Cape. Collectively, these provinces make up 63.8% of the wholesale industry and 72.6% of the retail industry. About 86% of the sector is made up of small enterprises, 9.5% medium and 4.5% large enterprises.

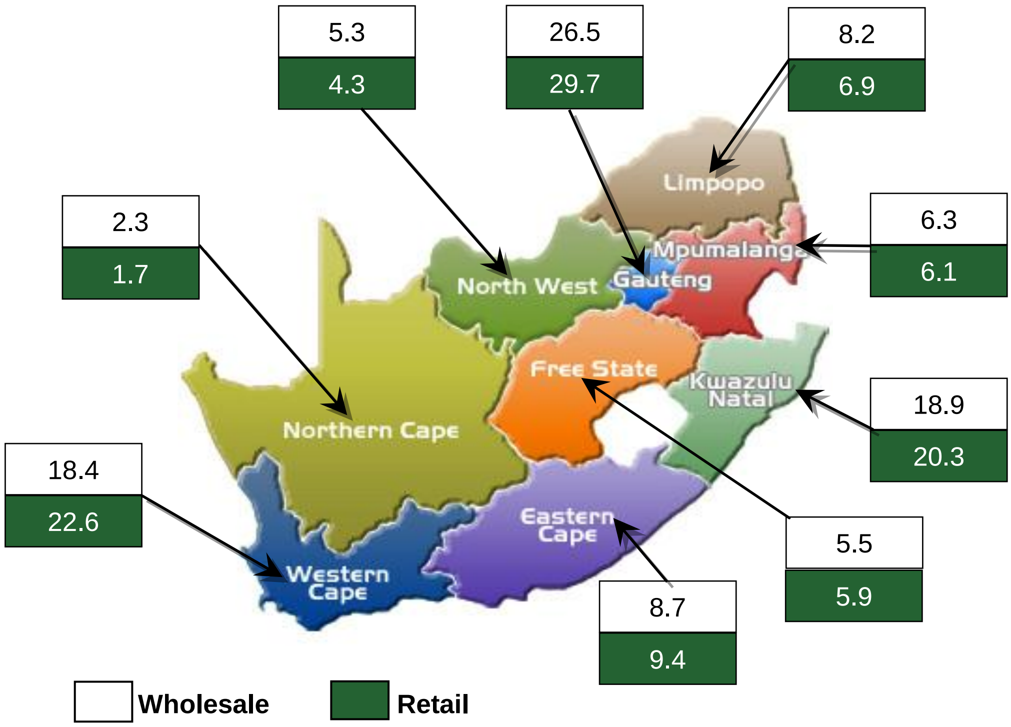
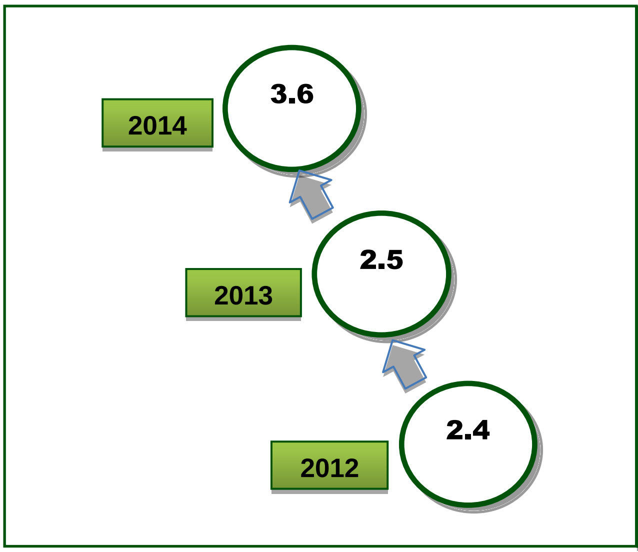


Figure 5: Wholesale and Retail market share (%)

STATSSA GDP Figures, 2013

1.5.3 Gross Domestic Product (%) Growth



- Projected GDP growth remains subdued.
- Lack of growth momentum unable to lift employment figures.
- Result in softer consumer spending growth in the W&R sector.
- Sub-par projected GDP growth is a binding constraint on the economy
- Resolution of domestic issues should result in 3.6% growth in 2014.

Figure 6: GP (%) Growth

Economist Intelligence Unit (2013)

1.5.4 R/US$ Exchange Rate

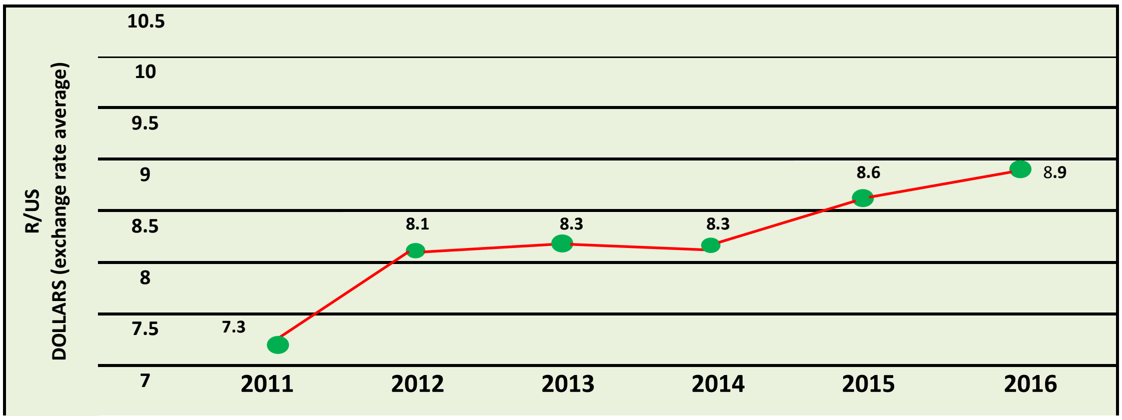
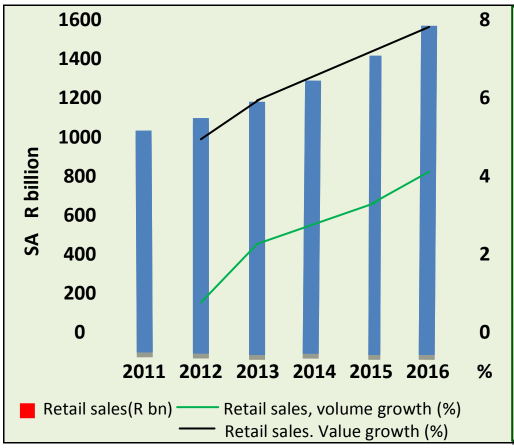


Figure 7: R/US$ Exchange Rate

Economist Intelligence Unit (2013)

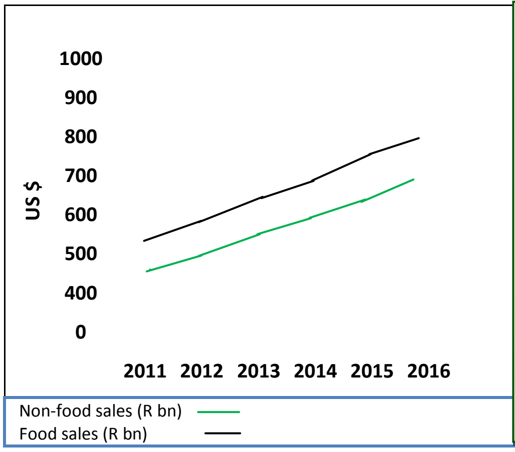
1.5.5 Retail Sales



- In 2011 retail sales surpassed a trillion rand for the first time in history.
- By 2016, this is expected to swell to R1.46 trillion.
- This market is dominated by about a dozen large holding companies owning the majority of the biggest brands.
- As pressures on consumers' wallets rise, retail sales by value are expected to slow this year

Figure 8: Retail sales

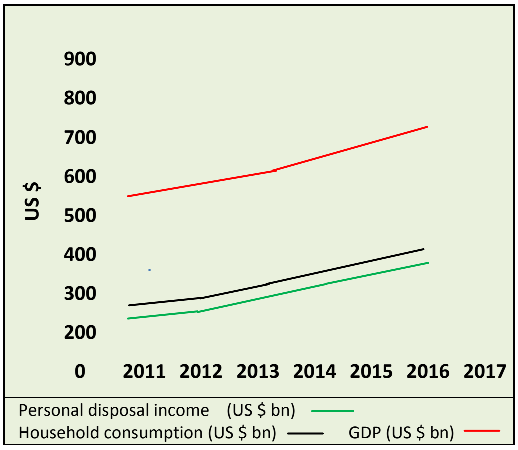
Economist Intelligence Unit (2013)



- Food sales accounted for 54% of retail sales in 2011.
- Sales edged up to R576.7bn in 2012 from R542.3bn in 2011.
- Sales will accelerate again from 2013 rising to R787.6bn by 2016.
- Non-food sales slowed to R485.8bn 2012, up from R459.6bn in 2011.
- Growth is expected to pick up again in 2013, before expanding steadily to R787.6bn by 2016.

Figure 9: Non-food sales

Economist Intelligence Unit (2013)

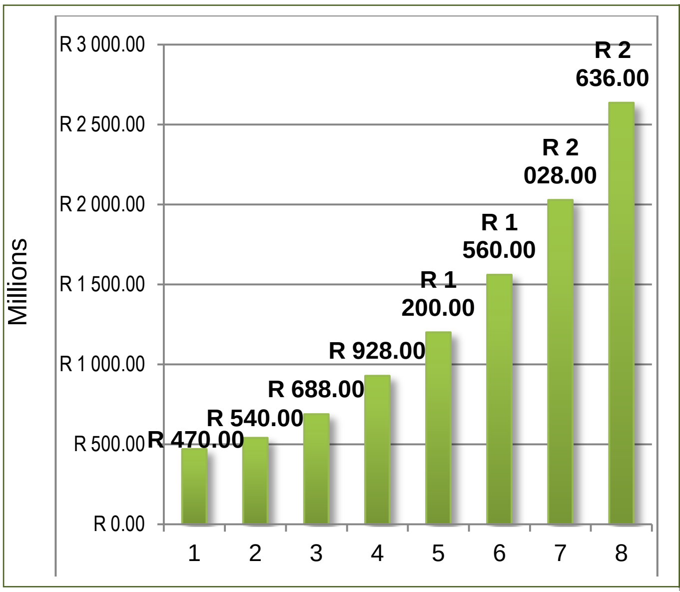


- South Africa is following in the footsteps of many other emerging markets by developing an increasingly large band of middle-class consumers.
- For retail and consumer goods companies in particular, these consumers are highly aspirational and have plenty of opportunities to deploy their disposable incomes, with local cities well-stocked with modern malls.
- These cater to a local consumer culture that places a premium on high-end consumer goods, from fashion labels through to luxury car marques.

Figure 10: Personal disposable income

Economist Intelligence Unit (2013)

1.5.6. Online Retail Trade Sales

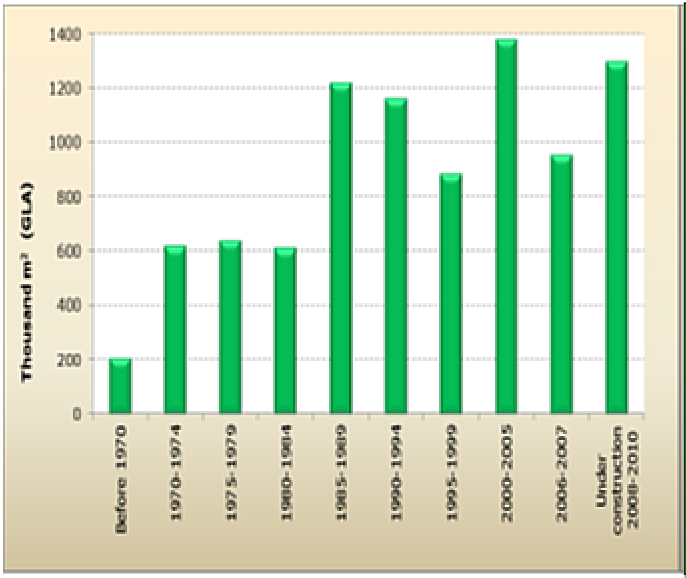


- Online sales have been gradually increasing over the reviewed period. The total amount spent on online retail goods in the country increased from R470 million in 2004 to above R2bn in 2010.
- This was an average annual increase of 29%. In 2011, online retail totalled to R2.6bn, a 30% increase from 2010.
- The increase in online retailing is assisted by the continuous increase in the number of experienced internet users.
- In 2011, retail sales from physical retail reached R541.3bn. Goods that are mainly purchased online are cosmetics, toiletries, toys and games.

Figure 11: Online retail trade sales

Economist Intelligence Unit (2013)

1.5.7. Shopping Centre Space



- Before 1970, there was a total of 207,000m² of land area being used for retail space in. It is evident from the figure that between 1970 and 1974, the size of additional retail space tripled to 620,000m².
- An additional 1.2 million m² of retail space was developed between 1985 and 1989.
- Between 2000 and 2005, a number of super-regional centres were constructed as 1,380,000m² of additional new retail space was developed. The period 2006 to 2010 is marked as the highest boom period ever in the supply of retail space, as approximately 2.8 million m² was added to the market.

Figure 12: Shopping centre space

Economist Intelligence Unit (2013)

1.5.8. Maturation to Post-Modern Market

The SA retail sector is currently considered as being in the Maturation Stage as compared to other countries' retail sectors and is rapidly progressing toward the Post-Modern Retail Evolutionary Stage, according to Kantar Retail's *Retail Market Evolution Model*.

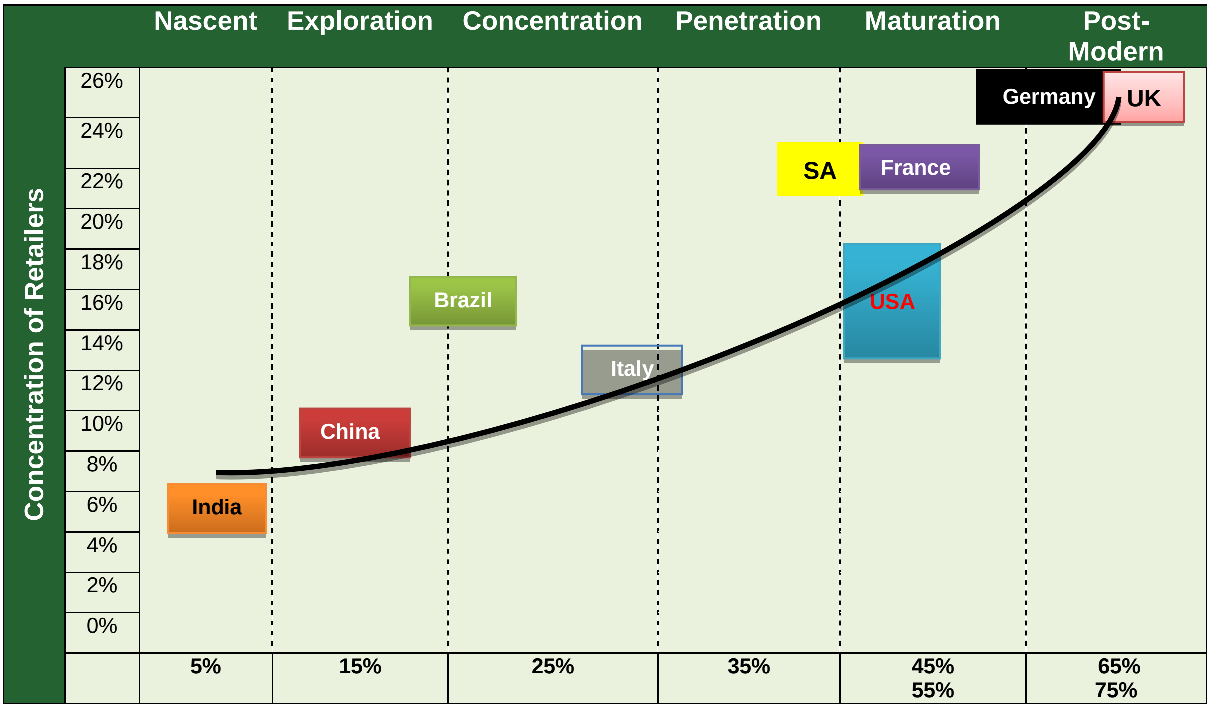


Figure 13: Chain retail share of the market
Price Waterhouse Cooper (PWC), 2013

- In the Maturation Stage the market starts to further concentrate into fewer companies and available real estate saturates the market. Branding, loyalty, and private label gain importance.
- The SA retail market continues to become concentrated and to be reduced to fewer companies, some major retailers fail and, in parallel, available real estate saturates the market.
- Supercentre formats (Hyper stores) capture a disproportionate share of all SA retail.
- As the retail sector evolves toward the Post-Modern period, the end of high-growth will be a key change in the retail landscape both for retailers and wholesalers.
- The retail sector will also experience the proliferation of small, urban alternative retail formats, as well as reliance on multi-format portfolios to capture future growth.
- This will likely compound the dismantling of mass homogenisation and scale assumptions that propelled two decades of SA retail growth.
- Post-Modern Retail Evolution Phase, joining the likes of Germany and the UK, whereby retail is characterised by high levels of chain competition and a slow pace of growth among major chains.
- Post-modern retailing will also bring limited square footage growth, increase the pressure on existing space to be productive, and heighten retailer investment in independent capabilities (e.g., private brands, direct to consumer advertising and marketing).

1.6 LABOUR MARKET CONTEXT

This section analyses the particular labour market context for the sector. It provides vital employer and employee information on the sector. It is important to note that data on the size and shape of the labour market in the wholesale and retail sector is notoriously scarce for several reasons:

- A significant number of employers are operating in the informal sector.
- A large number of employees are working in the formal sector in atypical forms of employment and go unrecorded.
- A number of small and micro-employers are not registered with the South African Revenue Service (SARS) or the national bargaining councils.
- A number of employers are not registered to pay skills levies because they are exempted or simply do not pay levies
- Employer bodies and trade unions are not compiling reliable employment and employee data in the form of reports.
- Poor participation rates in the levy grant system by employers and incorrect information on the SARS database.

The data for this section is extracted mainly from the South African QLFS, Quarter 2, 2011; Labour Force Survey, Historical Revision, March, Series 2001 to 2010, and Stats SA's Labour Market Dynamics in South Africa, 2008.

The QLFS frame has been developed as a general-purpose household survey frame that can be used by all other household surveys, irrespective of the sample size requirement of the survey. The sample size for the QLFS is roughly 30 000 dwellings per quarter.

The sample is designed to be representative at provincial level and in provinces at metro/non-metro level. In the metros, the sample is further distributed by geographical type. The four geographical types are urban formal, urban informal, farms and tribal. This implies, for example, that in a metropolitan area the sample is representative of the different geographical types that may exist in that metro.

1.6.1 Employment by Sector

Employment by Sector – South Africa 2013 (000')	
Sector	**Total**
Formal and informal sector (Non-agricultural)	11777
Agriculture	739
Private households	1105
Total Employed	**13621**

- A mere 13 621 million people are employed from an economically active population of 33 240 million.
- The Employment to Population Ratio is 41% and Labour Force Participation Rate 54.8%.
- The low Employment to Population Ratio indicates that consumer spending is constrained by weak employment.
- This has a significant drag on growth in the wholesale and retail sector.

Table 2: Employment by Sector
Stats SA Quarterly Labour Force Survey, Quarter 2, 2013

1.6.2. Employment by Industry

Employment by Industry (Non Agriculture) 2013 (000')			
Industry	**Formal**	**Informal**	**Total**
Mining	364	1	365
Manufacturing	1530	223	1753
Utilities	116	1	117
Construction	734	286	1020
Wholesale & Retail Trade	*1894*	*961*	*2855*
Transport	601	212	813
Finance	1630	150	1780
Community and Social Services	2716	356	3072
Other	2	0	2
TOTAL	**9586**	**2192**	**11777**

The table reveals the following:

- There are 11 777 million people employed in the non-agriculture sector SA.
- The W&R Sector employs 2 855 million people comprising 24% of the total labour force.
- 66% of people in the W&R Sector are in formal employment, whilst 34% are in informal employment.
- There is a growing trend of informalisation in the sector.
- The high number of people in informal employment in the W&R Sector presents the SETA of finding ways to promote skills development and Decent Work.
- A significant number of people in the labour market are in informal employment. This suggests that the informal sector also acts as an absorber of labour for those who have lost their jobs in formal employment.

Table 3: Employment by Industry
Stats SA Quarterly Labour Force Survey, Quarter 2, 2013

1.6.3. Employment in Wholesale & Retail Trade

Employment in Wholesale & Retail Trade and Total Employment 2004-2013 (000')		
Sector	***Wholesale & Retail Trade***	**Total Employment**
2004	*2 748*	12 044
2005	*3 180*	12 769
2006	*3 450*	13 419
2007	*3 342*	13 467
2008	*2 975*	13 867
2009	*2 927*	13 455
2010	*2 995*	13 061
2011	*2 962*	13 265
2012	*3 057*	13 421
2013	*2 855*	13 621

The table reveals the following:

- Between 2004 and 2013 employment in the W&R sector grew by 3.7%, whilst total labour force employment increased by 12%. This implies that the sector is not keeping up with total employment growth in SA.
- From 2004 to 2007 employment in the W&R Sector grew steadily from 2 748 million to 3 342 million. This represents an increase of 18% in employment. As the global economic crisis unfolded in 2008, the economy lost 412 000 jobs between 2008 and 2009, whilst the W&R Sector flat-lined.
- Employment rebounded in the W&R Sector in 2012 with 3 057 million jobs but has since declined.
- The sector's job creation performance over the 10 year cycle has been modest.

Table 4: Employment in Wholesale & Retail Trade and Total Employment 2004 - 2013

Stats SA, Labour Force Survey, Historical Revision March Series 2001 to 2007

Stats SA, Labour Market Dynamics in SA 2008

1.6.4. Provincial Employment

Provincial Employment in Wholesale & Retail Trade (2013) (000')	
Province	**Employment**
Western Cape	368
Eastern Cape	275
Northern Cape	46
Free State	136
KwaZulu-Natal	498
North West	138
Gauteng	934
Mpumalanga	208
Limpopo	252
TOTAL	**2 855**

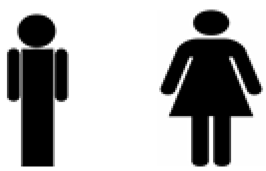
The table reveals the following:

- There is a high density of employees in Gauteng, KwaZulu-Natal and Western Cape. Collectively, they comprise 63% of total employment in the sector.
- The Eastern Cape also has a relatively high number of people employed in the sector.
- The Northern Cape, Limpopo, Mpumalanga and North West have lower employment numbers.
- It is essential that adequate skills provision exists for provinces with low employment numbers. There is a need for to align skills development interventions to local economic development needs of particular provinces.
- This requires that W&RSETA analyse and understand provincial labour markets and economies. Training interventions may vary from province to province based on local needs.

Table 5: Provincial Employment in Wholesale & Retail Trade (2013)
Stats SA, Quarterly Labour Force Survey, Quarter 2, 2013

1.6.5. Gender Breakdown

Employment in Wholesale & Retail Trade - Gender (%)



W&R Sector	**1 484 000**	**1 370 000**
All Sectors	**7 654 000**	**5 967 000**

- Males make up 52% of the W&R sector and females 48%.
- The national average is 56% males and 44% females.
- The major challenge as will be shown later is the small proportion of females in top and senior management positions.
- Programmes for women in management are necessary.
- Generally there is a gender balance in terms of headcounts.

Table 6: Employment in Wholesale & Retail Trade Gender (%)
Stats SA, Quarterly Labour Force Survey, Quarter 2, 2013

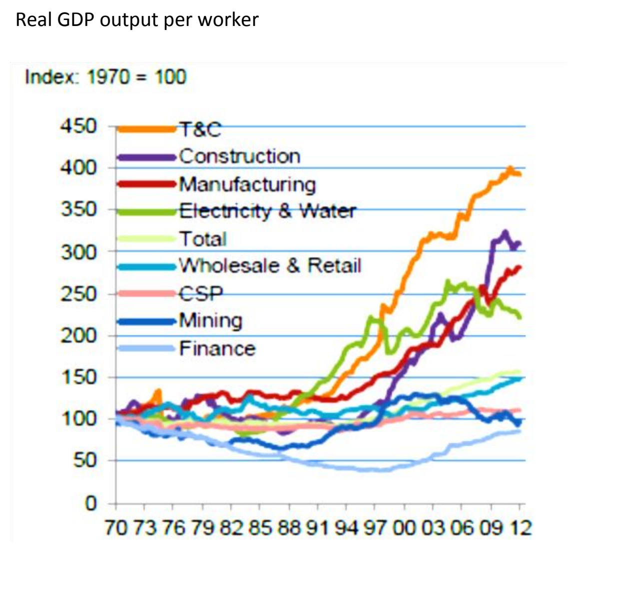
1.6.6. Distribution of Monthly Income

.. DISTRIBUTION OF MONTHLY EARNINGS 2012								
	No. of employees	**Bottom 5%**	**Bottom 10%**	**Bottom 25%**	**Median**	**Top 25%**	**Top 10%**	**Top 5%**
	(000')	Rand						
All industries	11 198	600	900	1 500	3 000	7 500	15 000	20 000
Wholesale & Retail	*2 033*	*800*	*1 027*	*1 733*	*2 750*	*5 200*	*11 000*	*15 400*

Table 7: Distribution of monthly income
Stats SA, Quarterly Labour Force Survey, Quarter 2, 2013

- The median monthly earnings sector is R2 750 compared to a national average for all industries at R3 000.
- The bottom 5% of employees earned R800 compared to the top 5% at R15 400.
- The bottom 25% earns R1 733.
- There is a need to improve the earning power and skills of the bottom 25% to improve productivity and growth in the sector.
- The wide disparity in income equality is an obstacle to growth and exposes the sector to the risk of labour unrest.

1.6.7. GDP Output per Worker



The graph reveals the following:

- At a sector level, transport and communication, construction and manufacturing have been the winners since 1970.
- Output per worker has improved four-fold in transport and communication.
- Wholesale and retail appears to be lagging behind comparatively.

Figure 14: Real GDP output per worker
Credit Suisse, 2013

1.6.8. Employment Equity

Top Management Level Percentage Workforce Profile by Race and Gender										
Level	Male				Female				Foreign	
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female
TM	4.8%	2.1%	10.1%	63.0%	2.7%	1.1%	1.7%	10.1%	4.2%	0.2%
SW	23.6%	7.5%	5.4%	15.5%	19.8%	11.4%	4.3%	12.2%	0.2%	0.1%

Table 8: Top management level percentage workforce profile by race and gender
Department of Labour, 10th CEE Annual Report 2011-2012

- Whites dominate Top Management (TP) with 73.1% and 27.7% of skilled workers. Africans in contrast have a representation of only 7.5% in Top Management and 43.4% respectively.
- Since democracy, it is evident that insufficient progress has been made in transforming the demographic profile of the workforce in the designated sector.
- The above inequalities in the demographic composition of the industry signal the urgent need for policy-makers and role-players to do considerably more to redress workforce imbalances.
- W&RSETA also needs to play a far more active role in supporting Blacks (Africans, Coloureds and Indians) acquire high level skills to take up positions in the upper band of the occupational structure.

1.6.9. Unemployment and Population

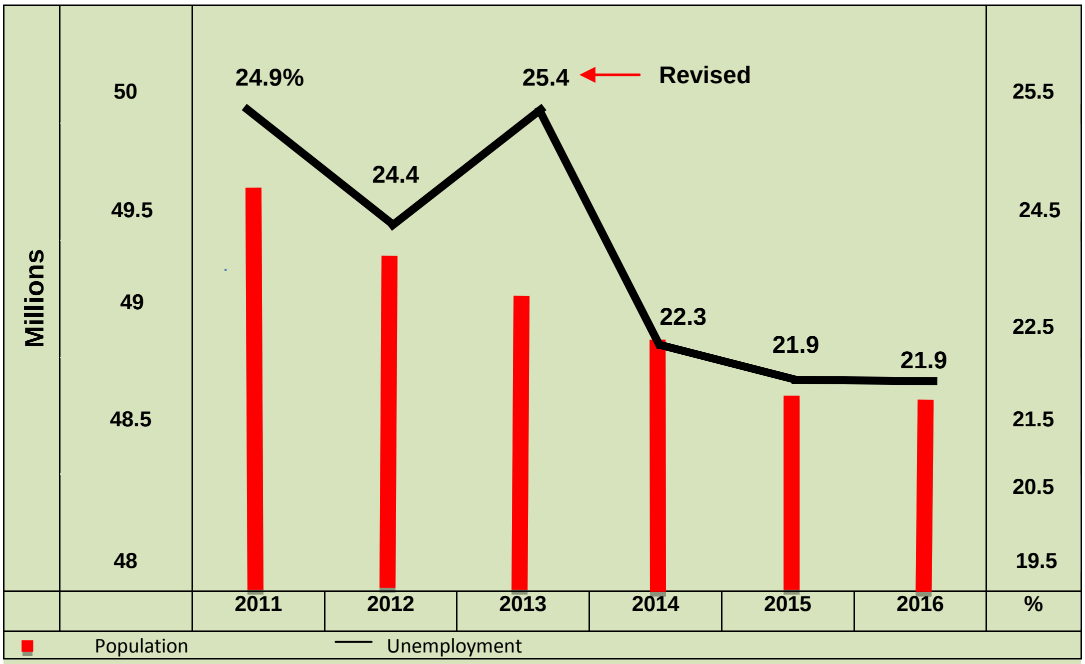


Figure 15: Unemployment and population
Economic Intelligence Unit (2013)

- Unemployment will remain the country's largest drag on growth, entrenching high rates of income inequality. This acts as a huge drag on both growth and consumer spending.
- Unemployment deteriorated to 24.9% in 2011, from a low of 22.9% in 2008.
- Informal estimates put this far higher, while youth unemployment is especially problematic.
- A broader figure that includes discouraged job seekers puts the jobless rate at 33.8%, the second worst on record.
- There are 2.8 million youths not in school or in a job and are without skills. In addition to this alarming statistic we see an unemployment rate that fluctuates between 22% and 26%.
- This is most evident in rural areas, or within the townships that lay on the periphery of the country's main urban centres. Here, the retail sector more closely parallels those in other poor economies: a far higher proportion of informal retail outlets, and spending focused on subsistence food and goods.
- These areas highlight a key facet of South Africa's consumer market: its income inequality, which is among the highest in the world. The top 10% of the country's' earners take away 101 times the earnings of the bottom 10% of the population.
- The country's Gini Coefficient, a measure of income inequality, is among the top three in most world rankings.
- Although South Africa has a potential labour market of about 31 million, a mere 13 million have jobs and only about 5 million earn enough to pay taxes.
- South Africa is considered by many to have one of the highest rates of income inequality in the world. As such, its emerging middle class is matched by a vast number of people on the poverty line.
- Many are supported by a basic government social welfare scheme, but the scale of unemployment – which has climbed officially to 25% since the 2009 economic downturn, though it is informally considered far higher – is the country's most significant drag on retail growth.
- The 25.4% unemployment rate for 2013 according to the Quarterly Labour Force Survey (Q1 2013) has been revised from a forecast of 23%. This increase in the unemployment rate is largely a result of retrenchments in the mining sector.

1.6.10. Educational Levels in the W&R Sector

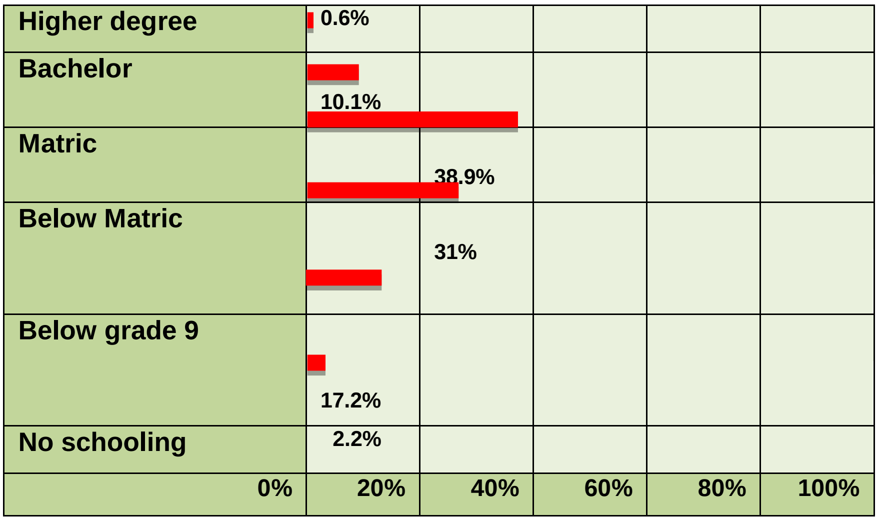


Figure 16: Education levels in the W&R Sector
Job Opportunity Index 2012 (April)

- The challenge of creating a globally competitive W&R Sector requires a globally competitive workforce.
- Currently, 50.4% of employees in the sector have below a Matric educational qualification.
- About 10.7% of the sector has higher educational qualifications.
- There is considerable room to improve educational levels in the workforce.
- The lack of trained middle managers means that potential managers require post-Matric qualifications in the sector.
- Levers required to make wholesalers and retailers competitive such as category management, supply chain management, store operations, warehousing, merchandising, pricing, communications, promotions, purchasing, planning and marketing require progressively higher level education and training qualifications of the workforce.

1.7 CHANGE DRIVERS IMPACTING ON THE SECTOR

This section discusses factors which drive change in the W&R Sector and influence it to change in particular ways.

Some change drivers are non-sector specific, meaning they are not directly related to the sector but exert change in the broader environment in which the sector operates. Other drivers are sector-specific and thus within the control of stakeholders in the sector.

The change drivers are analysed according to the categories shown below

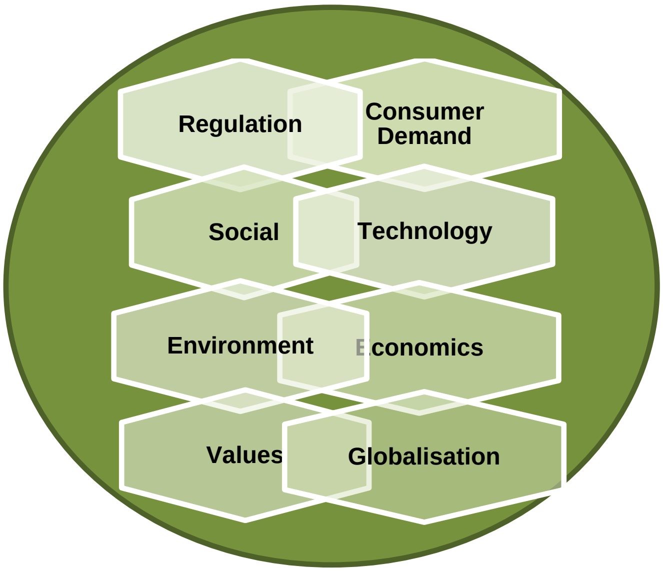


Figure 17: Categories of change drivers

The relative impact and importance of the change drivers are measured in terms of the following:

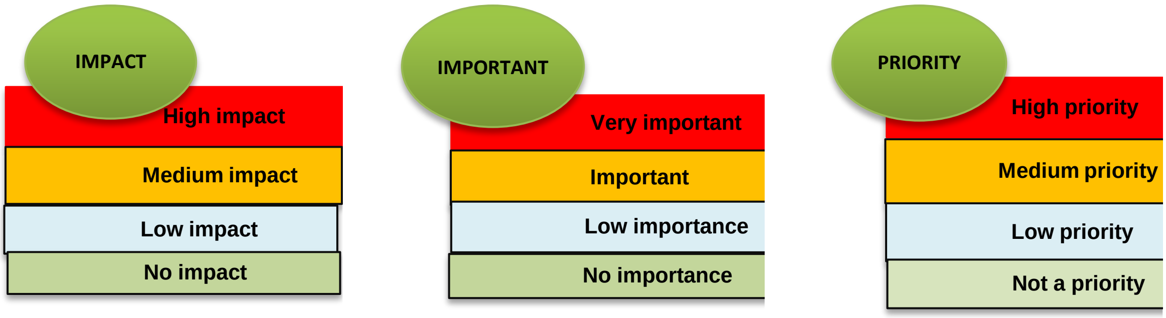


Figure 18: Impact and importance of change drivers

This section will focus predominantly, but not exclusively, on change drivers that impact on skills planning and development in the sector. Given the multitude of factors driving change in the sector, only the major factors drawn from the focus groups findings will be discussed.

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING	IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR				
	IMPACT	STRATEGY	IMPACT	SKILLS PLANNING IMPLICATIONS	PRIORITY
REGULATION					
Regulatory burdens: GDP growth rate is anaemic. This is far below the rate required to make a significant impact on unemployment rates. Local issues such as labour unrest, high costs of doing business, excessive legislative burdens, high taxes, lack of SMME support and other requirements such as Consumer Protection Act.	**High**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Slowing economic growth has somewhat eased the demand on skilled resources, but this will be an inhibiting factor in the future.	Focus on pivotal learning programmes.	**High**
CONSUMER DEMAND					
Speed to market: Market competitiveness is dependent on speed to market and responsiveness to fast changing consumer preferences. The ability to innovate, source and alter stock levels in line with changing consumer demands is therefore vital.	**High**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Small batch production; short lead times; quick style and product changes; speed from manufacturer to retail floor.	Skills to work in complex supply chains; entrepreneurial mindset; ability to plan and communicate with suppliers; read the market environment; customer relationship management.	**High**
DEMOGRAPHY					
Black diamonds: There is a rapid rise in the number of Black consumers entering higher income brackets, thus boosting the rise of the Black middle class. These consumers are style conscious.	**High**	IPAP 4; New Growth Path (NGP)	This rise in the Black middle class is likely to sustain sector growth in the years ahead.	Training to meet specific customer segments of the market.	**High**

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING	IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR				
	IMPACT	STRATEGY	IMPACT	SKILLS PLANNING IMPLICATIONS	PRIORITY
REGULATION					
Skills shortage: This gap exists in varying degrees in the sector. Professionals need to keep pace with the rapidly evolving retail management processes and operations, demanding customers, etc. The lack of compliance to minimum wages, casualisation of labour, permanent temps, poor working conditions, lack of incentives and benefits, and the emergence of attractive alternate career options also aggravate skills shortages.	**High**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	A further pressure is a persistent skills shortage, especially among middle management. Poor productivity and rising above inflation labour costs, as well as a shortage of middle management skills, are key issues hampering further development within the sector.	Focus on pivotal learning programs. There is a shortage of strong graduates emerging from local tertiary education, while most business have had to develop significant in-house training capacity in order to continue developing skills. Focus on developing middle management cadres.	**High**
High unemployment: Unemployment will remain the country's largest drag on growth, entrenching high rates of income inequality. Many are supported by a basic government social welfare scheme, but the scale of unemployment – which has climbed officially to 25% since the 2009.	**High**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Highest rates of income inequality. Unemployment is a significant drag on sector growth. High youth unemployment.	Macro-economic and labour market policy issues.	**High**
Casualisation: The sector is characterised by high levels of casualisation. Atypical forms of employment prevail, together with labour brokering, permanent temps, temporary managers and supervisors in the workplace, especially retail outlets.	**High**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Lack of employee training for a sizeable part of the workforce. Non-compliance to collective agreements and minimum wages. Poor industrial relations with labour unrest.	Efforts to encourage compliance to regulations and protection of worker rights. Promotion of Decent Work in the sector. Training for all employees.	**High**

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING	IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR				
	IMPACT	STRATEGY	IMPACT	SKILLS PLANNING IMPLICATIONS	PRIORITY
GLOBALISATION AND TECHNOLOGY					
Growth into Africa: Major retailers and wholesalers have started to either expand into the rest of Africa or increase the presence they already have there, some more aggressively than others.	**Medium**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Companies have developed their business models to compete and be successful in the tough African market.	Programs to improve knowledge of the African trading environment. Increasing supply of skills to manage African operations. Study visits into other African locations. Training for dealing with supply chain difficulties, poor infrastructure and unfamiliar cultural, legal and trading environments.	**Medium**
Digital revolution: The retail industry is in the midst of a customer revolution. The key drivers of this customer revolution are the rapid adoption of mobile devices, digital media and tablets equipped with shopping apps. Failure to deliver puts retailers at risk of becoming irrelevant.	**High**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit		Learnerships must engage with new mobile technologies. Training is required in digital media, social networking and marketing. Development of talent pipelines to harness customer strategies. Employees require knowledge, training and tools to facilitate a multi-pronged shopping.	**High**
Online retailing: Growth in internet access is speeding up as the market gets more competitive. High-end retailers are giving e-commerce much attention, with most focus on non-food goods. A rising trend is online price comparison, booking and purchasing followed by in-store collection.	**Medium**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Business will require multi-pronged marketing strategies.		**Medium**

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING	IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR				
	IMPACT	STRATEGY	IMPACT	SKILLS PLANNING IMPLICATIONS	PRIORITY
GLOBALISATION AND TECHNOLOGY					
Supply chain efficiencies: Mastering supply chain dynamics is critical for the growth of the sector. Retailers are experiencing high levels of demand and need to deliver on time by managing stock keeping units (SKUs), maintaining inventory, guarding against stock-outs, etc. The optimisation of the supply chain is necessary to improve productivity.	**High**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Regional variances exist in demand patterns. Businesses need to be agile in moving goods efficiently and quickly through the supply chain. Supply chains help retailers create strong customer value propositions, such as being cost-effective, providing fresh and better product assortments and having a better reach.	Development of qualifications and training in procurement, SCM, logistics, warehousing and distribution should be prioritised.	**High**
ENVIRONMENT					
Greening: Businesses are becoming more conscious of protecting the environment. Increased legislation and consumer pressure are driving the demand for eco-compliance. Businesses now have to show that they are environmentally friendly in their business processes and in the products and services they offer.	**Medium**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit; DEAT SSP	Pro-environmental regulations; skilled workers needed in energy efficiency and sourcing of “green” products and services; managing “green” supply chains; a business case for greening the W&R sector;	Greening skills programs, learnerships and apprenticeships; toolkits for businesses to go “green”; code of conduct for sustainable practices; “green” projects; promoting “green” occupations and jobs; awareness campaigns.	**Medium**
ECONOMICS					
Small enterprise development: SMMEs should build a sustainable business model given that the gestation period for success in the retail sector is long. Sustainable product pricing, offering products that imply longevity, expanding operations in a calibrated but determined manner. Hawkers are a vulnerable group since many are women with little family support. A major characteristic of hawkers is their mobility since they traverse on foot.	**High**	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Employment growth opportunities. Most workers employed by unorganised businesses do not receive healthcare, educational and minimum wages. Increasing casualisation of labour. Credit is required to fund daily and longer-term working capital needs, smooth out sales and seasonal fluctuations and also fund family needs.	Learning programs for SMMEs; voucher training schemes; toolkits; on-the-job training; industry clusters; mentoring and coaching. SMME Strategy for skills development.	**High**
ECONOMICS					
Foreign direct investment: FDI in retail will generate employment since new entrants will need to hire staff.	**High**	IPAP 4; HRD-SA; Skills Accord; NGP; NDA	FDI creates better retail infrastructure, which helps to support overall sector growth.	There will be shift towards skills biased technological (SBTC) change of job profiles.	**High**

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING	IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR				
	IMPACT	STRATEGY	IMPACT	SKILLS PLANNING IMPLICATIONS	PRIORITY
Opportunities will be created non-agricultural employment for youth in small towns.			Best practices transfer; supply chain mastery; more products, better prices; higher tax revenues.	Greater intensity of skills will be required in existing employees. Better skilled employees will be required. Focus on technology transfer.	
Consumer debts: The number of consumers with impaired credit records are in the region of 9.5 million. The number of consumers with a good credit record is about 10.5 million.	**High**		Over-indebted consumers put a brake on consumer spending. Poor credit worthiness means consumers cannot get access to credit. This has had the effect of declining retail sales.	There should be training in managing personal financial management and debt management with the credit regulator.	**High**
Strategic Infrastructure Projects (SIPs): Strategic Infrastructure Projects (SIPs) is a 20 year planning framework to co-ordinate 17 infrastructure projects to prevent stop-start patterns of development, encourage job creation, skills development and poverty alleviation.	**Medium**	SIPs	17 SIP projects have implications for the W&R sector. SIPs will lay the basis for job creation, economic growth and poverty alleviation. The downstream effect of SIPS will be greater disposal income circulating in the economy. This translates to higher consumer demand in the W&R sector.	W&RSETA should focus on skills development in the 17 SIPs spatial areas as consumer demand in these areas is expected to pick up.	**Medium**
VALUES AND IDENTITIES					
Value: SA consumers are value-conscious. This does not necessarily imply that consumers 'want a bargain.' Instead, they want a well-made product that is priced fairly, and that meets its stated promises. Consumers are demanding access to more, improved and better priced products. **Consumer Power:** Consumers are placing pressure on companies to demonstrate a commitment to sustainability, fair business practice, decent work, appropriate food labelling, CSR and employment equity. Companies that fail to stand up to customers' scrutiny will feel the effects in lost sales.	**Medium**	NDA; IPAP 4	Greater market competition; sensitivity to consumer preferences; better products and lower prices;	Training to improve productivity across the supply chain. High quality skills programs for existing employees. Companies should increase investments in HRD to innovate new products, product development, R&D, understanding consumer behaviour, etc.	**Medium**

Table 9: Impact of change drivers on the W&R Sector

1.8 CONCLUSION

From this chapter the following conclusions can be drawn, with direct implications for skills development for the W&RSETA:

- The sector contributes around 20% of national employment. The job creation opportunities in the sector, ranging from low level to advanced skills, are enormous. The sector requires workers who have the skills to create value through their work. It also requires high levels of training and skills to succeed in an increasingly competitive global market. W&RSETA should play a more active role in supporting job creation and skills development efforts.
- SA has a two-tiered wholesale and retail sector. South Africa has a sophisticated wholesale and retail sector with very high levels of concentration and unsophisticated retail sector dominating the small and informal sectors.
- The sector is particularly sensitive to economic instability in the wider economy. The economic outlook for the sector between 2013 and 2016 is positive. The sector is expected to grow, thus increasing the demand for skilled labour. Therefore W&RSETA should make training investments in scarce and critical skills areas to meet the demands of the sector.
- At least a quarter of employees in the sector are in informal employment. These employees are employed as casual, temporary and fixed-term employees without social benefits or the full protection of the law. There is a growing trend towards informalisation in the sector, with negative consequences for labour peace, worker morale and productivity, and investments in skills development.
- There is a need for the W&RSETA to actively support the concept of decent work and implement a sector programme to improve conditions of employment.
- Major retail chains have ventured beyond the borders into sub-Saharan Africa, but there is room for further growth in various parts of the world. National retail chains are not established in lucrative high-growth markets such as China and India because they appear to lack the competitive appetite to compete with global giants such as Walmart, Carrefour and Tesco. Businesses with cross-border operations require a significant larger pool of highly skilled and capable managers from South Africa to work in foreign markets.
- Growing prosperity among the majority of the black population provides tremendous opportunities for local businesses to meet growing consumer demand. Businesses require a good understanding of changing retail markets, which has implications for skills development at firm level.
- There is potential to improve the skills base of the sector, particularly at the lower and middle management level.

CHAPTER 2: RESEARCH DESIGN AND METHODOLOGY

2.1 INTRODUCTION

The application of a well-considered research design and methodological approach is necessary to identify and anticipate skills needs in the designated sector. Moreover, a systematic research process ensures the credibility and legitimacy of the Sector Skills Plan. Such a plan can thus be defended based on evidence acquired during the research.

One of the major problems currently in the South African skills development environment is that the identification of scarce skills does not appear to be supported by a factual, evidence-led enquiry. Thus the nature of skills needs and the quantum of skills imbalances in the labour market are often misdiagnosed, misunderstood and mistreated.

The major problem facing users of labour market information in South Africa is the lack of a national labour market information system. There is no occupational modelling system currently in South Africa. It is therefore difficult to make projections about occupational needs. As a result, skills planners and policy-makers are severely restricted when making public investment decisions around skills development.

The first goal of the National Skills Development Strategy lll *"is to develop an institutional mechanism for skills planning"*. Therefore researchers are compelled to identify skills shortages using other methods such as labour market information analysis, a method advocated by the International Labour Organisation (ILO).

Since no coherent occupational modelling is conducted, online job analysis is used to determine occupational supply and demand trends.

2.2 LABOUR MARKET INTELLIGENCE SYSTEM

The Department of Higher Education and Training (DHET) has commissioned the Human Sciences Research Council (HSRC) to lead a national research consortium supporting it in creating a strategic labour market intelligence system. The objective is to build a culture of collaborative partnership to co-ordinate efforts.

South Africa urgently needs a strong foundation for skills measurement – credible datasets across the post-school system and labour markets, down to sector, occupational and regional levels of analysis. Accurate, complete and compatible information systems are absolutely necessary, but this is not sufficient. There is a strong need for labour market intelligence research that analyses dynamics, capabilities and constraints. The current global state of uncertainty over finance, trade and employment makes a labour market intelligence system even more essential.

2.3. KEY QUESTIONS

Key Questions **Chapter Two responds to:**

- What is the research design?
- What research methods are employed to determine occupations in demand?
- Are the research methods transparent and open to scrutiny?
- Is the methodological approach systematic and through?
- What are the indicators of oversupply and undersupply of occupations?
- Have sufficient stakeholders been consulted?

2.4. RESEARCH DESIGN

The research design is based on mixed method studies which attempt to bring together methods from different paradigms. In a mixed method study there is an integration, of qualitative with quantitative methods, is also referred to sometimes as *multi-strategy* research.

The chosen design is intended to supplement one information source with another, or 'triangulate' on an issue by using different data sources to identify scarce skills.

The research design to determine skills in demand is as follows:

Figure 19: Research design to determine skills in demand

By adopting a holistic approach, it is envisaged that the various methods would be able to corroborate the research findings and conclusions.

2.5. RESEARCH METHODS

Multiple research methods were employed to update the SSP. These methods include the following:

- Review of existing data and information sources
- Literature search of studies in the sector
- Analysis of industry market reports
- Review of workplace skills plans and annual training reports
- Annual Reports of employer associations, trade unions and bargaining councils
- Meeting with Board members, SETA Managers and Projects Committee
- Interviews with key informants in the sector
- Group discussions with stakeholders
- Regional workshops with stakeholders
- Revision of the Sector Skills Plan
- Presentation of SSP to SETA stakeholders
- Approval of SSP with Board

Figure 20: Methods used to update the SSP

The use of multiple research methods enables triangulation of findings and corroboration of research evidence. Through a process of data analysis from workplace skills plans, existing figures and graphs on the industry profile, skills demand and supply and other industry parameters, the SSP was updated.

To add further value to a substantial quantitative database, qualitative research methods were used. Various focus groups were held in the provinces, where stakeholders were consulted. The drivers of change were discussed with focus group participants. Participants offered various solutions to address the development of skills needs.
The following research methods are employed to make a determination on occupational demand for skills:

2.5.1. Interviews with Key Informants

Interviews were conducted with key informants in the wholesale and retail sector. These individuals were assumed to possess deep knowledge, understandings and insights of skills development in the sector.

The interviews were conducted using a semi-structured interview schedule. This kind of interview is partially structured with open-ended questions to elicit information that would not be obtained by closed questions. The interviewer is free to deviate from the questions so long as the issues are covered by the conclusion of the interview.

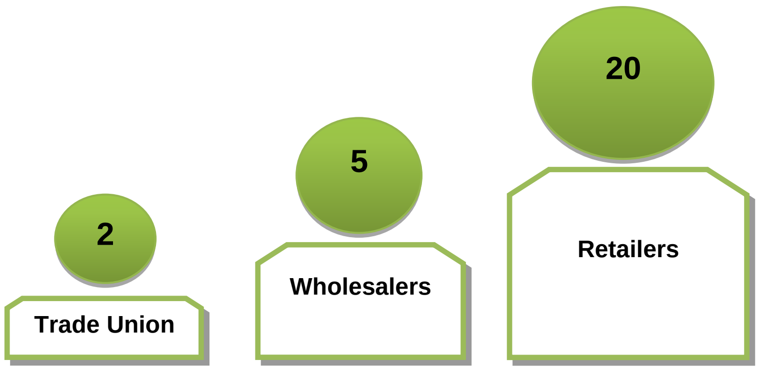


Figure 21: Interviews with key informants

2.5.2. Expert Workshop

An expert workshop was held with a larger group of key informants to validate the findings on scarce skills from the other research methods employed.

A set of criteria was established to determine eligibility of occupations to the Scarce Skills List. Informants rated occupations based on the criteria to systematically identify which occupations are scarce in the sector.

CONSTITUENCY	NUMBER OF ATTENDEES
Retailers	24
Wholesalers	8
Training Providers	8
SETA	9
Government	6
Trade Union	2
Researchers	3
TOTAL	**60**

Table 10: Participants in expert workshop per constituency

2.5.3. WSP/ATR

The workplace skills plans and annual training reports of submitting companies was analysed to identify scarce and critical skills in the sector. The WSP/ATR represents a significant sample of companies that make up the majority of the sector in terms of employer and employee coverage.

REGIONS	FIRM SIZE			TOTAL
	Small	Medium	Large	
Eastern Cape	394	75	23	492
Free State	218	35	11	264
Gauteng North	1 154	216	90	1 460
Gauteng South	685	124	91	900
KwaZulu-Natal	966	226	76	1268
Limpopo	188	42	16	246
Mpumalanga	336	55	11	402
North West	249	34	5	288
Northern Cape	131	13	2	146
Western Cape	1 445	221	108	1 774
Grand Total	**5 766**	**1 041**	**433**	**7 240**

Table 11: WSP / ATR submission

2.5.4 Literature Review

A review of literature was conducted in the sector. Industry publications such as company annual reports, research studies, employer and trade union newsletters, economic reports, sector studies and risk analysis reports were examined to establish evolving trends in the sector.

2.5.5. Regional Workshops

Regional workshops were held with stakeholders in the sector. The purpose the workshops were to enable stakeholders at grassroots level to articulate their skills needs in the sector. This ensures that the principles of inclusivity and transparency are applied in the research.

REGIONS	NUMBERS ATTENDED	
	Employer	Labour
Durban	41	2
Johannesburg	24	0
Nelspruit	19	1
Cape Town	55	0
Free State	18	0
E Cape (PE & EL)	58	0
TOTAL	**215**	**3**

Table 12: Attendance at regional workshops

2.5.6. Top Retail Chains

Interviews were held with representatives of top retail chains in the sector. These chains collectively make up the majority of turnover and employee coverage in the sector.

2.5.7. Employer Bodies and Trade Unions

Employer bodies and trade unions in the sector were invited to send a list of occupations they deemed scarce in the sector. Since these bodies are at the “coalface” of developments in the sector, their respective inputs are valuable to the research process.

2.5.8. Career Junction Index

Career Junction is a web service through which recruiters and career seekers interact in a secure and completely confidential environment. Over 1 000 of the country’s top recruiters (both agencies and corporate companies) advertise their vacant positions to more than 2.5 million career seekers on Career Junction and make use of the variety of services that are offered over and above the normal job board service.

The data is captured online by Career Seekers as well as employers and recruiters which allow us to extract high quality, relevant, accurate data which provides a detailed view of the labour market. It is the only data of its kind available in the South African market.

The set up for the W&R Sector labour market analysis report requires the following steps:

- Job cluster definition;
- Initial query set-up for all data extractions;
- Restoration of historical databases;
- Data extraction & clustering;
- Data capturing & formatting;
- Data analysis; and
- Accuracy analysis & quality assurance.

The analysis covers the following aspects:

- Labour Demand – job adverts posted on the CareerJunction website per region, employment level, job type (permanent, temporary or contract);
- Job Applications – per region; and
- Supply – potential candidates who match the skill set region, employment level, job type (permanent, temporary or contract).

The Career Junction Index (CJI) is the first index of its kind that directly monitors the online labour market in South Africa by examining supply and demand trends across all industries.

2.6. CRITERIA FOR DETERMINING SCARCE SKILLS

The objective of this chapter is to develop a methodology or tool that can be used to form an assessment of skills in demand.

The methodology developed in this plan is intended to be highly transparent, open to replication and simple to calculate. Furthermore, the methodology is designed in such a way that enables new information (through new and better data) to be incorporated without the need to redesign the process.

By establishing a user-friendly framework for identification and anticipation of skills needs, it is envisaged that all constituents right down to micro-enterprises can participate in the research.

The methodology developed is set out as follows:

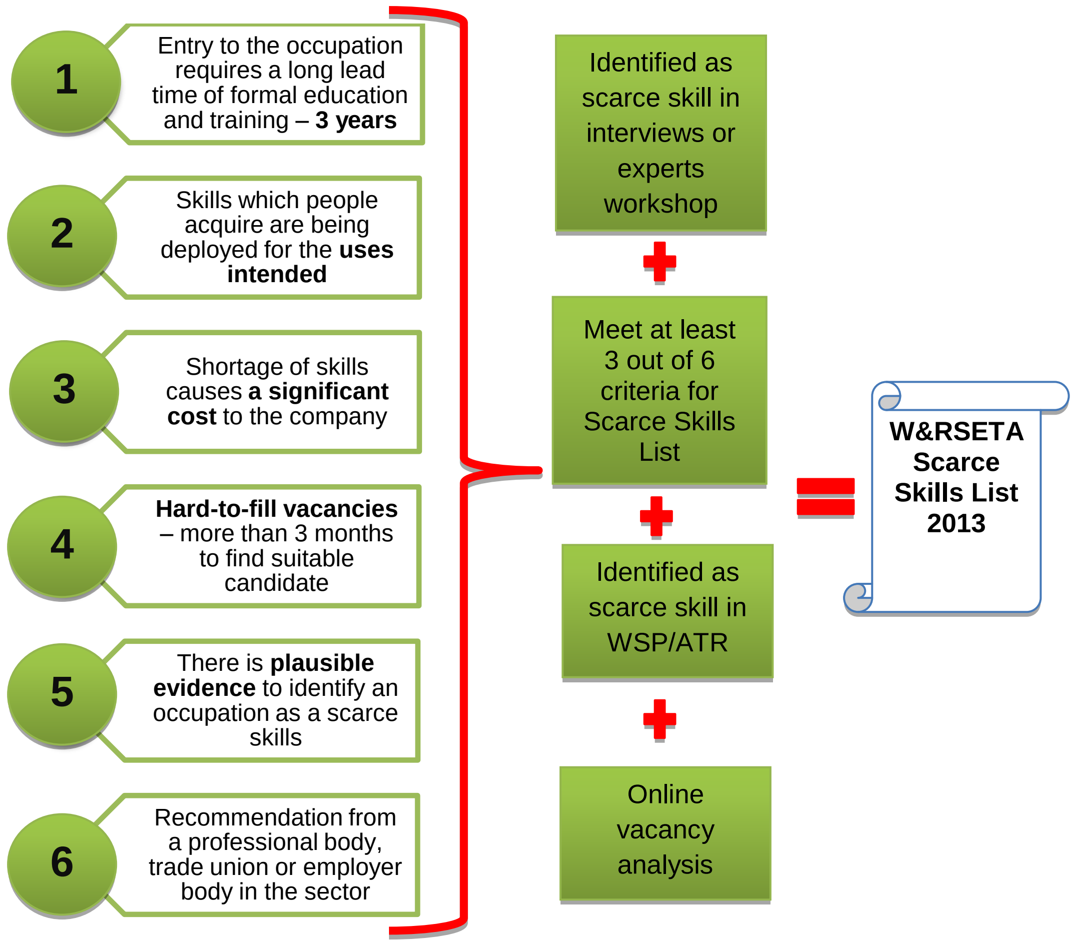


Figure 22: Methodology used for assessment of skills in demand

- All occupations considered for the Scarce Skills List are evaluated by stakeholders according to 6 criteria as shown above.
- For an occupation to be eligible for inclusion on the Scarce Skills List at least 3 out of the 6 criteria should be met.
- In addition, the occupation should be identifed as a scarce skill in the Workplace Skills Plan/Annual Training Report; online vacancy analysis and either the interviews or experts workshop to make the final Scarce Skills List.
- The above point will also be used to establish a Critical Skills List with the WSP/ATR becoming the primary source of evidence.
- A draft list will then be produced based on the above criteria for consideration by the SSP Task team of the SETA.
- A final list will be developed with supporting evidence

2.7. CONCLUSION

The purpose of this chapter is to conceptualise and implement a research method for the identification and anticipation of scarce and critical skills in the sector.

- One of the major problems currently in the South African skills development environment is that the identification of scarce skills does not appear to be supported by a factual, evidence-led enquiry. Thus the nature of skills needs and the quantum skills imbalances in the labour market are often misdiagnosed, misunderstood and mistreated.
- The Department of Higher Education and Training (DHET) has commissioned the Human Sciences Research Council (HSRC) to lead a national research consortium supporting it in creating a strategic labour market intelligence system. The objective is to build a culture of collaborative partnership to co-ordinate efforts.
- Multiple research methods were employed to update the SSP. These include: interviews, workshops, literature review, usage of administrative data, online vacancies, professional lists and WSP/ATR Analysis.
- In this way, majority coverage of the sector was achieved in terms of employment coverage and annual financial turnover.
- The method employed to devise a Scarce Skills List involved the following steps: (1) Identifying an occupation for inclusion (2) Rating the occupation in terms of 6 criteria to establish eligibility (3) Determining whether the occupation has been identified by online vacancy sources, WSP/ATR analysis and interview/ workshops as, indeed, scarce or in demand.

  Adjudication by SSP Task Team.

- A similar procedure is applied to determine critical skills.

CHAPTER 3: SUPPLY AND DEMAND OF SKILLS

3.1. INTRODUCTION

This chapter presents an analysis of the supply and demand of skills in the W&R sector. It will rely heavily on administrative data from the WSP/ATRs and online vacancy analysis to determine supply and demand imbalances in the labour market.

Demand refers to the shortage of skills in the sector, whilst supply refers to the stock of skills available.

In addition, the nature of training provision, particularly by FET and HET institutions, serving the sector will be discussed

3.2. KEY QUESTIONS

Key Questions **Chapter Three responds to:**

- What occupations are currently in demand in the sector?
- What are the occupational shortages in the sector?
- What occupations and skills will be demanded in the future?
- What is the stock of skills in the sector?
- How much of training is planned? Who will be trained?
- How much of training was completed in 2012 and who was trained?
- What is the participation rate for WSP/ATRs?
- What are the implications of the above factors for sector skills planning?

3.3. WSPs/ATRs

WSPs/ATRs for 2013/14 offer a rich source of information on supply and demand trends in the sector. It also provides revealing information on the nature of economic change in the sector.

3.3.1. WSP SUBMISSIONS 2013

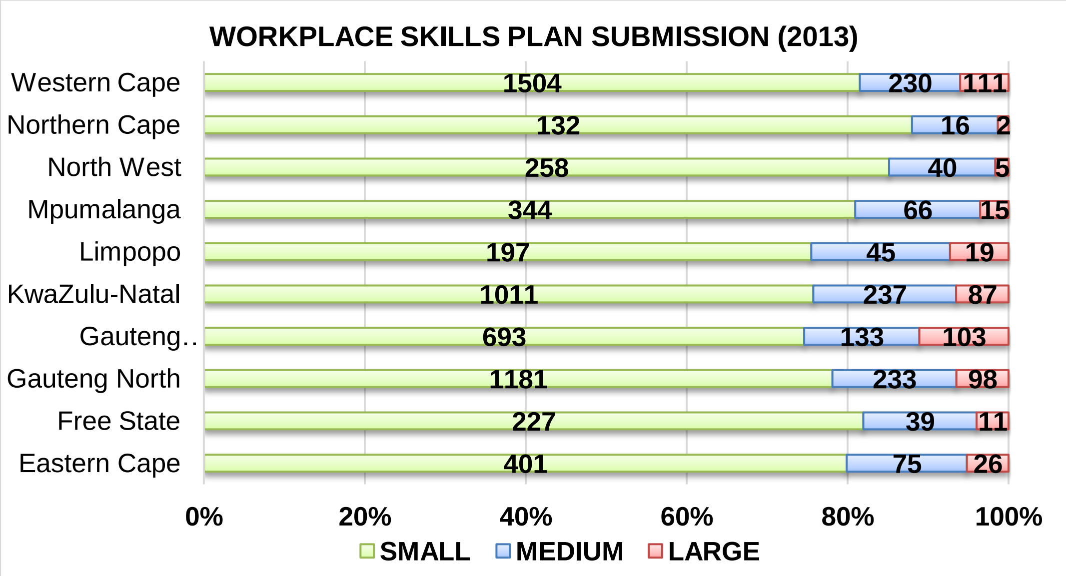


Figure 23: WSP submission (2013)

- The majority of companies in the sector are small (5948) compared to medium (1114) and large (477) companies.
- This trend is consistent across all provinces.
- This implies that considerable attention should be given by the W&RSETA to skills development in small companies.

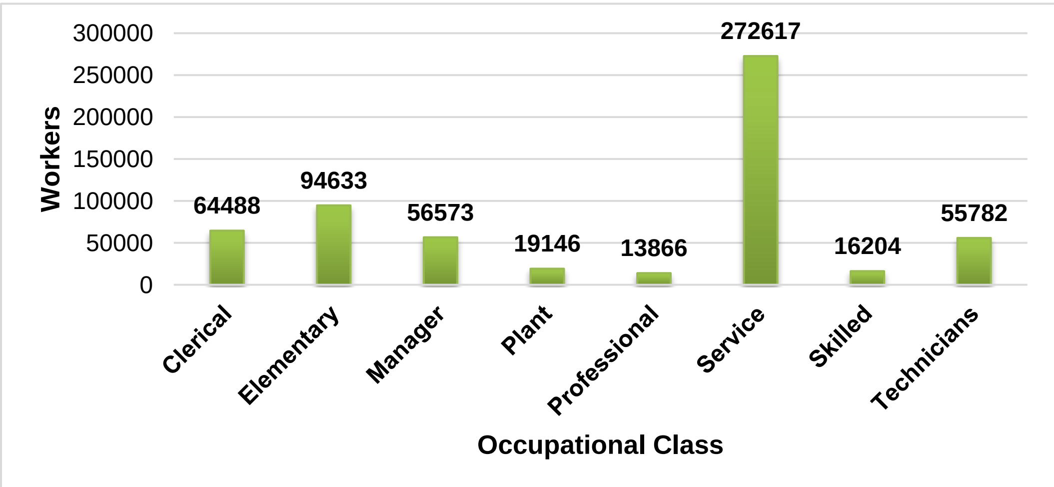


Figure 24: Planned Training by Occupational Class (2013)

- The majority of workers for which training is planned are in the service workers occupational class, followed by elementary, clerical, managers and technicians.
- This is consistent with the general occupational structure of companies in the sector.

3.3.2. Actual Training by Race and Occupational Class

The table looks at workers trained by race, gender and occupational class.

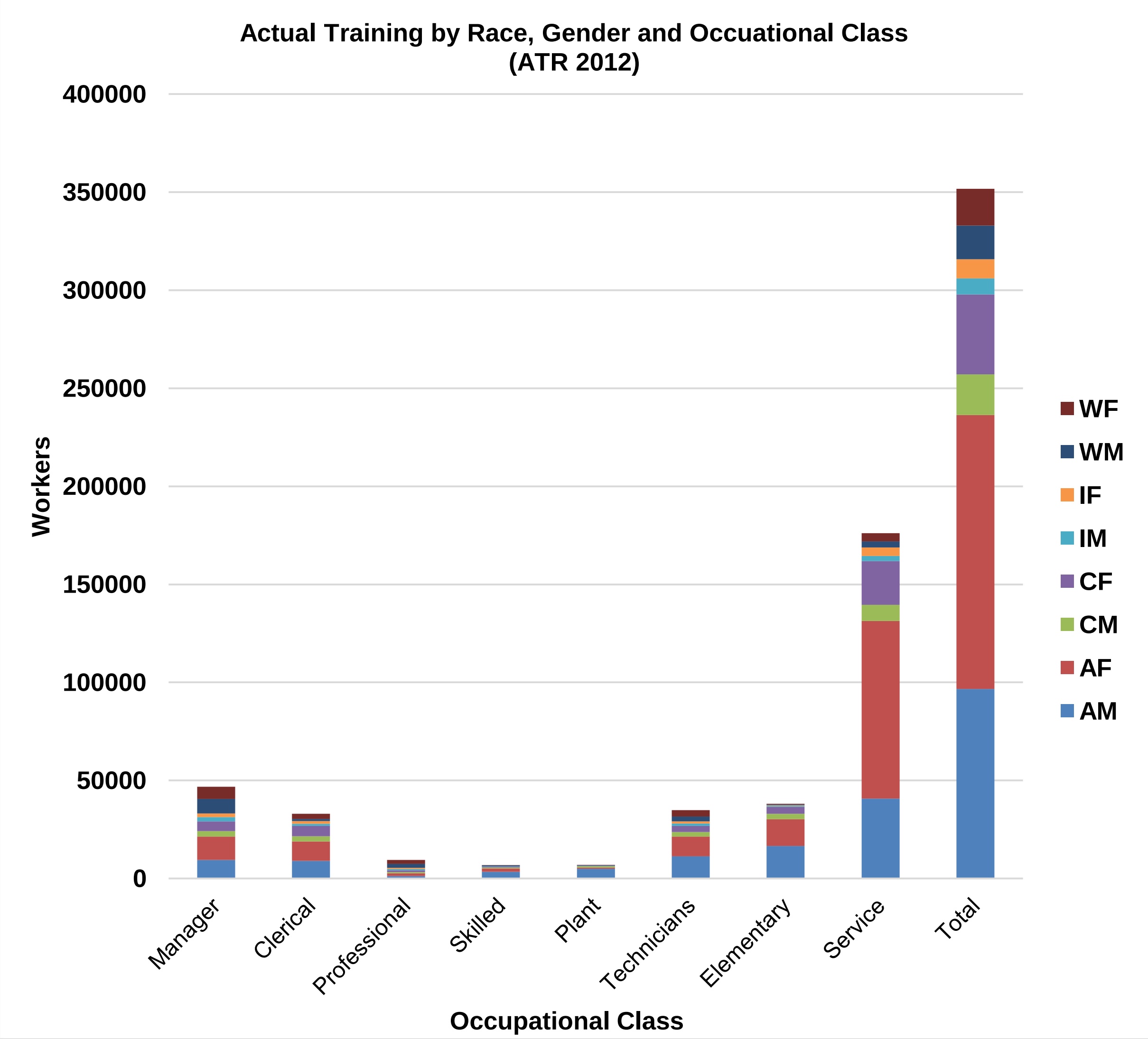


Figure 25: Actual training by Race, Gender and Occupational Class (2013)

The table reveals the following:

- Out of a total of 351 764 workers that have been trained in 2012, a 176 090 are in the services category and are largely made up of sales assistants.
- This is followed by managers (46 735), elementary (38 113), technicians (34 910), clerical workers (32 985), professional (9 425), skilled (6 730) and plant workers (6 776).
- The number of females trained was 208 870 compared to males at 142 894 representing a ratio of 1.5:1.
- At the service level, 131 344 Africans were trained compared to 7 300 Whites, 30 487 Coloureds and 6 959 Indians.
- Similarly, at a managerial level, 21 334 Africans, 7 811 Coloureds, 4 051 Indians and 13 539 Whites were trained.
- At a professional level, 2 615 Africans, 1 634 Coloureds, 1120 Indians and 4 056 Whites were trained.

- Although this picture is not reflective of the transformation of the occupational structure by race, it does indicate that at the higher occupational levels increasing attention was given to training historically disadvantaged groups at the upper end.

Actual Training Costs

The actual costs of training (2012) based on the Annual Training Reports reveal the following:

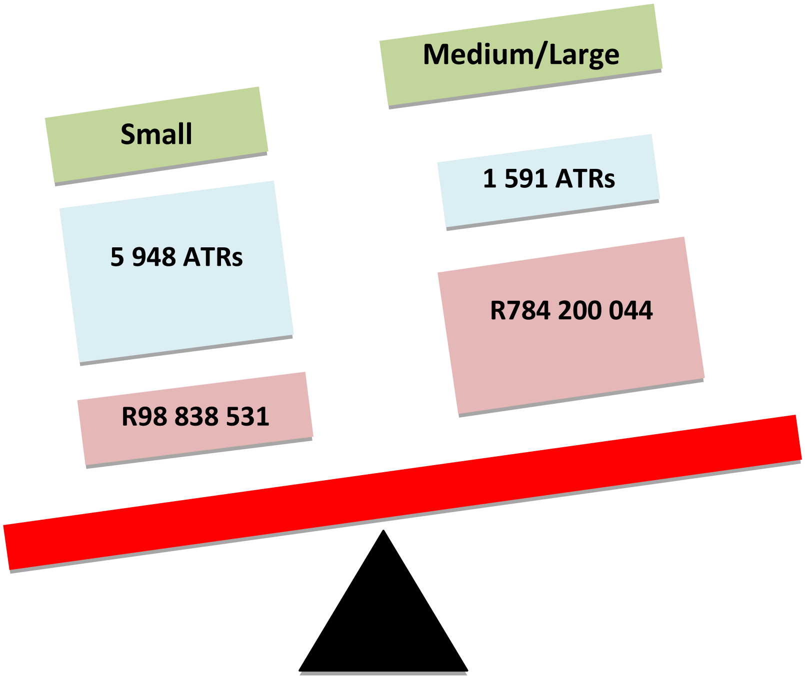


Figure 26: Actual costs of training (ATR 2012)

- In terms of size, 5 948 small companies spent R98 838 531 on actual training.
- Large and medium companies totalling 1 591 spent R784 200 044 on training.
- On average this translates to about R16 617 per small company and R492 898 per medium and large company.

Training Costs per Worker

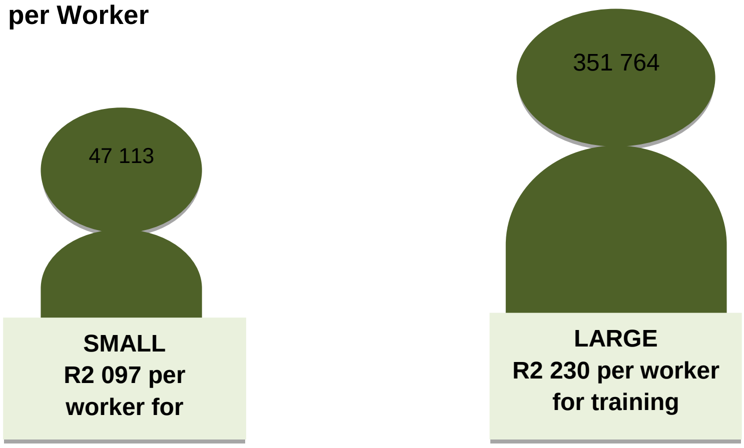


Figure 27: Training costs per worker

- There is a marginal cost difference between small and medium/large companies in terms of cost of training per worker.

In-Training Ratio

The In-training ratio represents the proportion of workers trained (351 764) in relation to the total workforce (1 211 714) of the sector.

Figure 28: In-training ratio

This, in effect, means that roughly 29% of the workforce in the sector were subjected to a training event. Since the training figures are reflective only of companies that submitted WSP/ATRs, it is reasonably assumed that actual proportion of workers in the sector trained is higher than the current participation rate.

If we take this issue further and ask the question – what type of training was given to the 351 764 workers, it could be broken down as follows:

Figure 29: Types of training planned (2013)

The majority of training undertaken is for non-credit bearing short courses followed by skills programmes, credit bearing short courses and CPD training. In terms of the DHET policy, there should be a shift in focus to formal NQF aligned programmes leading to full qualifications.

Racial and Gender Dynamics

Skills development plays a catalytic role in addressing racial gender imbalances in the occupational structure of the workforce in the sector.

The table below examines the workforce profile of top management in the W&R Sector:

Top Management Profile: W&R Sector											
	MALE				FEMALE				FOREIGN		TOTAL
	A	C	I	W	A	C	I	W	M	F	
EAP	40.3%	5.9%	1.8%	6.6%	33.8%	5.2%	1.1%	5.3%	0%	0%	100.0%
W&R	4.8%	2.1%	10.1%	63.0%	2.7%	1.1%	1.7%	10.1%	4.2%	0.2%	100.0%

Table 13: Top management profile

CEE Annual Reports 2006-2007, 2012-2013, Department of Labour

- Male African composition of the economically active population is 40.3%, whilst representation in top management is 4.8%. A similar pattern prevails for females.
- In contrast, White male EAP is 6.6%, whilst representation in top management is 63%. A similar pattern prevails for females.
- Africans are seriously under-represented at top management compared to Whites. Africans represent 7.5% and Whites 73.1% respectively.
- Coloureds make up 3.3% and Indians 11.8% respectively.
- In all instances females are under-represented across all race groups.

Most Trained Occupations

The table below records the most number of people trained by occupations.

PLANNED TRAINING BY TOP 30 OCCUPATIONS			
LARGE AND MEDIUM COMPANIES		SMALL COMPANIES	
Occupation	**No. Trained**	**Occupation**	**No. Trained**
Sales Assistant (General)	168 619	Sales Assistant (General)	6 833
Checkout Operator	47 507	Service Station Attendant	5 689
Retail Manager (General)	28 512	Store Person	2 295
Shelf Filler	27 248	Checkout Operator	2 099
Store Person	21 388	Office Cashier	1 672
Visual Merchandiser	18 456	Retail Supervisor	838
Retail Supervisor	16 951	Sales Representative / Salesman (Industrial Products)	838
General Clerk	15 854	Retail Manager (General)	834
Stock Clerk / Officer	15 762	Delivery Driver	808
Office Cashier	12 767	Packer (Non Perishable Products)	801
Dispatching and Receiving Clerk / Officer	8 504	General Clerk	756
Food Service Counter Attendant	8 366	Sales Clerk / Officer	738
Packer (Non Perishable Products)	8 346	Handyperson	703
Manufacturer Representative	8 345	Office Administrator	675
Food Trade Assistant	7 579	Accounts Clerk	575
Confectionary Baker	6 491	Sales Representative (Personal and Household Goods)	546

PLANNED TRAINING BY TOP 30 OCCUPATIONS			
LARGE AND MEDIUM COMPANIES		SMALL COMPANIES	
Occupation	**No. Trained**	**Occupation**	**No. Trained**
Delivery Driver	6288	Sales Manager	526
Accounts Clerk	6 198	<u>Shelf Filler</u>	498
<u>Handyperson</u>	4 506	Director (Enterprise / Organisation)	486
<u>Office Administrator</u>	4 325	Sales Representative (Business Services)	449
<u>Truck Driver (General)</u>	4 250	Receptionist (General)	387
<u>Sales Representative (Personal and Household Goods)</u>	4 228	<u>Stock Clerk / Officer</u>	381
<u>Commercial Cleaner</u>	4 208	<u>Food Trade Assistant</u>	380
Meat Packer	4 022	Forklift Driver	379
Retail Buyer	3 788	Customer Service Manager	348
Credit or Loans Officer	3 581	Warehouse Administrator / Clerk	341
<u>Service Station Attendant</u>	3 473	First Aid Attendant	340
<u>Butcher</u>	3 396	<u>Truck Driver (General)</u>	320
Sales Demonstrator	3 391	<u>Butcher</u>	279
Corporate General Manager	3 281	<u>Commercial Cleaner</u>	258

Table 14: Planned training by Top 30 Occupations

ATR (2013)

NOTE: Underlined text refers to occupations common to small, medium and large companies.

- Most of these occupations have been identified as scarce skills in the previous chapter.
- It appears that there is little difference between large/medium and small companies in relation to whom they train from the above table and indicated in the yellow highlights.

3.3.3. Hard-to-Fill Vacancies

The following occupations are identified as hard-to-fill vacancies:

SCARCE SKILLS	TOTAL
Retail Manager	66 887
Retail supervisor	15 491
Bakers	7 305
Retail Buyer	4 483
Merchandise Planner	3 628
Butchers	2 466
Human resource practitioners	1 785
Sales and marketing manager	1 658
Program and Project Administrators	1 328
Training and development professional	1 089

SCARCE SKILLS	TOTAL
Sales Representative (Personal and Household Goods)	1 023
Accountants / Financial Managers	705
Confectionary Baker	618
Supply and distribution manager	584
Industrial relations officer	309
Sales Representative / Salesman (Industrial Products)	214
Assessment practitioner	192
Chefs	133
Food technologist	114
Sales Manager	98
Electricians	85
Advertising and public relations manager	84
Call or Contact Centre Agent	65
Sales Representative (Business Services)	42
Inbound Contact Centre Consultant	40
Outbound Contact Centre Consultant	40
Corporate General Manager	39

Table 15: Hard-to-fill vacancies

ATR (2013)

- Hard-to-fill vacancies are defined as occupations which take 3 months or more to find a candidate with suitable work experience, qualifications and attributes at current wage levels.

3.4 ONLINE VACANCY ANALYSIS

This section of the chapter draws on research conducted by The CareerJunction, SA's largest online recruitment website. The agency produces on a monthly basis the CareerJunction Index (CJI) which provides a detailed analysis of the relative ratio of supply and demand in the online job market.

The CJI is the first index of its kind that directly monitors the online labour market in South Africa by examining supply and demand trends. The information is based on occupations in all sectors.

3.4.1. High in Demand

The graph below indicates sectors in which there is a high demand for labour.

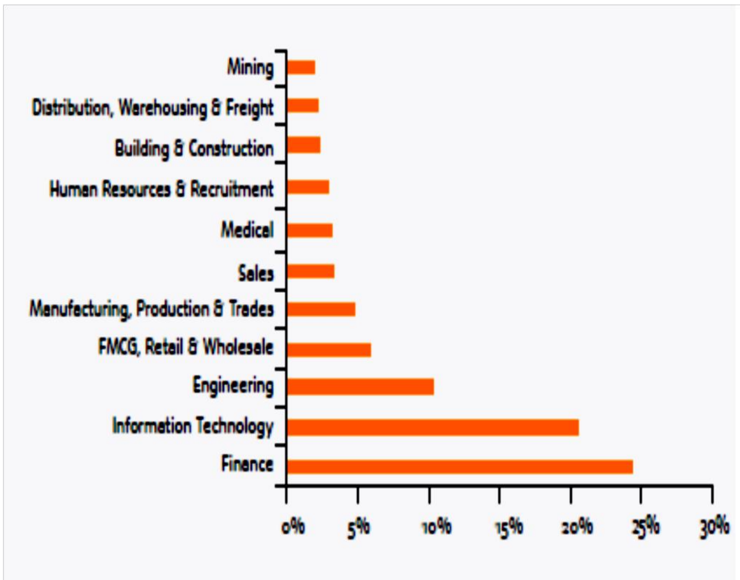


Figure 30: Sectors with a high demand for labour
CareerJunction Index (June 2013)

An overview of vacancy levels across all sectors (indicated by the orange graph) provides a good indication of where the majority of employment takes place. The Finance; IT; Engineering; FMCG, Retail & Wholesale; Manufacturing, Production & Trades and Sales sectors, among others listed, are most sought after.

3.4.2. High in Supply

The graph below indicates sectors in which there is a high supply of labour.

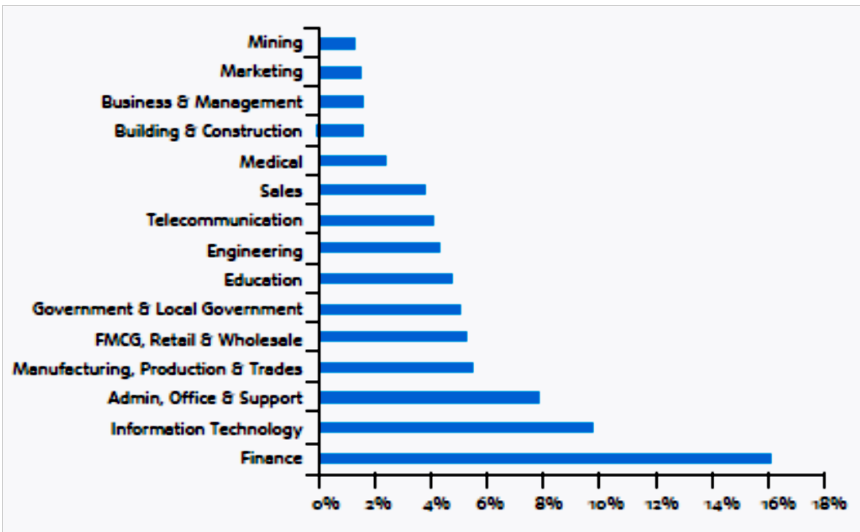


Figure 31: Sectors with a high supply of labour
CareerJunction Index (June 2013)

When looking at active career seekers across various sectors (indicated by the blue graph), areas of high supply correlates closely to areas of high demand; with some sectors showing an oversupply of labour. These include the Manufacturing, Production & Trades; Engineering; Admin, Office & Support and other sectors.

3.4.3. Recruitment Conditions

Below is a visual illustration of the current online labour market situation, taking into account the amount of active career seekers and the amount of advertised jobs on the Career Junction website.

Please note that this is not an indication of how many career seekers have applied to positions, but rather the number of potential career seekers who have been active on the Career Junction website in the previous 6 months.

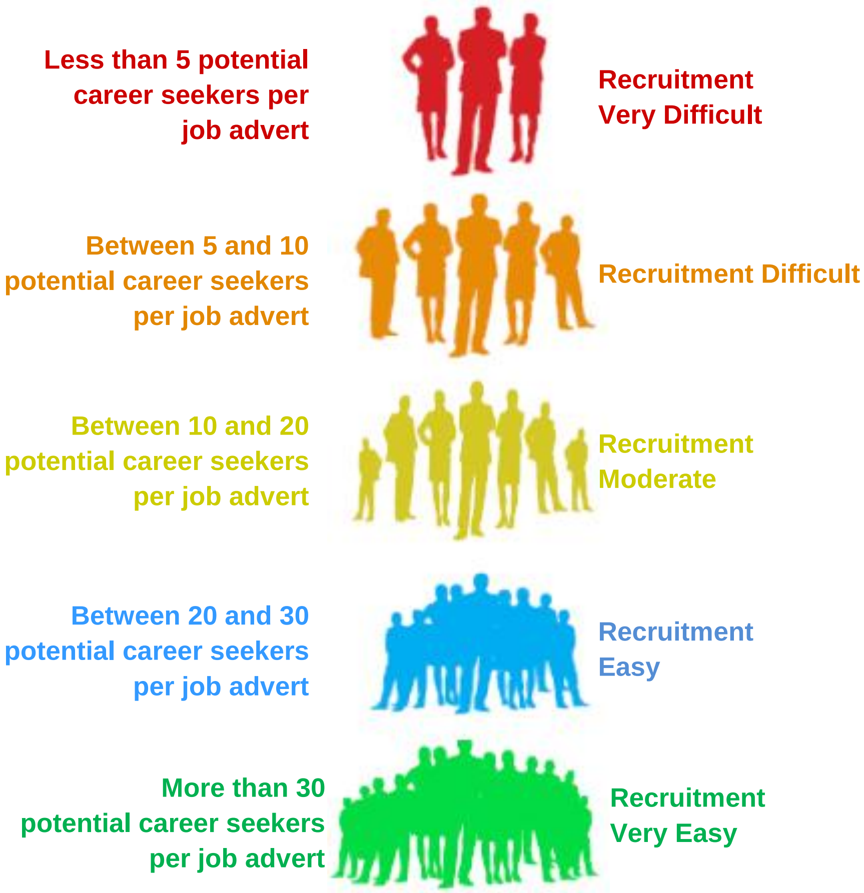


Figure 32: Current online labour market situation

The diagrams below indicate the number of work-seekers who have applied for jobs per advert on the CareersJunction website. It gives an indication of skills demand

HR & Recruitment	11.10	Petrochemical	11.76
Hospitality & Restaurant	18.17	Sales	10.81
Motor	15.65	Building & Construction	10.64
Travel & Tourism	11.35	Telecommunication	17.43
FMCG, Retail & Wholesale	10.85	Medical	11.61
Business & Management	18.25		
Media	20.43	Manufacturing, Production & Trades	26.99
Legal	23.54	Transport & Aviation	27.40
Distribution, Warehousing & Freight	25.35	Engineering	28.88
Agriculture	26.77		
Safety, Security & Defence	30.55	Maritime	38.83
Beauty	57.45	Social & Community	101.65
Government & Local Government	34.08	Marketing	39.24
Arts & Entertainment	75.28	Sport & Fitness	117.84
Science & Technology	36.02	Property	39.37
Education	97.63	Design	42.70
Admin, Office & Support	118.66	Mining	55.41
Botanical	166.17		

Table 16: Applicants per advert on CareerJunction

3.4.4. Supply

The bar graph below displays sectors that have experienced the biggest quarter-on-quarter change in supply (job search activity) over the last 12-month period:

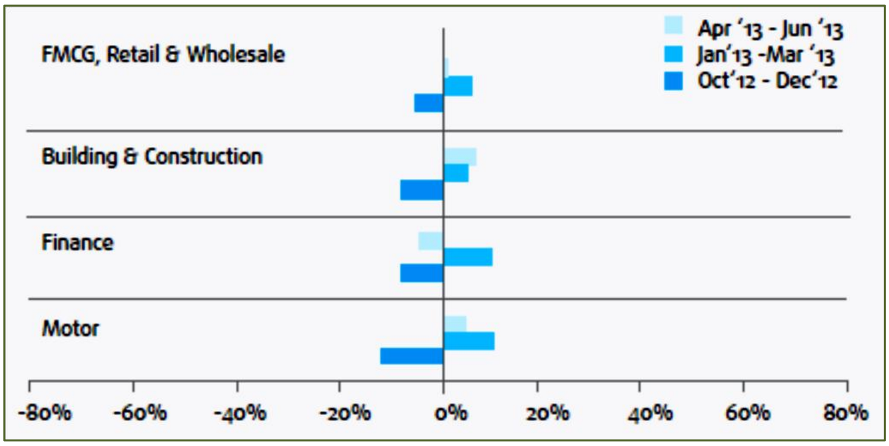


Figure 33: Sectors with the biggest change in supply
CareerJunction Index (June 2013)

Despite no overall change in labour supply for June, job search activity continued to increase within the Motor, Building & Construction and FMCG, Retail & Wholesale industries. A relatively big drop in job search activity was experienced by the Finance industry from the first to the second quarter of 2013.

3.4.5. Demand

The bar graph below displays industries that have experienced the biggest quarter-on-quarter change in demand (job advertising) over the last 12-month period:

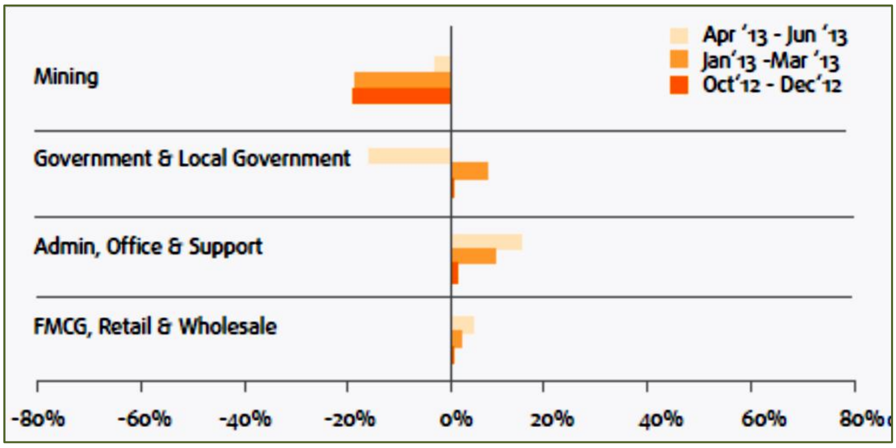


Figure 34: Sectors with the biggest change in demand
CareerJunction Index (June 2013)

While labour demand picked up considerably within the FMCG, Retail & Wholesale and Admin, Office and Support industries during the first half of 2013, job ad volumes continued to drop within the Mining industry. Following a positive employment trend within the Government & Local Government industry during 2012 and start of 2013, hiring activity has slowed down in the last running quarter.

4.4.6 CareerJunction Index

CJI >100	▪ More job opportunities for potential career seekers. ▪ Less potential career seekers per job advert. ▪ Recruitment more difficult, due to less potential career seekers per job advert.
CJI = 100	▪ No changes regarding the potential career seekers per job advert ratio. ▪ Supply and demand is following the same trend. ▪
CJI < 100	▪ Less job opportunities for potential career seekers. ▪ More potential career seekers per job advert. ▪ Recruitment less difficult, due to more potential career seekers per job advert.

Figure 35: CareerJunction Index

The numbers below illustrates supply and demand trends experienced by the W&R sector over a 6-month period, where the first 3 months' data are compared to the next 3 months' data.

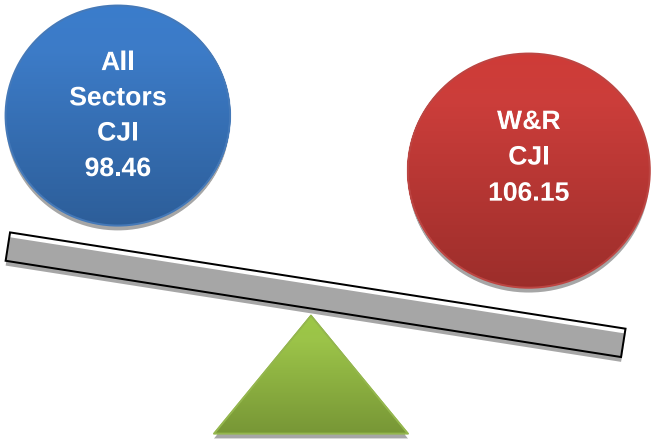


Figure 36: Supply and demand trends in the W&R sector
CareerJunction Index (June 2013)

There is slightly more job opportunities per career seeker. Recruitment is more difficult.

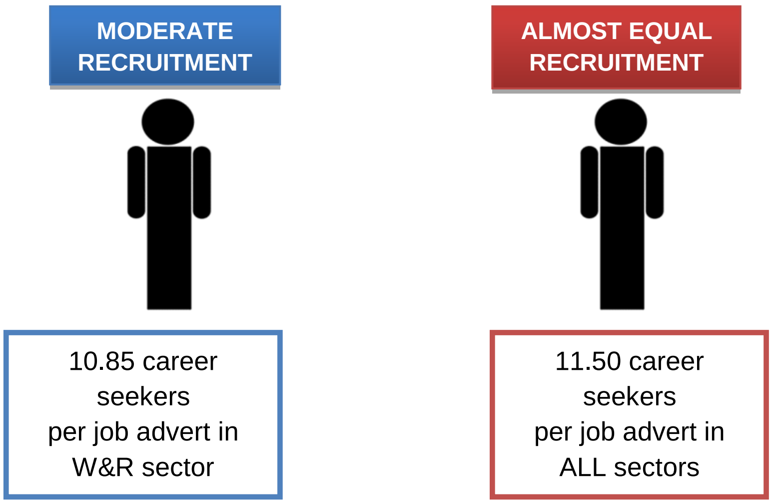


Figure 37: Job opportunities per career seeker
CareerJunction Index (June 2013)

4.4.7 Occupational Demand

A customised W&R Vacancy Analysis Report (2013) was produced for the W&RSETA by CareerJunction wherein 52 occupations in the sector were tracked over a 12 month period ending July 2013 to determine occupational demand and supply in the labour market.

Out of the 52 designated W&R occupations, 12 occupations with over 50 vacancies per year nationally was identified in the study.

TOP 12 OCCUPATIONS WITH OVER 50 VACANCIES						
NO	OCCUPATIONS	OFO CODES	LABOUR DEMAND (Job Adverts)		LABOUR SUPPLY (Job Applications)	
			JULY 2012	JUNE 2013	JULY 2012	JUNE 2013
1	Retail Manager	142103	90	116	938	1 811
2	Sales Consultant	522301	908	1059	8 547	11319
3	Sales Executive	122102	223	234	1 193	1 790
4	Operations Manager	121901	49	84	474	876
5	Retail Supervisor	522201	32	43	437	808
7	Retail Buyer	332301	181	158	2 303	3 801
8	Supply & Distribution Manager	132401	63	67	807	1 395
9	Sales & Marketing Manager	122101	82	82	1231	1 939
10	Accountant	241101	47	37	579	553
11	Electrician	671101	41	52	309	614
12	Debtors Clerk	431101	54	53	426	1 175

Table 17: Top 12 Occupations with over 50 Vacancies
W&R Vacancy Analysis Report (2013)

- Labour demand has trended upwards for all occupations, except accountants.
- Labour demand is very high for sales executives, sales consultants and retail buyers.
- There is moderate demand for retail managers and sales & marketing managers.

3.5. CONCLUSION

The purpose of this chapter is to assess the supply and demand of skills in the sector.

- This necessitated a thorough examination of WSP/ATR (2013) data to determine workplace skills planning and actual training undertaken against the preceding WSP (2012).

- It is interesting to note that the majority of companies in the sector are small (5948), compared to medium (1114), and large (477) companies. This trend is consistent across all provinces.

- This means that the W&RSETA should be focusing a great deal more SMMEs in the sector.

- Although small companies are in the majority in the sector, they collectively contribute to about R98 million compared with large and medium companies which contribute around R778 million to the SETA.

- Transformation issues such as representivity of Blacks, women and disabled in management to continue to challenge the sector.
- Blacks, notably Coloureds and Africans, are also not sufficiently represented in skilled occupations relevant to their size.
- A Scarce Skills List was conceived from WSP/ATR data; online line recruitment data; workshops; and literature sources. In addition, CareerJunction was tasked with producing a vacancy analysis report for the sector.
- The in-training ratio for the sector is 1:3.4 which is relatively high. This means that companies are engaging in training staff.
- The research conducted in this chapter laid the foundation for creating a valid and reliable Scarce Skills Report (2013).

CHAPTER 4: IDENTIFICATION OF PRIORITY, SCARCE, CRITICAL SKILLS AND EMERGING SKILLS

4.1. INTRODUCTION

Chapter One presented a profile of the W&R Sector. In Chapter Two the research methods and tools applied for the study were discussed. Chapter Three looks at skills supply and demand. Chapter Four provides labour market signals for identifying and anticipating scarce, priority and emerging skills in the sector.

Scarce skills refer to occupations in demand (shortage); priority skills refer to occupations that are not necessarily in demand, but are required by companies in the sector; and emerging skills refer to new occupations emerging in the sector.

The methods for identifying and anticipating skills were outlined in the preceding chapter.

4.2. KEY QUESTIONS

Key Questions

Chapter Four responds to:

- What occupations are currently in demand in the sector?
- What are the occupational shortages in the sector?
- What occupations and skills will be demanded in the future?
- What is the stock of skills in the sector?
- What is the participation rate for WSP/ATRs?
- What are critical skills for the sector?
- Has the research methods been consistently applied?
- What are the implications of the above factors for sector skills planning?

4.3. WORKPLACE SKILLS PLANS (WSPS) AND ANNUAL TRAINING REPORTS (ATRS)

A primary means for identifying and anticipating skills are workplace skills plans (WSPs) and annual training reports (ATRs). These are submitted by member companies to qualify for mandatory grant rebates from the skills development levies paid to the South African Revenue Services.

The WSPs and ATRs provide a representative sample of the training planned for the future 12 months and training that actually occurred in the previous 12 months.

4.3.1. Companies Submitting WSP/ATRs

The number of companies that submitted WSPs according to company size, provincial breakdown and employee coverage:

Province	Small	Medium	Large	Total
Eastern Cape	394	75	23	492
Free State	218	35	11	264
Gauteng	1 839	340	181	2 360
KwaZulu-Natal	966	226	76	1 268
Limpopo	188	42	16	246
Mpumalanga	336	55	11	402
North West	249	34	5	288
Northern Cape	131	13	2	146
Western Cape	1 445	221	108	1 774
Total	**5 766**	**1 041**	**433**	**7 240**

Table 18: WSPs submitted

W&RSETA Annual Report, 2011/2012 and WSP Database, 2013

- (80%) small, (14%) medium and (6%) companies submitted WSPs in 2013.
- Gauteng (33%), Western Cape (18%) and KZN (25%) collectively submit (76%) of WSPs.
- There strong performance in the submission of WSPs by small companies can be attributed to the large volume of small companies who make up the majority of the sector and the user-friendly processes for developing WSPs.

There has been a steady increase in the number of companies submitting WSPs this year compared to 2012:

Year	Small	Medium	Large	Total
2012	5584	1029	414	7027
2013	5766	1041	433	7240
Difference	***+182***	***+12***	***+19***	***+213***

Table 19: Total WSPs – 2012 and 2013

W&RSETA Annual Report, 2011/2012 and WSP Database, 2013

- This increase should be attributed to stronger efforts on the part of the W&RSETA to promote workplace skills planning.
- This is noteworthy that there has been an increase of 182 WSPs for small companies with less than 50 employees.

3.3.2. Training Workers

The actual number of workers trained year-on-year represents an uptake in training in the sector:

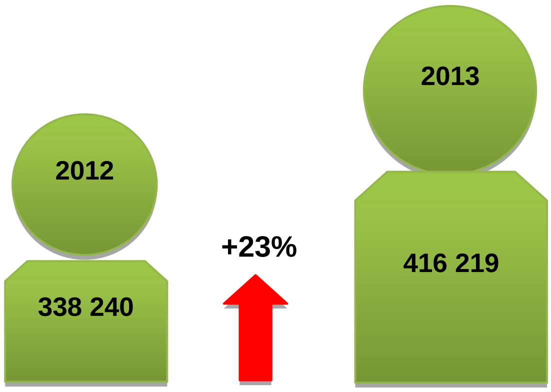


Figure 38: No. of workers training year-on-year

The actual number of workers trained by occupational class (2013) comprised as follows:

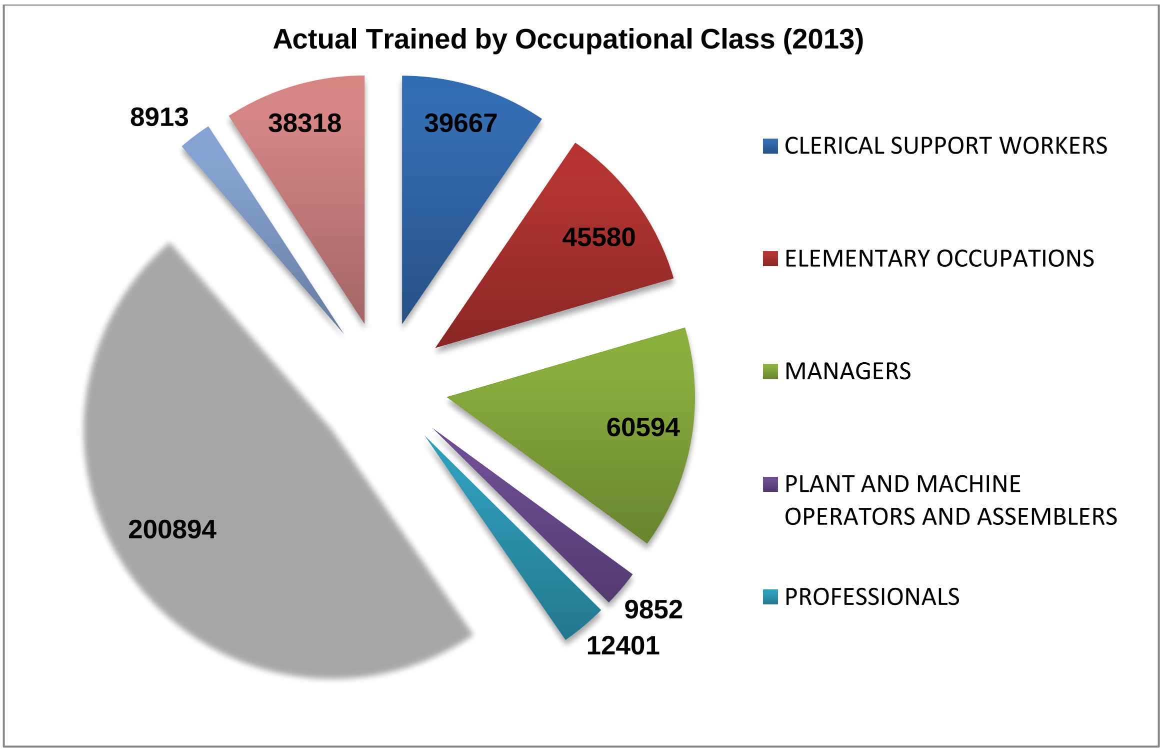


Figure 39: Workers trained by occupational class (2013)

- High percentage of workers in the service and sales workers are trained, with smaller percentages in managers and technicians and professionals.

- This consistent with the structure of the workforce in the sector.

4.3.3. Priority Occupations

Priority occupations refer to skills which are not necessarily scarce skills, but are needed by the sector. Below is a ranking from highest to lowest of actual training for employees and unemployed according to skills priority (6 digit OFO Code specialisation).

No	OFO Code	Occupation	Number trained	No	OFO Code	Occupation	Number trained
1	522301	Clothing Sales Assistant	144287	26	134915	Operations Manager (Non-Manufacturing)	1918
2	142103	Retail Store Manager	27997	27	811201	Commercial Cleaner	1498
3	833401	Shelf Stacker	13668	28	143905	Call or Contact Centre Manager	1493
4	343203	Display Decorator	12530	29	422501	Enquiry Clerk	1455
5	522201	Checkout Supervisor	12452	30	732101	Delivery Driver	1455
6	833402	Chiller Hand	10695	31	411102	Back Office Process Consultant	1405
7	432101	Aisle Controller	8348	32	541401	Security Officer	1369
8	411101	Accident Clerk	6557	33	681103	Butcher	1299
9	523102	Office Cashier	6281	34	243301	Salesman (Industrial Products)	1294
10	332301	Retail Buyer	5869	35	421401	Debt Collector	1221
11	432102	Dispatching and Receiving Clerk	4161	36	122102	Sales Manager	1220
12	121901	Corporate General Manager		37	121902	Corporate Services Manager	1191
13	332203	Professionals Sales Representative (Personal and Household Goods)	3540	38	733201	Truck Driver (General)	1152
14	524601	Food Service Counter Attendant	3512	39	432104	Warehouse Administrator / Clerk	1091
15	841202	Food Trade Assistant	3227	40	862202	Handyperson	1070

No	OFO Code	Occupation	Number trained	No	OFO Code	Occupation	Number trained
16	681201	Confectionary Baker	3051	41	132401	Supply and Distribution Manager	1033
17	331201	Office Administrator	2738	42	862923	Trolley Collector	1004
18	431101	Credit or Loans Officer	2552	43	242303	Human Resource Advisor	950
19	334102	Accounts Clerk	2327	44	524903	Sales Clerk / Officer	870
20	524201	Sales Demonstrator	2297	45	832904	Food and Beverage Factory Worker	857
21	524501	Service Station Attendant	2234	46	242101	Management Consultant	828
22	332205	Manufacturer Representative	2115	47	832102	Meat Packer	773
23	122101	Sales and Marketing Manager	2096	48	432201	Production Coordinator	732
24	832101	Packer (Non Perishable Products)	2049	49	441903	Program or Project Administrators	730
25	734402	Forklift Driver	2020	50	332201	Commercial Sales Representative	701

Table 20: Priority occupations

WSP/ATR Analysis (2013)

- It is interesting to note that the majority of training is being done at the lower levels of the occupational class structure.
- This is due to the majority of workers in the sector are at the lower end of the occupational structure.

4.3.4. Hard-to-Fill Vacancies

The following are Hard-to-Fill vacancies recorded in the WSP/ATRs:

No	OFO Code	Occupation	Number trained	No	OFO Code	Occupation	Number trained
1	522301	Clothing Sales Assistant	1847	26	122101	Sales and Marketing Manager	48
2	142103	Retail Store Manager	1399	27	121901	Corporate General Manager	41
3	332203	Professionals Sales Representative (Personal and Household Goods)	1036	28	422201	Inbound Contact Centre Consultant	40
4	681201	Confectionary Baker	661	29	422202	Outbound Contact Centre Consultant	40
5	681103	Butcher	633	30	313906	Fresh Produce Packing Controller	39
6	522201	Checkout Supervisor	501	31	241101	Accountant (General)	35
7	524601	Food Service Counter Attendant	400	32	243302	Sales Representative (Medical and Pharmaceutical Products)	31
8	243301	Sales Representative / Salesman (Industrial Products)	257	33	432101	Stock Clerk / Officer	31
9	524501	Service Station Attendant	252	34	716105	Bakery and Confectionary Products Machine Operator	31
10	332301	Retail Buyer	229	35	226203	Retail Pharmacist	30
11	523102	Office Cashier	145	36	432104	Warehouse Administrator / Clerk	30
12	833401	Shelf Stacker	126	37	514201	Skin Care Therapist	30
13	132401	Supply and Distribution Manager	123	38	718302	Packing Machine Operator	30

No	OFO Code	Occupation	Number trained	No	OFO Code	Occupation	Number trained
14	733201	Truck Driver (General)	118	39	121101	Finance Manager	27
15	122102	Sales Manager	107	40	121206	Health and Safety Manager	25
16	343401	Chef	102	41	134915	Operations Manager (Non-Manufacturing)	25
17	653101	Automotive Motor Mechanic	100	42	213205	Food and Beverage Scientist	25
18	122105	Customer Service Manager	79	43	734402	Forklift Driver	24
19	653302	Mechanical Equipment Repairer	79	44	132404	Warehouse Manager	23
20	333903	Sales Representative (Business Services)	66	45	334102	Office Administrator	22
21	422206	Call or Contact Centre Agent	65	46	343203	Visual Merchandiser	22
22	523101	Checkout Operator	65	47	251101	ICT Systems Analyst	21
23	421401	Debt Collector	51	48	431102	Cost Clerk	21
24	431101	Accounts Clerk	51	49	142102	Wholesaler	20
25	721201	Electrical and Electronic Equipment Assembler	50	50	832101	Packer (Non Perishable Products)	20

Table 21: Hard-to-fill vacancies

WSP/ATR Analysis (2013)

- It is noteworthy to mention that occupations such as clothing sales assistant, checkout supervisor, service station attendant, office cashier, shelf stacker, stock clerk, packing machine operator, cost clerk, packer and office administrator are regarded as hard-to fill in the WSP/ATR.
- Most of the companies submitting WSP/ATRs are small enterprises which require people in these occupations.
- Other possible reasons for this situation are as follows:
  - poor conditions of employment
  - low wages

- casual work arrangement
- lack of social protection
- high turnover
- lack of qualified applicants
- lack of work experience

- Other occupations may be hard to fill based on the above reasons.
- The above findings would be corroborated with other studies in subsequent sections.

4.4. EXPERTS WORKSHOP

The W&RSETA hosted a consultation workshop designed to obtain opinions and insights from experts and key informants with special knowledge of skills development issues in the W&R sector.

The objectives of the workshop were to identify scarce, priority and critical skills in the sector currently and in the future.

The following skills were identified as scarce by experts in the sector:

No	OFO Code	Occupation	No	OFO Code	Occupation
1	639201	Retail Buyer	21	332203	Beauty Sales Consultant
2	241107	Financial Accountant	22	241301	Financial Business Analyst
3	142103	Retail Manager	23	none	Fuel Retail Administrator
4	522201	Retail supervisor	24	none	Fuel Retail Analyst
5	231101	Lecturer (Retail)	25	none	Service Station Forecourt Supervisor
6	235101	Curriculum Advisor	26	none	Service Station Manager
7	332301	General/Company Buyer	27	231101	Assessment Advisor/ Internal Moderator
8	none	Branch Manager	28		Visual Merchandiser
9	343203	Merchandiser	29	122201	Advertising Manager
10	221101	Accountant	30	343902	Lighting Electrician
11	681201	Bakers	31	none	Store Planner
12	681103	Butcher	32	242403	Assessment practitioner
13	343401	Chef	33	242303	Human resource practitioners
14	132401	Supply and distribution manager	34	332301	Planner

No	OFO Code	Occupation	No	OFO Code	Occupation
15	242401	Training and development professional	35	242304	Industrial Relations Officer
16	122101	Sales and marketing manager	36	681201	Confectionary Baker
17	226203	Dispensing Chemist	37	132102	Operational (Control and Planning) Manager
18	226203	Pharmacist Assistant	38	242101	Management Consultant
19	222108	General Nurse	39	none	Retail Store Developer
20	213205	Food Technologist	40	133101	ICT / IT Manager

Table 22: Scarce skills identified by sector experts

Experts Workshop (17 July 2013)

4.5. SCARCE SKILLS LIST (2013)

The following scarce skills derived from the WSP/ATR, key informants and experts workshops have been classified as follows:

	Absolutely Scarce	Takes longer than 6 months to find a suitable candidate
	Relatively Scarce	Takes between 3 and 6 months to find a suitable candidate
	Somewhat Scarce	Takes 1 to 3 months to find a suitable candidate

SCARCE SKILLS LIST (2013)					
	OFO Code	Occupation		OFO Code	Occupation
	142103	Retail Store Manager		213205	Food and Beverage Scientist
	681201	Confectionary Baker		734402	Forklift Driver
	681103	Butcher		132404	Warehouse Manager
	243301	Sales Representative / Salesman (Industrial Products)		343203	Visual Merchandiser
	332301	Retail Buyer		251101	ICT Systems Analyst
	132401	Supply and Distribution Manager		241107	Financial Accountant
	122102	Sales Manager			

SCARCE SKILLS LIST (2013)					
	OFO Code	Occupation		OFO	Occupation
	343401	Chef		522201	Retail supervisor
	653101	Automotive Motor Mechanic		231101	Lecturer (Retail)
	122105	Customer Service Manager		235101	Curriculum Advisor
	653302	Mechanical Equipment Repairer		332301	General/Company Buyer
	333903	Sales Representative (Business Services)		none	Branch Manager
	422206	Call or Contact Centre Agent		343203	Merchandiser
	721201	Electrical and Electronic Equipment Assembler		242401	Training and development professional
	122101	Sales and Marketing Manager		226203	Dispensing Chemist
	121901	Corporate General Manager		226203	Pharmacist Assistant
	422201	Inbound Contact Centre Consultant		222108	General Nurse
	422202	Outbound Contact Centre Consultant		213205	Food Technologist
	241101	Accountant (General)		332203	Beauty Sales Consultant
	243302	Sales Representative (Medical and Pharmaceutical Products)		241301	Financial Business Analyst
	226203	Retail Pharmacist		none	Fuel Retail Administrator
	121101	Finance Manager		none	Fuel Retail Analyst
	514201	Skin Care Therapist		none	Service Station Forecourt Supervisor
	121206	Health and Safety Manager		none	Service Station Manager

SCARCE SKILLS LIST (2013)					
	OFO Code	Occupation		OFO	Occupation
	134915	Operations Manager (Non-Manufacturing)		231101	Assessment Advisor/ Internal Moderator
	122201	Advertising Manager		331301	Bookkeeper
	343902	Lighting Electrician		none	Retail Store Developer
	None	Store Planner		none	e-Retail Software Developer
	242403	Assessment practitioner		none	e-Retail Front-End Developer
	242303	Human resource practitioners		none	e-Retail Back-End Developer
	332301	Planner		none	e-Retail Sales & Marketing Manager
	242304	Industrial Relations Officer		none	e-Retail Marketing Manager
	132102	Operational (Control and Planning) Manager		none	e-Retail Marketing Assistant
	134915	Operations Manager (Non-Manufacturing)		none	e-Retail Analyst
	143905	Call or Contact Centre Manager		none	Business Analyst
	133101	ICT / IT Manager		332201	Commercial Sales Representative
	422206	Call or Contact Centre Agent		242101	Management Consultant
	343203	Display Decorator		none	Service Station Supervisor

Table 23: Scarce Skills List

WSP/ATR Analysis (2013); Experts Workshop (2013); Interviews (2013)

4.6. CRITICAL SKILLS

Critical skills refer to skills gaps within an occupation or 'top up' skills. Training for critical skills usually takes the form of short courses delivered in-house or externally. Such programmes, due to their short duration, do not require accreditation and thus does not lead to national qualifications on the NQF.

Generally companies pay this type of training intervention through mandatory grants and in-company training budgets. To a lesser extent, discretionary grants are used.

In the South African context, there are two groups of critical skills:

- Key or generic skills, including critical cross-field outcomes. These would include cognitive skills (problem-solving, learning to learn), language and literacy skills, mathematical skills, ICT skills and working in teams.
- Particular occupational-specific "top-up" skills required for performance within that occupation to fill a "skills gap" that might have arisen as a result of changing technology or new forms of work organisation.

Both scarce and critical skills must be identified at the occupational level, with scarce skills being considered against the occupation itself and critical skills being reflected as specific skills within the occupation.

The following Critical Skills were identified from WSP/ATR 2013, interviews, workshops and the literature:

Management	Soft skills	Technical	Other
• Leadership and management skills • Mentoring and coaching • Planning and project management • Conflict management • Negotiation and persuasion • Business skills • Analytical skills • Scenario planning skills • Report-writing skills • Leadership and management skills	• Decision making • Interpersonal skills • Emotional intelligence • Assertiveness • Teamwork • People skills such as managing diversity • Communication • Presentation skills • Listening skills • Life skills (personal, finance, time management, resilience, stress management) • Decision making • Innovation and creativity	• Financial skills (basic Bookkeeping such as Control and accounting) • Product development • Basic understanding of business • Pharmacy • IT literacy (PC trained people) • Selling skills • Product knowledge • Merchandising, especially visual • Production and product knowledge • Knowledge of contracts	• Customer relations • Customer service • Communication skills • Telephone etiquette • ABET/numeracy and literacy • Ability to apply knowledge • Access to information • Selling skills • Interpersonal relations skills • Problem solving and decision-making skills

Management	Soft skills	Technical	Other
• Morals/ethics skills • Skills to address the Green Economy Agenda • Project management • Teamwork • Labour law • Labour economics • Case management	• Personal hygiene • Food safety • First aid • Care of HIV/AIDS patients, & care of disability) • Numeracy	• Project management skills • FAIS Act – qualification in development. • Consumer Protection Act. • Waste management and green legislation.	• Conflict resolution skills • Time management skills • Anger management skills • Listening Skills • Business and general skills training for Shop stewards

Table 24: Critical Skills List

4.7 EMERGING OCCUPATIONS

e-Retailing is expected to be the next major area for retail growth. SA's online retail market is growing at double-digit rates and is likely to be the next format that retailers will incorporate into their array of channels.

Growth drivers include the following:

- Internet penetration is making it easy for consumers to shop online
- Foreign retailers offer local consumers products online at competitive prices
- Consumers feel confident to experiment and buy goods and services online
- Convenience, speed and 24-hour accessibility is valued increasingly

Figure 40: Growth drivers

South Africa's online access in numbers

8.5 million	Number of users with Internet access, end 2011
6.8 million	Number of users with Internet access, end 2010
25%	Growth rate, 2010-11
2.48 million	Number of users with mobile phone-based access only
7.9 million	Number of users regularly going online via phone

<table>
<tr><th colspan="8">Technology Components
Required by Retailers</th></tr>
<tr><td>Retail Business Processes</td><td colspan="7">Supporting IT Infrastructure
e-Retail Software Developer
e-Retail Operations Manager</td></tr>
<tr><td>Planning and Forecasting</td><td>Financial Planning and Forecasting</td><td colspan="3">Merchandise Planning and Forecasting</td><td rowspan="6">Supply Chain Manage-ment</td><td rowspan="9">Business Solutions & Analytics

e-Retail Analyst Business Analyst</td><td rowspan="9">Decision Support</td></tr>
<tr><td>Purchasing</td><td>Vendor Management</td><td>Purchase Order Management</td><td>Merchandise Management</td><td>Item Catalogue Management</td></tr>
<tr><td>Logistics</td><td>Distribution Centre Management</td><td>Logistics Management</td><td>Channel Management</td><td rowspan="3">RFID Technology</td></tr>
<tr><td rowspan="2">Storage</td><td>Warehouse Management</td><td>Returns Management</td><td>Replenishment Management</td></tr>
<tr><td>Inventory Management</td><td>Dispatch Management</td><td>Stock Transfer Management</td></tr>
<tr><td>Marketing & Sales</td><td>Point of Sales Solutions
e-Retail Front-End Developer</td><td colspan="3">E-Commerce Solutions
e-Retail Sales & Marketing Manager
e-Retail Marketing Manager
e-Retail Marketing Assistants</td></tr>
<tr><td rowspan="2">Support Systems</td><td colspan="4">Knowledge Management</td><td>MIS</td></tr>
<tr><td>Financial Management</td><td colspan="2">Human Resource Management</td><td>Loyalty schemes and programmes</td><td>Legal and Contracts Manage-ment</td></tr>
<tr><td>Customer Relationship</td><td colspan="5">Customer Relationship Management</td></tr>
</table>

Figure 41: Technology components required by retailers

4.8. CONCLUSION

Chapter Four is primarily focused on the identification of critical and scarce skills in the W&R Sector.

The primary methods used to determine scarce and critical skills are interviews with key informants, regional workshops with stakeholders, literature reviews, expert's workshops and analysis of WSP/ATRs.

A primary means for identifying and anticipating skills are workplace skills plans (WSPs) and annual training reports (ATRs). These are submitted by member companies to qualify for mandatory grant rebates from the skills development levies paid to the South African Revenue Services. The WSPs and ATRs provide a representative sample of the training planned for the future 12 months and training that actually occurred in the previous 12 months.

About (80%) small, (14%) medium and (6%) companies submitted WSPs in 2013. There strong performance in the submission of WSPs by small companies can be attributed to the large volume of small companies who make up the majority of the sector and the user-friendly processes for developing WSPs.

It is interesting to note that the majority of training is being done at the lower levels of the occupational class structure. This is due to the majority of workers in the sector are at the lower end of the occupational structure.

It is noteworthy to mention that occupations such as clothing sales assistant, checkout supervisor, service station attendant, office cashier, shelf stacker, stock clerk, packing machine operator, cost clerk, packer and office administrator are regarded as hard-to fill in the WSP/ATR.

Most of the companies submitting WSP/ATRs are small enterprises which require people in these occupations.

Other possible reasons for this situation are as follows:

- poor conditions of employment
- low wages
- casual work arrangement
- lack of social protection
- high turnover
- lack of qualified applicants
- lack of work experience

In total, 77 scarce skills were identified.

CHAPTER 5: SKILLS DEVELOPMENT PRIORITIES

5.1. INTRODUCTION

Chapter Five recommends a set of skills development priorities for the W&R Sector in the form of a strategic framework. These priorities are drawn from the research findings of preceding chapters and take cognisance of government initiatives including, but not limited to, the *Department of Higher Education and Training Guide to the Process and Time Frames for Developing Sector Skills Plans and the NSDS III, Framework for the National Skills Development Strategy 2011/12 – 2015/16 and President's Priorities and the Medium-Term Strategic Framework.*

The purpose of this chapter is to offer the stakeholders of the W&R Sector Education and Training Authority a strategic framework for skills development over the next 5 years.

Ten broad skills development priorities have been identified based on the research. These priorities lay the foundation for framing a service level agreement between the W&RSETA and the DHET.

5.2. PERFORMANCE MONITORING AND EVALUATION

The Strategic Framework incorporates the broad precepts of government-wide performance monitoring and evaluation framework for programmes where the high level strategic approach in the SSP is regarded as providing the broad impact, outcome and output indicators and measures for the annual strategic business plans and service level agreements that the SETA will adopt and sign-off with the Department.

5.3. KEY QUESTIONS

Key Questions **Chapter Five responds to:**

- What are the strategic skills development priorities of the SETA?
- Have these priorities been produced within the framework of NSDS III?
- Are the priorities consistent with the new discretionary grant regulations?

It is important to develop Sector Skills Plans that address sector needs in the context of a national strategy and framework. The Department has in the same way provided regulation in terms of the percentages to be allowed for administration and mandatory grants, and has directed that the majority of discretionary funds should be spent on PIVOTAL programmes that address scarce and critical skills needs, but has stopped short of regulating detail of how funds should be spent and imposing any form of policy on the SETAs.

The main focus should be to make a difference in their designated sectors and this is why the SETAs must develop strategy, plans and policies and not be constrained by detailed arbitrary targets set centrally. The absence of rigid rules and centrally determined allocations in the Grant Regulations needs to be understood in this context. The intention is that SETAs actively engage in putting in place policies designed to achieve the goals set out in their SSP.

4.1. ESTABLISHING A CREDIBLE INSTITUTIONAL MECHANISM FOR SKILLS PLANNING

NSDS Outcome 4.1.1: National need in relation to skills development is researched, documented and communicated to enable effective planning across all economic sectors.

The W&RSETA is committed to building institutional labour market research capacity. This involves strengthening the existing skills research and planning unit. There is a need to review the existing research strategy and offer multiple interventions to improve labour market intelligence. Staff development programmes should focus on analysis of labour markets; statistics for managers; alignment of industrial policy, skills strategies and labour markets; labour economics; theoretical understanding of skills shortages; labour market information systems and occupational supply and demand analysis.

Output 4.1.1.2: Sector skills plans are professionally researched, provide a sound analysis of the sector and articulate an agreed sector strategy to address skills needs.

Strategic Priority	Indicator	Success Factor
▪ Review research strategy	▪ Approval of research strategy	▪ Implementation of research strategy
▪ Support the development of emerging researchers	▪ Approval of selection criteria	▪ Number of researchers supported
▪ Financial support for Masters and PhD research in the W&R Sector	▪ Relevance of research for sector	▪ Number of students supported
▪ Develop customised training, coaching and mentoring interventions to improve institutional research capacity	▪ Approval of programme by SETA	▪ Number of staff trained
▪ Develop an all year programme for SSP development	▪ Approval of programme by SETA	▪ Implementation of continuous SSP research activities.
▪ Research staff attend at least one international conference on skills research	▪ Approval of programme	▪ Implementation of lessons learnt to sector
▪ Build a research repository for the sector	▪ Membership with research institutes	▪ Number of memberships with research bodies.
▪ Deliver at least 2 seminars on research in the sector	▪ Relevance of seminar for sector	▪ Seminar held
▪ Conduct tracer study, CEOs study, emerging trends study	▪ Approval of ToR by SETA	▪ Research completed
▪ Establish placement and alumni tracking system	▪ Web-based database and placement index	▪ Number of graduates tracked ▪ Annual tracking report
▪ Research on supporting FET College and university partnerships	▪ Approval of project	▪ Number of partnerships
▪ Conduct skills audit, impact study and tracer study	▪ Approval of project	▪ Research reports

4.2. INCREASING ACCESS TO OCCUPATIONALLY-DIRECTED PROGRAMMES

NSDS Outcome 4.2.1: Middle level skills needs are identified and addressed in all sectors

NSDS Outcome 4.2.2: 10,000 artisans per year qualify with relevant skills and find employment

According to NSDS lll South Africa's pool of intermediate skills, especially artisanal skills, is too low to support national and sector development and growth. The workforce is not keeping up with the skills needed to remain competitive in an increasingly knowledge-based economy. The W&RSETA should contribute to building the base of intermediate level skills by giving particular attention to occupations in this band. These occupations have been identified in the Priority and Scarce Skills Lists.

Output 4.2.1.1: SETAs research and identify middle level skills needs in their sectors and put in place strategies to address them, particularly through the use of the public FET colleges and universities of technology working in partnership with employers providing workplace-based training.

Output 4.2.1.2: Projects are established to address middle level skills in each sector.

Strategic Priority	Indicator	Success Factor
▪ SETA identify priority occupations and scarce skills at middle level ▪ Identify public FET Colleges and universities that that deliver learning leading to full qualifications on NQF ▪ Allocate grants for middle level training as part of project	▪ Prioritise funding for middle level occupations through learnerships, bursaries, apprenticeships (there must be a workplace component of learning) ▪ Monitoring and evaluation of progress	▪ Number of learners trained at middle level ▪ Number of graduates ▪ Number of FET Colleges and universities participating in this project

Output 4.2.2.1: SETAs establish projects and partnerships to enable the relevant number of artisans for their sector to be trained, to qualify and become work ready.

Strategic Priority	Indicator	Success Factor
▪ Identify artisanships on the national artisans list from the that are needed in the W&R Sector ▪ Develop MoU with Merseta for quality assurance of artisan training ▪ Establish a project to fund artisan training ▪ Invite companies to apply for artisanal training	▪ Number of apprenticeships registered ▪ Number of grants given	▪ Number of artisans developed

NSDS Outcome 4.2.3: High level national scarce skills needs are being addressed by work ready graduates from higher education institutions

The university sector is still not producing enough appropriately skilled and qualified people in disciplines central to social and economic development. Access is a challenge. Access relates to the availability of places in relevant programmes and constraints (social, academic, geographical and financial) facing the majority of disadvantaged university applicants.

Output 4.2.3.1: *Sector skills plans identify the supply challenges in relation to high level scarce skills gaps and set out strategies for addressing them.*

Output 4.2.3.2: *Agreements are entered into between SETAs, university faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes, increased work experience and experiential learning for students and access to post-graduate work.*

Strategic Priority	Indicator	Success Factor
▪ SETA identify priority occupations and scarce skills at high level ▪ Identify public FET Colleges and universities that that deliver learning leading to full qualifications on NQF ▪ Allocate grants for high level training as part of project	▪ Prioritise funding for middle level occupations through learnerships, bursaries, apprenticeships (there must be a workplace component of learning) ▪ Monitoring and evaluation of progress ▪ Qualifications for grants should address previously disadvantaged youth – rural, race, gender, disability, family income	▪ Number of learners trained at middle level ▪ Number of graduates ▪ Number of FET Colleges and universities participating in this project
▪ Establish 3 research chairs – KZN, W Cape and Gauteng	▪ Address wholesale, retail and labour market research	▪ Number of chairs active

NSDS Outcome 4.2.4: Relevant research and development and innovation capacity is developed and innovative research projects established		
Innovation in the sector is driven mostly by applications of information and communication technology (ICT). There should be a wider understanding of innovation than the traditional one, taking into account both ICT-driven technological innovation and non-technological innovation. There is considerable scope for innovation, research and development in micro- and small enterprise. There is also scope for innovation in the informal sector. Furthermore, the sector is a provider of customer services connected with the products sold (e.g. warehousing, financial services) and embodies the client interface where customer preferences are shaped and expressed. Innovations mostly have the character of process and service innovations, for example new ways of selling, marketing, logistics and firm operations. The on-going transformation of the sector is demonstrated by blurring distinctions between wholesale and retail, virtual and physical space and multi-channel marketing by diversity across horizontal branches, and by a diversity of organisational and strategic concepts.		
Output 4.2.4.1: Sector skills plans identify the focal areas for research, innovation and development. *Output 4.2.4.3: Programmes are put in place that focus on the skills needed to produce research that will be relevant and have an impact on the achievement of economic and skills development goals.* *Output 4.2.4.2: Agreements are entered into between SETAs, university faculties and other stakeholders on flagship research projects linked to sector development in a knowledge economy.*		
Strategic Priority	**Indicator**	**Success Factor**
▪ Establish innovation hub to support eWholesaling and eRetailing	▪ Establish criteria to select learners for eRetailing and eWholesaling	▪ Number of learners ▪ Number of graduates ▪ Job placement
▪ Identify research studies relating to innovation and research and development such as the following: ▪ Emerging and future trends in the sector ▪ Programmes in retail innovation ▪ Local retail innovation in formal and informal enterprises	▪ Establish research themes for innovation and research and development	▪ Research outputs
▪ One overseas visit by selected stakeholders to study trends in retail innovation	▪ Selection criteria devised	▪ Visit takes place ▪ Feedback sessions to sector
▪ One seminar on retail innovation	▪ Retail innovation and research and development themes	▪ Seminar held.
▪ Call for expressions of interest to support innovation and research and development for public FET Colleges and universities	▪ Establish panel, ToR and criteria to adjudicate project funding	▪ Number of projects initiated

4.3 Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities.

NSDS Outcome 4.3.1: The National Certificate (Vocational) and N-courses are recognised by employers as important base qualifications through which young people are obtaining additional vocational skills and work experience, entering the labour market with marketable skills, and obtaining employment.

NSDS III states the public FET college system is central to the government's programme of skilling and re-skilling the youth and adults. Its transformation is key to the integration of education and training and responding to the skills needs in our country. In recent years, FET colleges have been striving to make the transition from their former status as technical colleges to being responsive and vibrant post-school institutions for vocational education.

Output 4.3.1.1: The NCV is reviewed with inputs from stakeholders and the curriculum is revised to ensure that it provides a sound foundational basis for building labour market relevant skills.

Output 4.3.1.2: The programmes offered to meet industry needs, including those supporting apprenticeships and N-courses, are reviewed, updated and made available to and accessed by employers.

Strategic Priority	Indicator	Success Factor
▪ Establish a capacity-building project for FET Colleges that would include the following: curriculum development; understanding the W&R Sector; labour market research to measure responsiveness; collaboration between colleges and industry; lecturer development; RPL and assessment.	▪ Public FET Colleges ▪ Rural spread ▪ Capacity-building toolkit for FET Colleges	▪ Number of engagements ▪ 3 provincial workshops ▪ Dissemination of toolkit

4.4 ADDRESSING THE LOW LEVEL OF YOUTH AND ADULT LANGUAGE AND NUMERACY SKILLS TO ENABLE ADDITIONAL TRAINING.		
NSDS Outcome 4.4.1: A national strategy is in place to provide all young people leaving school with an opportunity to engage in training or work experience, and improve their employability.		
NSDS states that a high proportion of young people who exit school before completing a senior secondary qualification stand little chance of participating productively in the economy. To illustrate the severity of the problem, there are approximately 3 million youths, aged between 18 and 24 years, who are not in employment, education or training, have a poor educational foundation and are poorly prepared to undertake further learning. If the age group is expanded to take into account the 16 to 18 year-olds who have dropped out of school and are not in training or employment as well as the 25 to 35 year-olds who have remained unemployed since leaving full time education, the number is much higher.		
Output 4.4.1.3: *The DHET partners with stakeholders in the youth sector to put in place training and work experience projects for young people.*		
Strategic Priority	**Indicator**	**Success Factor**
▪ Establish a national internship and work placement project in partnership with local municipalities, FET Colleges and chambers of commerce.	▪ Budget approved ▪ ToR established ▪ Project assigned.	▪ Number of work placements and internships
▪ Two day workshop with FET Colleges on employability	▪ Employability and job creation	▪ Workshop held

4.5. ENCOURAGING BETTER USE OF WORKPLACE-BASED SKILLS DEVELOPMENT.

NSDS Outcome 4.5.1: Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to change in the labour market

NSDS III mentions that South Africa is challenged by low productivity in the workplace, as well as slow transformation of the labour market and a lack of mobility of the workforce, largely as a result of inadequate training for those already in the labour market.

The New Growth Path and National Development Plan adopted by government calls for increased workplace training of workers already in employment in order to improve productivity and the overall growth and development of our economy. To address this challenge, the NSDS III, through both the mandatory and discretionary grants of the SETAs, must support training of employed workers, and encourage employers to expand such training, in order to improve the overall productivity of the economy and address skills imbalances in our workforce in particular and the labour market in general. Accordingly, emphasis will be placed on the use of the levy-grant system with investment into our overall skills agenda.

Output 4.5.1.1: SETA stakeholders agree on the provision of substantial quality programmes for employed workers and report on the impact of the training.

Strategic Priority	Indicator	Success Factor
▪ Promote critical skills training by companies in the mandatory grant process.	▪ Number of WSP/ATR submissions	▪ Measuring impact

Output 4.5.1.2: Sector projects are put in place to address specific sector skills gaps.

Strategic Priority	Indicator	Success Factor
▪ **Develop sector-wide intervention on e-Retailing and e-Wholesaling**	▪ Development of intervention	▪ Impact study ▪ Placement of unemployed

Output 4.5.1.3: Cross-sectoral projects are established to address skills needs along local supply chains aimed at supporting local economic development.

▪ Develop joint initiative with FP&M SETA to support Training Levy scheme	▪ Budget approved	▪ Number of jobs saved
▪ Develop an RPL strategy and plan	▪ Budget approved	▪ Implementation of RPL

4.6 ENCOURAGING AND SUPPORTING CO-OPERATIVES, SMALL ENTERPRISES, WORKER INITIATED, NGO AND COMMUNITY TRAINING INITIATIVES.		
NSDS Outcome 4.6.1: Cooperatives supported with skills training and development expand and contribute to sector economic and employment growth		
The NSDS III must support the training needs of the cooperatives. The Department of Higher Education and Training will work closely with the Departments of Trade and Industry, Economic Development, Land Reform and Rural Development, and other relevant departments to support the training needs of cooperatives, and DHET will support the DTI in the establishment of a Cooperative Training Academy to deliver customised skills development programmes to cooperatives.		
Output 4.6.1.1: SETAs identify in their skills planning research, established and emergent Co-operatives and their skills needs. *Output 4.6.1.3: A national database of co-operatives supported with skills development is established and the impact of training reported on.* *Output 4.6.1.2: Sector projects are established by sector stakeholders, supported by the NSF.*		
▪ Conduct research into co-operatives in the sector with the support of DTI and EDD	▪ Budget for co-operative research	▪ Implement capacity-building programme.
▪ Establish co-operative database	▪ Number of skill development initiatives record	▪ Impact of training
▪ Establish on-site training initiatives for co-ops	▪ Implement initiatives	▪ Impact evaluation
NSDS Outcome 4.6.2: ***Partnership projects to provide training and development support to small businesses are established in all sectors and their impact reported on.***		
Output 4.6.2.1: SETAs, through their skills planning research, identify the skills needs of small and emerging businesses in their sector, and promote relevant programmes. *Output 4.6.2.2: Sector projects are developed that are piloted by SETAs and expanded through partnership funding.* *Output 4.6.2.3: A national database of small businesses supported with skills development is established and the impact of training reported on.*		
Strategic Priority	**Indicator**	**Success Factor**
▪ Conduct needs research on SMEs in sector.	▪ Research study	▪ Outcomes of study
▪ Develop SME strategy for SETA	▪ Strategy approved	▪ Strategy implemented
▪ SME participation in WSP/ATR process. Assist SMEs through the use of Independent Skills Development Facilitators to complete and submit the new WSP/ATR and PIVOTAL plan reports.	▪ Number of SMEs supported	▪ Number of SMEs who received grants
▪ Support SMEs through a voucher programme	▪ Budget approved	▪ Number of SMEs supported

NSDS Outcome 4.6.3: Worker, NGO and community-based education programmes are supported and their impact measured and reported on.		
Output 4.6.3.1: SETAs engage with trade unions, NGOs and community-based organisations in their sector and identify skills needs and strategies to address needs. *Output 4.6.3.2: SETAs establish quality pilot projects.* *Output 4.6.3.3: Stakeholders expand successful projects with support from the NSF.*		
Strategic Priority	**Indicator**	**Success Factor**
▪ Conduct skills audit of trade unionists	▪ Approval of project	▪ Production of report
▪ Develop shop stewards' training programme	▪ Approval of programme	▪ Number of shop stewards trained
▪ Develop organiser's training programme	▪ Approval of programme	▪ Number of organisers trained
▪ Emerging trends in trade unionism	▪ Approval of programme	▪ Seminar held
▪ Promotion of decent work agenda	▪ Approval of programme	▪ Implementation of programme

4.8 BUILDING CAREER AND VOCATIONAL GUIDANCE.

NSDS Outcome 4.8.1: Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression.

NSDS III states that our entire skills development system must dedicate the necessary resources to support career and vocational guidance, as this has proved to be a critical component in successful skills development initiatives world-wide.

Output 4.8.1.1: *Career guides are developed with labour market information from SETAs, addressing sub-sectors within their sector.*

Output 4.8.1.2: *Sector stakeholders are engaged and programmes are adjusted to meet the skills and qualification needs to promote comprehensive career development.*

Strategic Priority	Indicator	Success Factor
▪ Workshop in KZN, W Cape and Gauteng on the changing nature of work in the sector	▪ Approval of workshop	▪ Workshops held
▪ Updating career guide	▪ Guide updated	▪ Dissemination of guide
▪ Workshop with FET Colleges to discuss career prospects in sector	▪ Approval of project	▪ 9 workshops (one per region)
▪ Development and re-curriculation of qualifications aligned to QCTO requirements	▪ Qualifications Management Body to develop, align and submit qualifications per year to QCTO	▪ 12 qualifications aligned
▪ Continuation of the retail management development programme	▪ Budget approved	▪ Number of learners completed
▪ Continuation of international leadership development programme	▪ Budget approved	▪ Number of learners completed
▪ Development of career pathways in sector	▪ Approval of project	▪ Number of pathways developed

Table 25: Breakdown of NSDS III Goals

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