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# SECTOR SKILLS PLAN

## 2017-2018

(Final)

01 August 2017



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

**FOREWORD**

This is the last version of the Sector Skills Plan (SSP) for the Wholesale and Retail Sector Education and Training Authority (W&RSETA) for 2017-2018.

The SSP is prepared in accordance with *Sector Skills Plan Framework and Requirements (Revised 2017)*.

The principal aim of this SSP is to develop a “roadmap” for skills development in the wholesale and retail sector in South Africa. Hence, it is necessary to identify factors driving change in the sector, occupational supply and demand imbalances, skills gaps in the internal labour market of companies, and priority skills development interventions.

These are determined through extensive research and stakeholder consultations country-wide. We have also considered DHET feedback from the SSP 2016-2017.

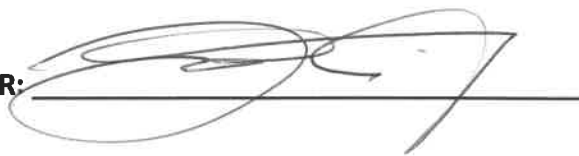
We have adopted an evidence-led approach of identifying and anticipating critical, pivotal and occupational shortages.

We have considered national policy issues in the *New Growth Path*, *HRDSA*, *National Development Plan*, *IPAP*, *National Skills Development Strategy* and *Skills Accord* in the development of the SSP.

The Sector Skills Plan is submitted to the Minister of Higher Education and Training in compliance with the requirement of the *Skills Development Act 1998 (as amended)* and the *National Skills Development Strategy (NSDS III)*.

APPROVED BY ADMINISTRATOR (NAME): Lascais Mokoena

SIGNATURE OF ADMINISTRATOR:



DATE: 31/07/17

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## EXECUTIVE SUMMARY

**CHAPTER 1 (SECTOR PROFILE):** The Wholesale and Retail Sector employs 3 207 000 people, or 21% of the active labour force.<sup>1</sup>

**Economic performance:** South African retail sales increased by 0.8% year-on-year in March 2017, recovering from a revised 1.6% drop in the previous month. Retail Sales YoY in South Africa averaged 4.62% from 2003 until 2017, reaching an all-time high of 15.5% in September 2006 and a record low of -6.40 percent in April of 2009.<sup>2</sup>

**Labour market profile:** There are 87 790 active Wholesale and Retail enterprises. These consist of 77 196 small companies (88%), 2370 medium companies (3%) and 919 (1%) large companies. There are 7305 (8%) unclassified enterprises. Gauteng has the largest concentration of enterprises (37%); Western Cape has 18%, and KwaZulu-Natal 15%.

**CHAPTER 2 (KEY SKILLS ISSUES):** Key drivers of change within the sector include:

**Downgrade to junk status:** Two major credit rating agencies, Standard & Poor (S&P), Fitch downgraded SA's sovereign rating to junk status - BBB negative and BBB respectively. Moody's (3<sup>rd</sup> rating agency) credit rating for South Africa was last set at Baa2 with negative watch outlook.

**Retail chains moving into townships:** National supermarkets are saturating townships and peri-urban areas causing a strain on small retailers. There have been calls for informal businesses to become formal, so they can better compete with the big chains, but there are barriers to this.

**Technology advancements:** Technology is changing the wholesale and retail industry. These changes include mobile applications, online shopping, big data, social media, cyber-crime, mobile phones and internet usage.

**Power shift to consumers:** Consumers are increasingly empowered by social networking sites. They have a voice, and often a very loud and powerful one. Changes include: ethical issues, eco-friendliness and greening.

**African retail growth:** Multinationals are expanding rapidly into Africa, some, more aggressively than others. Growth is driven by growing economies, population growth, supply chain efficiencies, and technology.

**SMME development:** The SMME sector is relatively large and source products from wholesalers. Changes include: small enterprise development, hawkers, casualisation and new training model.

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<sup>1</sup> StatisticsSA, 2017, Quarterly Labour Force Survey, Q1,

<sup>2</sup> Trading Economics: South African Retail Sale. 2017.

**Policy alignment:** Key policy drivers for the sector include: IPAP 4; New Growth Path (NGP); National Development Plan (NDA); HRD Strategy for SA, Department of Environmental Affairs and Tourism Sector Skills Plan.

**CHAPTER 3 (EXTENT OF SKILLS MISMATCH)** focuses on identifying Hard-To-Fill Vacancies, skills gaps and pivotal skills.

**Pivotal Skills List:** Sales Assistant (General) / Retail Buyer / Butcher / Confectionary Baker / Retail Manager (General) / Sales & Marketing Manager / Retail Supervisor / SHEQ Practitioner / Retail Pharmacist / Sales Representative.

**Skills gaps:** Management and leadership skills / Customer service skills / Basic literacy and numeracy skills / Basic book-keeping skills / Labour relations skills / Marketing and sales skills / Computer skills / Time management skills / Occupational health and safety skills / Personal budgeting skills.

**CHAPTER 4 (SECTOR PARTNERSHIPS)** identifies partnerships in the sector. It examines best practices and measures to strengthen partnerships. W&RSETA has partnerships with TVETs and universities. There is a need to establish new partnerships with small enterprise associations to reach retail SMMEs, co-operatives and informal traders.

**CHAPTER 5 (SKILLS PRIORITY ACTIONS)** recommends interventions to address skills needs in the sector, derived from earlier chapters.

This SSP identifies 6 key skills priorities for the W&R sector:

**SMME and cooperatives development:** It is critical that these enterprises are supported with skills development. New training models are needed to meet the training needs of SMMEs.

**Youth unemployment:** The retail sector provides significant temporary employment opportunities for the youth. The challenge is to convert these into permanent employment and encourage career development in the sector.

**Hard-To-Fill Vacancies and skills gaps:** The identification of Hard-To-Fill Vacancies (Occupational shortages) and skills gaps is a key deliverable of the SSP. This ensures that the SSP responds to the demands of the sector.

**Stakeholder engagement:** Stakeholder partnerships are the best way to meet industry needs for skilled workers and workers' needs for better jobs. It offers a platform to focus on job growth sectors and workforce training needs.

**Training and employment of people with disabilities (PWD):** Despite progressive legislation and a commitment from the government, PWD do not have the same opportunities as others. Therefore, improving access to training and employment are priorities to be pursued.

**Trade union capacity-building:** There is a need to build capacity in trade unions.

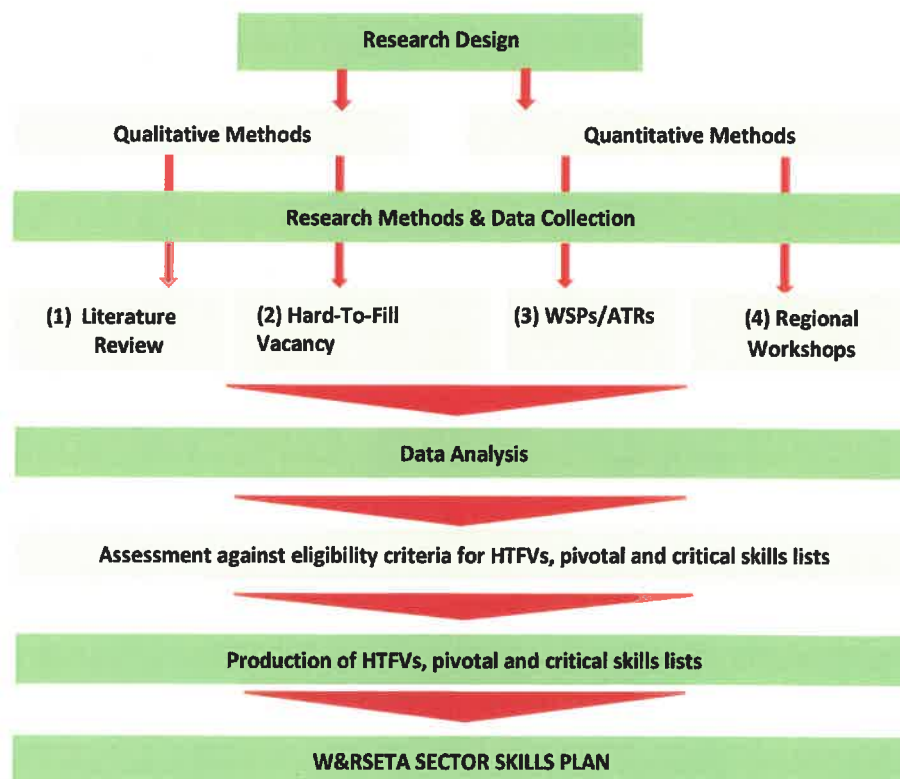
**Alignment with national strategies and plans:** Need to align skills funding to national priorities.

**PURPOSE AND OBJECTIVES:** The purpose of the research study is to develop a Sector Skills Plan for the wholesale and retail sector comprising the following objectives:

- ⇒ A profile of its economic and labour market performance.
- ⇒ Major change drivers impacting on the sector with implications for skills development.
- ⇒ Identification of occupational shortages, skills gaps and pivotal skills in the sector.
- ⇒ The extent and nature of skills supply.
- ⇒ The number of sector partnerships.
- ⇒ Skills priority actions.

**RESEARCH DESIGN:** A multi-method research design was employed to develop the sector skills plan. This design uses qualitative and quantitative research methods to collect and analyse data for profiling the W&R sector, identifying change drivers, determining HTFVs, critical and pivotal lists and devising skills development interventions.

The research design is as follows:



By adopting a multi-method research design, data can be triangulated, and evidence corroborated.



**RESEARCH METHODS:** The research methods involved the following:

Literature Review
<p><b>Objective:</b> A literature review of trade publications, company annual reports, newsletters, economic reports, W&amp;R sector studies was conducted to gather secondary data on economic and labour market profiles, change drivers, skills mismatches, supply and demand of skills, HTFVs skills, skills gaps and skills development interventions.</p> <p><b>Data Collection Tools:</b> The literature review involved web search and document analysis.</p> <p><b>Scope of Study:</b> The literature review gathered information on all chapters.</p> <p><b>Time-Frame:</b> The literature review was conducted throughout the duration of the study (12 months).</p>
Hard-To-Fill Vacancy (HTFV) Survey
<p><b>Objective:</b> The objective of the HTFV survey was to identify occupations that are HTFVs in the sector and the reasons for these vacancies. There was a section which required respondents to identify the top 3 skills gaps by major occupational category.</p> <p><b>Data Collection Tools:</b> A questionnaire was administered.</p> <p><b>Sample Size and Scope of Study:</b> The sample size was 234 respondents and the scope were to determine HTFVs and skills gaps.</p> <p><b>Time-Frame:</b> A HTFV Survey was administered between May and July 2017.</p>
Workplace Skills Plans and Annual Training Reports
<p><b>Objective:</b> The objective of the WSP/ATR analysis was to determine the extent of planned and reported training.</p> <p><b>Data Collection Tools:</b> Consolidated WSP/ATR spreadsheets.</p> <p><b>Sample Size and Scope of Study:</b> A total of 8 185 WSP/ATRs (2016/17) were analysed.</p> <p><b>Time-Frame:</b> April 2016 to March 2017.</p>
Workshops
<p><b>Objective:</b> The objective of the workshops was to identify change drivers, skills gaps, HTFVs and skills priorities.</p> <p><b>Data Collection Tools:</b> A worksheet was given and a PESTEL analysis was conducted with report back sessions.</p> <p><b>Sample Size and Scope of Study:</b> Workshops were held in 9 regions: KZN (67); Western Cape (72); NW (7); Mpumalanga (23); Eastern Cape (20); Free State (15); Limpopo (12); Northern Cape (9); Gauteng (76).</p> <p><b>Time-Frame:</b> Workshops were held between May and July 2017.</p>

## DATA ANALYSIS AND FINDINGS:

**Sector Profile (Chapter 1):** Data from the literature review and WSP/ATR was used to construct the sector profile.

**Key Skills Issues (Chapter 2):** Data from the literature review and workshops was used to identify key skills issues.

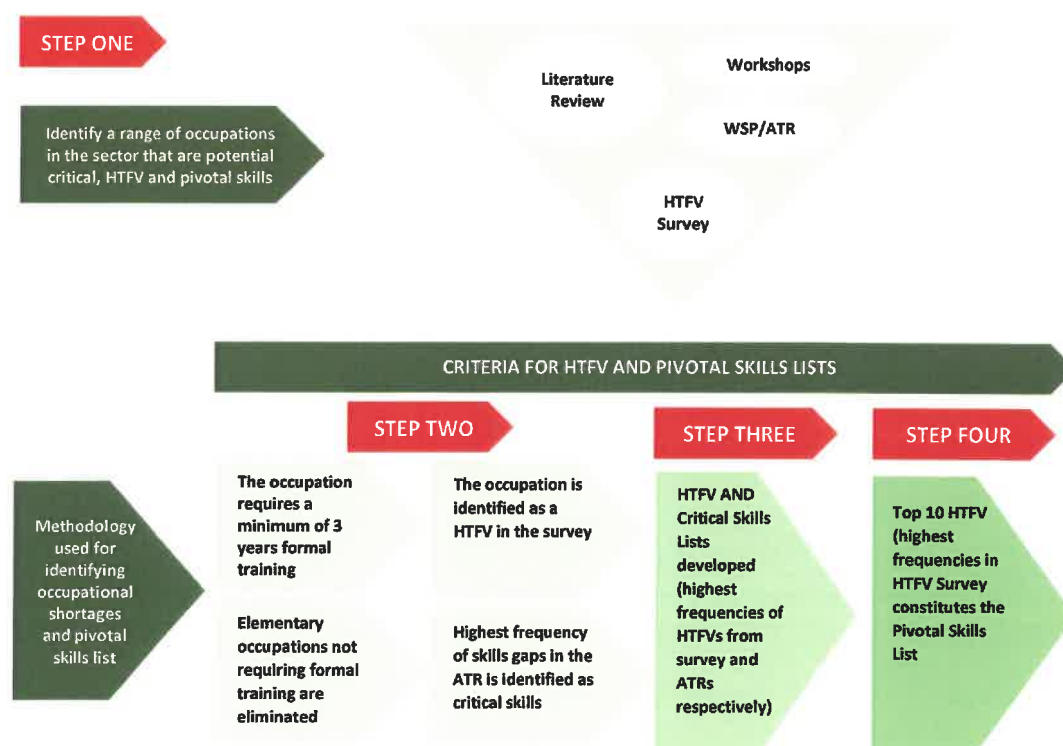
**Extent of Skills Mismatches (Chapter 3):** Data from the literature review, workshops, WSP/ATR and HTFV survey was used to establish HTFVs, PIVOTAL skills and skills gaps.

**Partnerships (Chapter 4):** This is achieved through a literature review of partnership reports.

**Skills Priority Actions (Chapter 5):** This information was “pulled” from previous chapters.

**CRITICAL, HARD-TO-FILL VACANCIES (HTFVs) AND PIVOTAL SKILLS LISTS:** The methodology used to determine critical, HTFVs and pivotal skills is intended to be transparent, replicable and simple to calculate. The methodology is designed to enable information to be incorporated year-on-year, without the need to redesign the process. By establishing a user-friendly framework for identification and anticipation of HTFVs and pivotal skills, all companies, including micro-enterprises can participate in the research.

The methodology and criteria to compile critical, HTFV and pivotal skills lists is as follows:



**Step One:**

The range of possible occupations for the HTFV, pivotal and critical skills lists are identified through workshops, literature reviews and the administration of a HTFV survey.

**Step Two:**

Four eligibility criteria are used to eliminate occupations: (1) 3 years formal training; (2) elementary occupations eliminated; (3) administer HTFV survey; and (4) skills gaps mentioned in ATRs.

**Step Three:**

After elimination, the highest frequency of occupations (above the median) are included on the HTFV List. The highest frequency of skills gaps mentioned in the ATRs (above the median) are included on the Critical Skills List.

**Step Four:**

The Top 10 HTFV ( highest frequencies) become the Pivotal Skills List.

**ACRONYMS**

ACRONYMS	DESCRIPTION
ATR	Annual Training Report
CGCSA	Consumer Goods Council of South Africa
DHET	Department of Higher Education and Training
FET	Further Education and Training
FRA	Fuel Retailers Association South Africa
GDP	Gross Domestic Product
HTFV	Hard-To-Fill Vacancy
HET	Higher Education and Training
ILDPA	International Leadership Development Programme
IPAP	Industrial Policy Action Plan
NDP	National Development Plan
NGP	New Growth Path
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
OFO	Organising Framework for Occupations
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PWC	Price Waterhouse Coopers
QCTO	Quality Council for Trades and Occupations
QLFS	Quarterly Labour Force Survey
RA	Retailers Association
RMI	Retail Motor Industry Organisation
RMDP	Retail Management Development Programme
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SIPs	Strategic Infrastructure Projects
SMME	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
STATSSA	Statistics South Africa
TVET	Technical and Vocational Education and Training
USD	United States Dollar
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WP-PSET	White Paper for Post-School Education and Training
WSP	Workplace Skills Plan

## CHAPTER ONE: SECTOR PROFILE

### 1.1. INTRODUCTION

Chapter One provides a sector profile of the wholesale and retail (W&R) sector. It gives a picture of the size and shape of the sector, allowing the reader to understand the contribution of the sector in economic and employment terms.

### 1.2. KEY QUESTIONS

This chapter will respond to:

#### Key Questions

- What is the scope of coverage of the sector?
- Who are the key role-players in the sector?
- What is the contribution of the sector to the economy?
- What is the employer profile of the sector?
- What is the employee profile of the sector?
- What are the implications for sector skills planning?

### 1.3. SCOPE OF COVERAGE

The Wholesale and Retail Sector Education and Training Authority (W&RSETA) was established in 2000 in terms of the *Skills Development Act 97 of 1998 (as amended)*. This public entity is responsible for supporting skills development in the wholesale and retail (W&R) sector of South Africa through the implementation of learning programmes, disbursement of grants and monitoring of education and training as outlined the *Act*, accompanying *regulations* and the *National Skills Development Strategy III (NSDS III)*.

Wholesale trade deals with the bulk buying of goods from various manufacturers and the breaking down of this bulk into smaller quantities which is then sold to the retailer. Retail trade deals with the buying of goods from the wholesaler and selling of such goods to the consumer.

The actual activities that fall within the scope of the wholesale and retail sector is demarcated according to Standard Industrial Classification (SIC) codes.

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

**Exhibit 1: Sic codes wholesale and retail**

SIC CODE	TRADE CATEGORY
<b>Wholesale</b>	
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)
<b>Retail</b>	
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)
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

#### 1.4. KEY ROLE-PLAYERS

The following are the key role-players in the W&RSETA:



#### COMMON INTERESTS

Skilled employees  
 Productive enterprises  
 Job creation  
 Poverty alleviation  
 Improved living standards  
 Competitive W&R sector



EMPLOYERS	ROLES AND AREAS OF EXPERTISE
Business Unity South Africa (BUSA) Fuel Retailers Association (FRA) South African Petroleum Retailers Association Retail Motor Industry Organisation Wholesale and retail enterprises (small, medium and large)	<ul style="list-style-type: none"> <li>Represented equally on the committees of the W&amp;RSETA.</li> <li>Represent and articulate employer (small, medium and large) interests.</li> <li>Contribute to education and training, negotiations, marketing, finance, human resources and legal.</li> </ul>
TRAINING PROVIDERS	ROLES AND AREAS OF EXPERTISE
Further Education and Training Committee Higher Education and Training Committee Association of Private Providers of Education Training and Development Southern African Society for Cooperative Education; Universities; TVET Colleges; Private training providers; Community colleges	<ul style="list-style-type: none"> <li>Represent interests of training providers – public and private.</li> <li>Contribute to education and training, quality assurance, curriculum development.</li> </ul>
TRADE UNIONS	ROLES AND AREAS OF EXPERTISE
Congress of South African Trade Unions Southern African Clothing and Textiles Workers Union South African Commercial, Catering and Allied Workers Union FEDCRAW Development Institute for Training, Support and Education for Labour	<ul style="list-style-type: none"> <li>Represented equally on the committees of the W&amp;RSETA.</li> <li>Represent and articulate worker interests</li> <li>Contribute to education and training, negotiations, public management and dispute resolution.</li> </ul>
COMMUNITY	ROLES AND AREAS OF EXPERTISE
South African Co-operatives Council Sasol Somerset West Trust Ipelegeng Consortium Tizawell Pty Ltd; Kathorus Chamber of Commerce and Industry Wilat – South Africa	<ul style="list-style-type: none"> <li>Represent interests of communities and co-operatives.</li> <li>Contribute to education and training, small enterprise and co-operative development, advancement of women.</li> </ul>
OTHER	ROLES AND AREAS OF EXPERTISE
Consumer Goods Council of South Africa Public Skills Development Forums Learners (employed and unemployed) WRSETA Staff	<ul style="list-style-type: none"> <li>Represent interests of consumers and the public.</li> <li>Contribute to education and training, consumer rights and legal.</li> </ul>
GOVERNMENT	ROLES AND AREAS OF EXPERTISE
Department of Higher Education and Training Department of Trade and Industry Provincial Economic Departments	<ul style="list-style-type: none"> <li>Represent interests of the state.</li> <li>Contribute to education and training, trade and industry and provincial growth.</li> </ul>



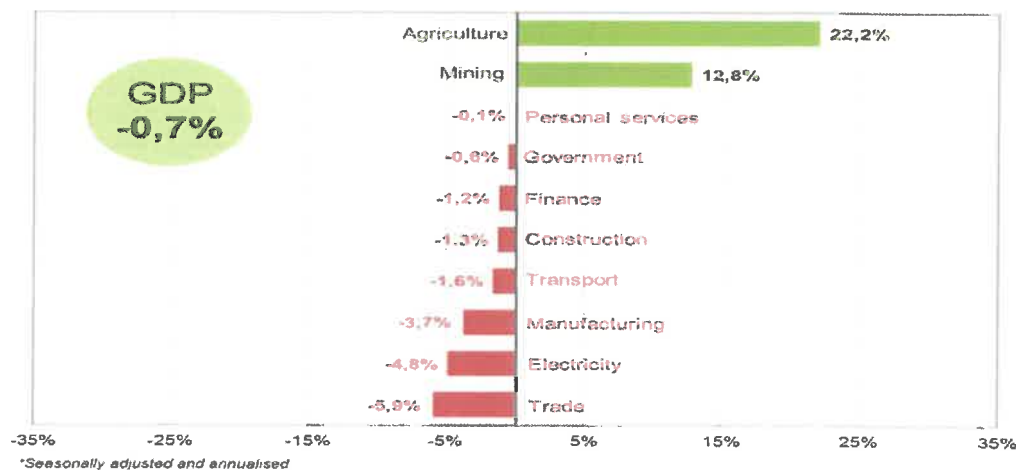
## 1.5. ECONOMIC PERFORMANCE

This section provides an economic profile of the W&R sector for 2016-2107.

### 1.5.1. Wholesale and Retail sector performance and state of the economy

This sector assesses the economic performance of the W&R sector.

**Exhibit 2: Performance of South African industries (2017)**



Source: Statistics South Africa Quarterly Labour Force Survey (wholesale and retail sector), 2017

Measured in real terms (constant 2012 prices), wholesale trade sales decreased by 4.1% in May 2017 compared with May 2016. Seasonally adjusted wholesale trade sales decreased by 3.6% in May 2017 compared with April 2017. This followed month-on-month changes of 2, 3% in April 2017 and 3% in March 2017. In the three months ended May 2017, seasonally adjusted wholesale trade sales decreased by 0.6% compared with the previous three months. Measured in real terms (constant 2012 prices), retail trade sales increased by 1,7% year-on-year in May 2017.

The highest annual growth rates were recorded for:

- Retailers in food, beverages and tobacco in specialised stores (14.5%);
- Retailers in pharmaceuticals and medical goods, cosmetics and toiletries (5.7%); and
- All 'other' retailers (3.2%).

The main contributors to the 1.7% increase were retailers in:

- Food, beverages and tobacco in specialised stores (contributing 0.9%);
- Pharmaceuticals and medical goods, cosmetics and toiletries (contributing 0.5%); and
- All 'other' retailers (contributing 0.3%).

South Africa's gross domestic product (GDP) growth rate was -0.7% in the first quarter of 2017. The largest negative contributor to growth in GDP in the first quarter was the trade,

catering and accommodation industry, which decreased by 5.9% and contributed -0.8% of a percentage point to GDP growth.

The manufacturing industry contracted by 3.7% and contributed -0.5% of a percentage point to GDP growth. Seven out of ten divisions reported negative growth rates in the first quarter. The largest contributor to the decrease was the petroleum, chemical products, rubber and plastic products division.

In contrast, the mining and quarrying industry increased by 12.8% and contributed 0.9% of a percentage point to GDP growth.

The agriculture, forestry and fishing industry rebounded in the first quarter of 2017 on the back of eight consecutive quarters of contraction. The industry's increase of 22.2% in the first quarter of 2017 was mainly because of increases in the production of field crops and horticultural products.

**Gross Domestic Product:** Trade experienced production falls across the board, particularly in catering and accommodation and wholesale and retail trade. Manufacturing found itself hamstrung by lower production levels in seven of its 10 divisions, most notably petroleum and chemical products (accounting for over 20% of the manufacturing industry). It was the third consecutive quarter of decline in total manufacturing. This has a knock-on effect on wholesale and retail sales.

Possibly, the most important aspect of the first quarter's results is the tertiary sector. The sector – comprising finance, transport, trade, government and personal services – recorded its first quarter of decline since the second quarter of 2009, when South Africa was in a recession as well.

**Job Losses:** The latest employment figures released by Statistics South Africa (Stats SA) hold no reprieve. According to the March 2017, Quarterly Employment Survey (QES), an estimated 9 644 000 persons were employed in the formal non-agricultural sector of the South African economy. This reflected a net quarterly decrease of 48 000 employees between December 2016 and March 2017.

Decreases in employment were led by the trade industry with 32 000 employees, the business service industry with 23 000 employees, the community service industry with 8 000 employees, the manufacturing industry with 4 000 employees and the transport industry with 1 000 employees.

For consumers, there is a reduced likelihood of people finding jobs and fewer pay increases as companies cut budgets. This also takes us somewhat off the radar of both foreign firms and local firms that prefer to invest in economies that are already growing or on an upward trend.

**Earnings:** It therefore comes as no surprise that there was also a quarterly decrease of R19.4 billion or 3.2% in total earnings paid to employees. Total earnings paid to employees amounted to R588 billion in March 2017, down from R607 billion in December 2016.

Decreases in gross earnings were led by the manufacturing industry with R7.1 billion quarter-to-quarters, followed by the trade industry with R6.0 billion, the community services industry with R4.5 billion, the construction industry with R4.4 billion, the transport service industry with R3.1 billion and the electricity industry with R1.2 billion. However, there was a quarter-to-quarter increase in gross earnings for the business services industry with R6.8 billion and the mining industry with R5 million.

**Downgrades:** Credit ratings agency Moody's followed in the footsteps of the other two agencies and downgraded the country's rating by a notch on 9 June 2017. Although Moody's did not downgrade the credit rating to junk status as opposed to S&P Global Ratings and Fitch, the outlook was left unchanged at negative, meaning another credit downgrade may be on the table. Moody's decision was rooted in the latest political developments which have made the country's reform drive more uncertain and the institutional framework less transparent.

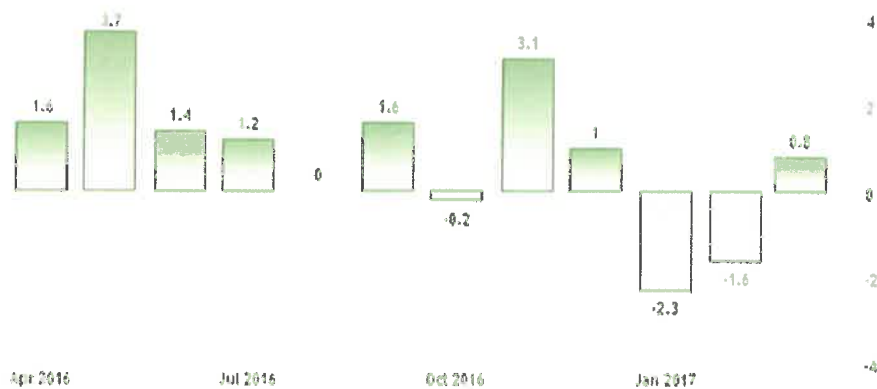
**Political Uncertainty:** Political and policy uncertainty along with perceptions of widespread corruption are significant contributors to the depressed mood of business, investor and consumer confidence in the country. Ongoing reports of corruption in state entities such as Prasa, South African Airways, Eskom, Petro-SA and municipalities, together with tensions in the ruling ANC party is contributing to economic decline.

**Service Delivery Protests and regulatory issues:** Service delivery protests is almost a daily occurrence that flares up in local communities. These are often violent protests resulting in damage to public and private property, confrontation with law enforcement, and closure of roads. The reasons for service delivery protests include: high unemployment, lack of housing, high transport, water and electricity costs, lack of proper sanitation, and generally poor services on the part of municipalities, particularly in outlying areas of the country.

Grant Thornton's International Business Report for 2016 reveals that 61% of South African businesses have been negatively affected by government service delivery issues or regulatory requirements in the past six months. Of these, 60% stated that increased service costs such as electricity, water, e-tolls and rising rates and taxes have had the greatest negative impact on their businesses. 56% stated disruption to the supply of utilities, 46% lamented strikes by government employees, and 45% complained about the cost of red tape legislative compliance as key concerns which are negatively affecting their businesses.

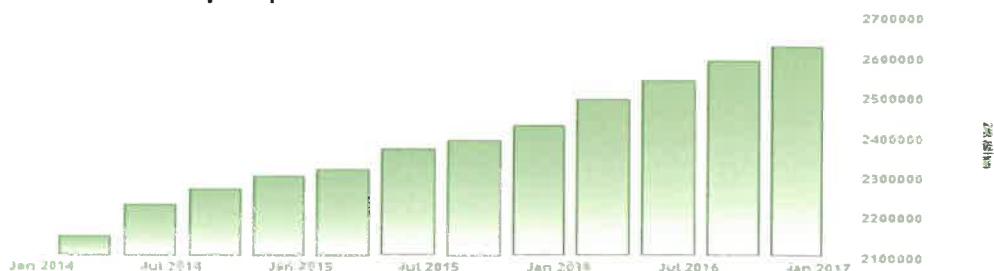
### 1.5.2. Economic Performance of W&R Sector

This section assesses the economic performance of the W&R sector for the 2016-2017 period.

**Exhibit 3: Year-on-year retail sales growth 2016-2017**

Source: Trading Economic (2017)

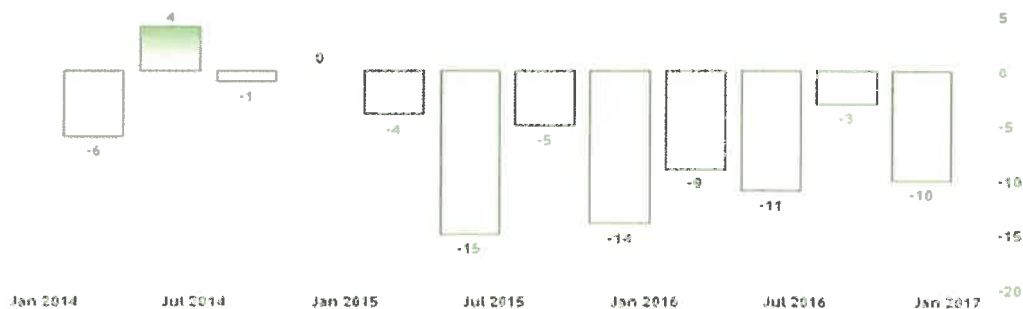
- Year-on-year retail sales growth in 2016 was weak, arising to 3.7% in May.
- It declined from June 2016 to October 2016, arising to 3.1% in November 2016.
- In 2017, sales growth was negative in January (-2.3%) and February (-1.6%) but picked up to a paltry 0.8% in March 2017.
- South African retail sales increased by 0.8% year-on-year in March 2017, recovering from a revised 1.6% drop in the previous month.
- Retail Sales YoY in South Africa averaged 4.62% from 2003 until 2017, reaching an all-time high of 15.5% in September 2006 and a record low of -6.40 percent in April of 2009.
- Sales rose the most for food, beverages and tobacco in specialised stores (14.8%), followed by household furniture, appliances and equipment (8.2%) and pharmaceuticals and medical goods, cosmetics and toiletries (7.2%).
- The South African economy moved into recession with the reported decrease of 0,7% in GDP during the first quarter of 2017, following a 0,3% contraction in the fourth quarter of 2016.
- Hence, the weak retail sales performance in 2016 and the beginning of 2017 is a result of a slowdown in the economy.

**Exhibit 4: Disposal personal income 2014-2017**

Source: Trading Economic (2017)

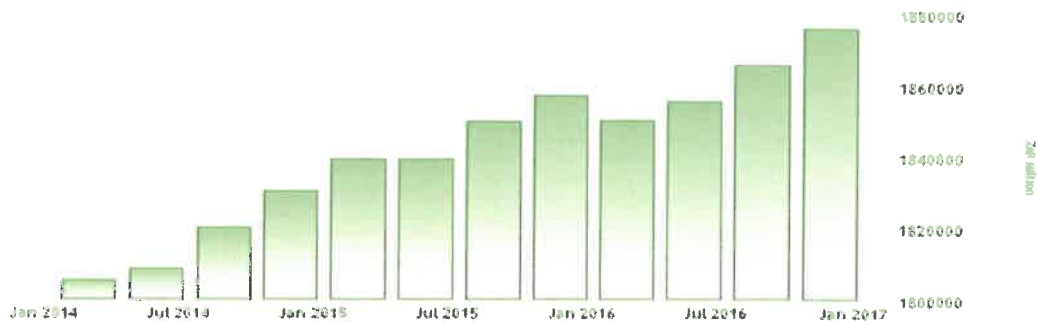
- Disposable Personal Income in South Africa increased to R2 626 536 million in the 4<sup>th</sup> quarter (2016) from R2 588 841 million in the 3<sup>rd</sup> quarter (2016).
- Disposable Personal Income in South Africa averaged R5 03 898.37 million from 1960 until 2016, reaching an all-time high of R2 626 536 million in the 4<sup>th</sup> quarter (2016).
- The increased disposal income has been a source of growth for the sector, since more money is spent at retail stores.
- It also increased the revenue of the W&RSETA and enabled an expansion of skills development projects with an increasing number of grants for apprenticeships, learnerships, bursaries and internships.
- Since the economy is now in a recession, growth is expected to slow.

Exhibit 5: Consumer confidence 2014-2017



Source: Trading Economic (2017)

- Business confidence in South Africa has reached a level of despondency last seen during the 2009 recession, according to the latest RMB/BER Business Confidence Index (BCI). Seven out of every 10 respondents were downbeat about prevailing business conditions. According to the index report, the sharp deterioration in sentiment reflects more than just the impact of increased political uncertainty. The FNB/BER Consumer Confidence Index (CCI) dropped to -10 in the December quarter of 2016 from -3 in the previous quarter, highlighting households' concerns about weak outlook of the economy.
- The long-term average of the index stood at +4.
- Consumer confidence in South Africa averaged 1.29 from 1982 until 2016, reaching an all-time high of 23 in the first quarter of 2007 and a record low of -33 in the second quarter of 1985.
- The negative business outlook is expected to put pressure on wholesalers and retailers and reduce volumes.

**Exhibit 6: Consumer spending 2014-2017**

Source: Trading Economic (2017)

- Consumer spending in South Africa increased to 1875986 ZAR Million in the fourth quarter of 2016 from 1865899 ZAR Million in the third quarter of 2016.
- Consumer spending in South Africa averaged 904166.26 ZAR Million from 1960 until 2016, reaching an all-time high of 1875986 ZAR Million in the fourth quarter of 2016 and a record low of 260612 ZAR Million in the first quarter of 1960.

**Comparison with other economic sectors:** Economic sector performance in the 1<sup>st</sup> quarter of 2017 compared to the 1<sup>st</sup> quarter of 2016 shows that only agriculture (22.2%) and mining (12.8%) recorded growth. The biggest losses were wholesale and retail trade (-5.9%), electricity (4.8%) and manufacturing (-3.7), transport (-1.6%) and construction (-1.3%).

Trade experienced production falls across the board, particularly in catering and accommodation and wholesale trade. Manufacturing found itself hamstrung by lower production levels in seven of its 10 divisions, most notably petroleum and chemical products (accounting for over 20% of the manufacturing industry).

## What does this mean for wholesale and retail in 2017?



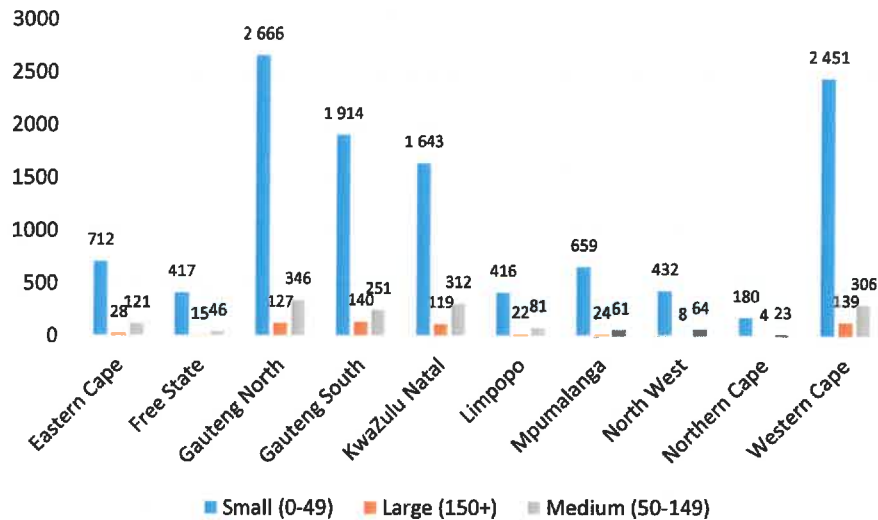
Sources: Trading Economics (2017); Statistics South Africa. Quarterly Labour Force Survey (QLFS). 2016.

- Retail spending is in decline in 2016 and 2017 with several major retailers closing. The most notable is Stuttafords.
- In a weak trading environment, consumers tend to stick to essentials. Hence, food sales are expected to hold.
- Technology reduces prices as people can buy online from warehouse to consumer. Online shopping is on the increase.
- Clothing retailers are feeling the “pinch”, since clothing is a non-essential in a weak trading environment. It results in competition and lower trading margins.
- SA is in a recession with GDP growth at 0.8%. This has a negative effect on the sector.
- There are several foreign retailers in the domestic market. They are putting pressure on local retailers to lower costs and increase quality.
- The positive factor is that inflation is within the Reserve Bank threshold at 5.3%.
- Consumer confidence is down due to the economic environment. Unemployment is at an all-time high at 27.7%.
- Junk status increases the cost of borrowing and frightens off foreign investment.
- This is reducing consumer confidence in the economy.

## 1.6. EMPLOYER PROFILE

This section provides an employer profile of the W&R Sector for the period 2016-2017.

**Exhibit 7: Number of levy paying companies per region 2016/17**

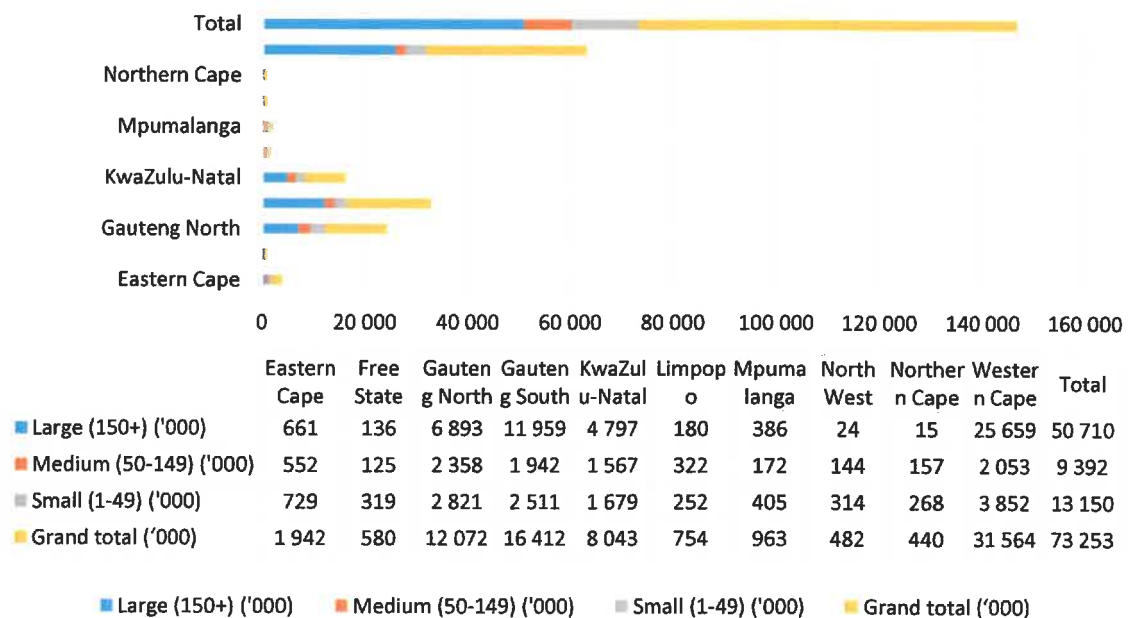


Source: WSP/ATR, 2016/17

- The highest number of levy paying companies was in Gauteng North (3139), followed by Western Cape (2896), Gauteng South (2305) and Kwa-Zulu Natal (2074).
- This is due to the higher concentration of companies in these regions.

## 1.7. LEVY INCOME TRENDS

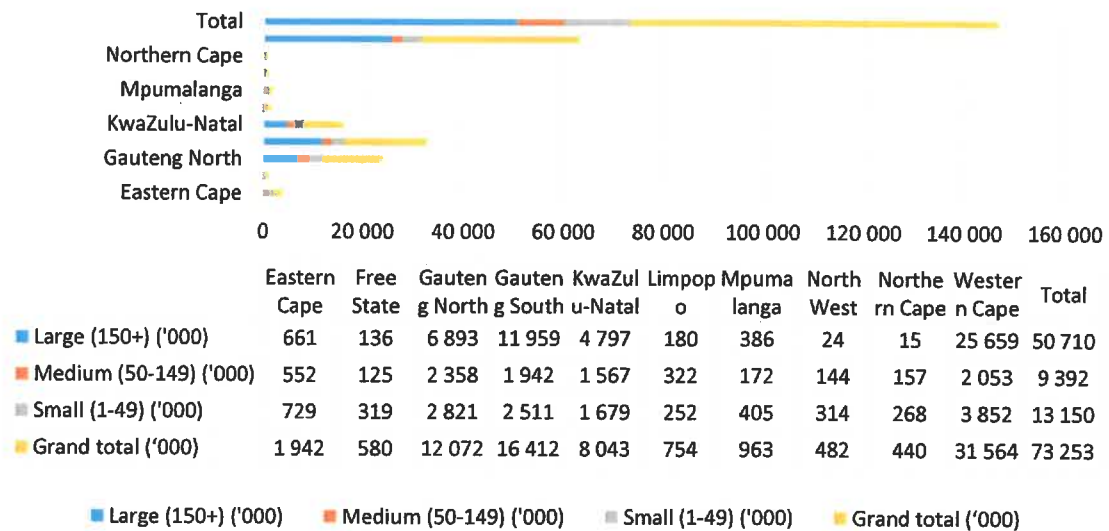
**Exhibit 8: Levies received per region for 2016/17**



Source: WSP/ATR, 2016/17



- Levies received from Western Cape were the highest, followed by Gauteng South and Gauteng North.
- This is due to the higher concentration of companies in these regions.

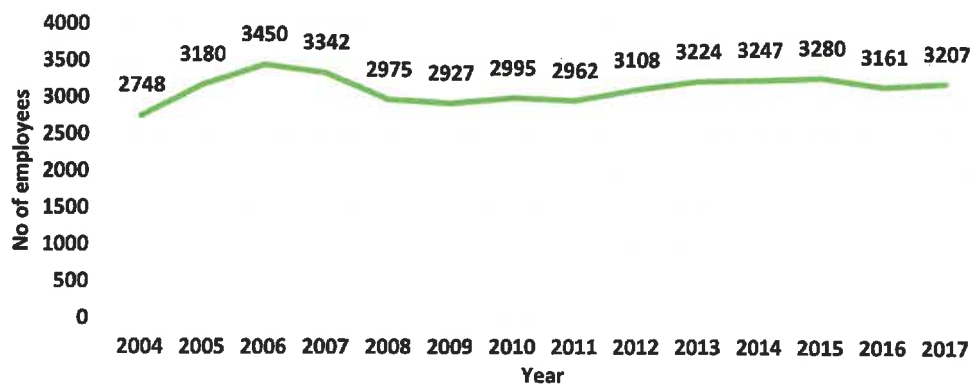
**Exhibit 9: Mandatory grant expenditure for 2016/17**

Source: WSP/ATR, 2016/17

- Western Cape had the highest mandatory grant expenditure followed by Gauteng South and Gauteng North.

## 1.8. EMPLOYEE PROFILE

The employee profile of the W&R sector illustrates that job growth has been subdued between 2004 and 2016. This is consistent with sluggish growth of the economy. The fortunes of the sector are tied to GDP growth.

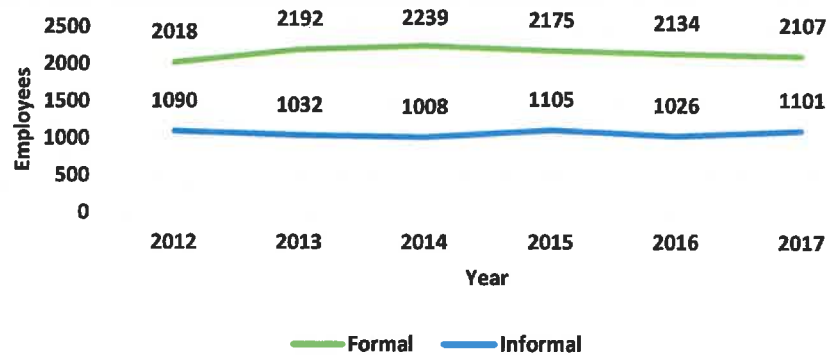
**Exhibit 10: Employees in W&R trade 2004-2017 ('000)**

Source: StatsSA Quarterly Labour Force Survey, Quarter 1, 2015/16/17

The exhibit reveals the following:

- The wholesale and retail sector employed about 3 million people in 2017, which is 21% of the total active labour force.
- In 2004, there were 2.748 million employees compared to 3.247 million employees in 2014. This represents an increase of 499 000 (18%) of employees in this period.
- The sector dipped from 2008 because of the global economic crisis and has not quite recovered since. This is a period in which the economy lost jobs.
- Employment rebounded in the sector in 2012 and has shown slow growth between 2013 and 2014. However, between Q4: 2015 and Q1: 2016, employment levels decreased by 119 000. Q1 of 2017 gained 46 000 jobs.
- The W&R sector is a major absorber of unskilled and semi-skilled workers. Hence, it is necessary to ensure healthy economic growth to provide employment for this unskilled and semi-skilled segment of the labour market, which consists of most of the labour force.

Exhibit 11: Employees by formal and informal sector ('000)

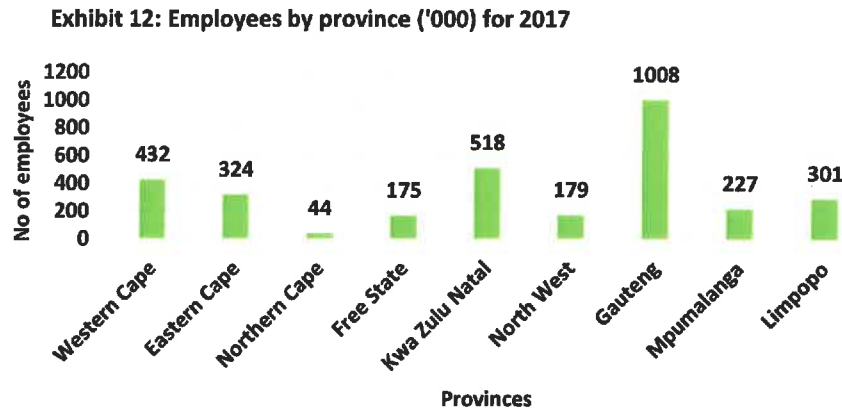


Source: StatsSA, Quarterly Labour Force Survey, Quarter 1, 2015/16/17

The exhibit reveals the following:

- There were 2.107 million (68%) in formal employment and 1.101 million (32%) in informal employment in the sector.
- Formal sector employment started to decline from 2014 because of poor economic growth.
- Informal sector employment experienced a steady decline over the period. Part of the problem is that government is not doing enough to assist the informal sector. Policy positions have not been supported by implementation.

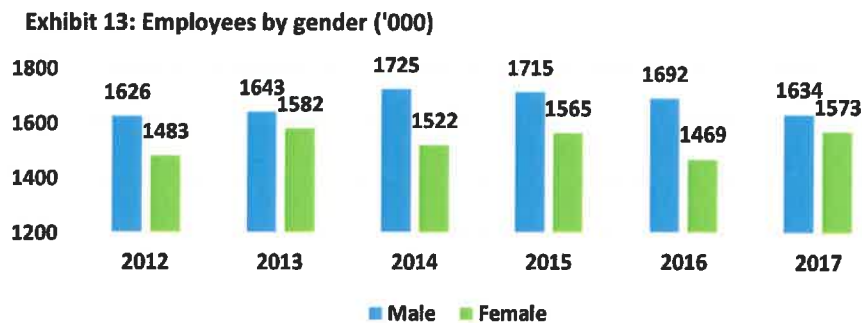
The exhibit provides statistics on employment by province.



Source: StatsSA Quarterly Labour Force Survey, Quarter 1, 2017

- Gauteng has the highest number of employees, followed by KZN and Western Cape.
- As mentioned earlier, the W&RSETA is required to provide support to all regions, particularly smaller regions where there is a need to promote employment creation and skills development.

The exhibit below illustrates the number of employees in the sector by gender between 2012 and 2017:



Source: StatsSA Quarterly Labour Force Survey, Quarter 1, 2017

The exhibit reveals the following:

- The number of females has declined from 2013 to 2016. Between 2012 and 2014, the number of males increased, with a decline in 2015/16/17.
- Male employment has remained the same since 2014 while females have increased.
- Stakeholder feedback indicated that there is a lack of females in management positions in the W&R sector. Skills development interventions need to focus on management training programmes for women.

## 1.9. EMPLOYEE DEMOGRAPHICS

The demographics of formal employment in the W&R sector is a challenge. According to the Commission for Employment Equity the racial profile of the sector is as follows<sup>3</sup>:

**Exhibit 14: Employees demographics**

OCCUPATIONAL LEVEL	MALE (%)				FEMALE (%)				FOREIGN NATIONAL		TOTAL (%)
	A	C	I	W	A	C	I	W	M	F	
Top Management	4.0	2.0	9.9	59.0	2.1	1.5	2.9	14.5	3.4	0.6	100
Senior Management	8.2	4.3	11.1	40.7	4.4	3.2	4.5	21.2	2.0	0.6	100
Professional	15.0	5.8	7.2	29.5	8.8	4.5	5.1	21.9	1.7	0.5	100
Technician	26.8	6.3	5.0	15.2	17.5	7.4	4.4	15.5	1.5	0.4	100
Semi-Skilled Workers	41.8	5.6	2.2	3.6	30.8	6.5	2.6	5.2	1.3	0.4	100
Unskilled Workers	45.3	5.0	0.9	1.1	39.6	5.1	0.7	0.6	1.4	0.5	100

Source: CEE. 2016. Commission for Employment Equity Annual Report 2016-2017.

The exhibit indicates the following over two decades after the advent of democracy:

- In top management, 6.1% of Africans compared to 73.5% of Whites are represented.
- Female representation across the board for top management is 21.6% with 2.1% Africans, 1.5% Coloureds and 2.9% Indians and 0.6% foreigners. The corresponding figure for White females is 14.5%.
- A similar picture emerges for senior management and professionals.
- In the unskilled category, Africans make up 45.3%, Whites 1.1%, Coloureds 5% and Indians 0.9%. The corresponding figures for females are 39.6%, 0.6%, 5.1% and 0.7% respectively.
- Compared with corresponding figures in last year's SSP, the W&R sector is not transforming in terms of its race profile.
- The W&RSETA is spending millions every year on senior and middle management training for people from disadvantaged groups. Research should be conducted to determine whether the participants of training are being promoted. The data shows otherwise.

## 1.10. CONCLUSION

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

- The sector is a major contributor to national employment. The job creation opportunities in the sector, ranging from unskilled to top management, are enormous. The sector requires workers who have the skills to create value through their work. It also requires elevated 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 formal wholesale and retail sector with very high levels of concentration and small and micro-enterprises in the informal sector. Both are connected.
- The sector is particularly sensitive to economic instability in the wider economy. Currently, the economy is not performing well, with a bleak outlook.
- Although there is sectoral determination in the sector, many employees are casuals, temporary, “permanent” 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.
- There are exceptions such as the Steinhoff Group in the furniture retail sector who have made major acquisitions in Europe.
- Growing prosperity among 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. In this respect, the SETA should devise customised workshops and training programmes to assist businesses.
- There is potential to improve the skills base of the sector, particularly at the lower and middle management level.

## CHAPTER TWO: KEY SKILLS ISSUES

### 2.1. INTRODUCTION

This chapter identifies factors driving change in the W&R sector and influencing it to change either positively or negatively. Since there are a multitude of change drivers, the intention is to identify those that are skills-related and assess its implications for human resource development.

Another issue addressed in this chapter is the alignment of sector skills planning to national strategies and plans such as the *National Development Plan*, *New Growth Path*, *Human Resource Development Strategy for South Africa*, *Industrial Policy Action Plan 3*.

### 2.2. KEY QUESTIONS

This chapter will respond to:

#### Key Questions

- What are the major factors impacting on skills demand and supply in the sector?
- What are the implications of these for skills planning in the sector?
- What research methods have been employed to arrive at findings?
- Which national plans and strategies are aligned to the sector?

### 2.3. CHANGE DRIVERS

#### DOWNGRADE TO JUNK STATUS

Two major credit rating agencies, Standard & Poor (S&P) and Fitch downgraded SA's sovereign rating to junk status - BBB negative and BBB respectively. Moody's (3<sup>rd</sup> rating agency) credit rating for South Africa was last set at Baa2 with a negative watch outlook.

#### IMPLICATIONS

- The downgrading is NOT a skills-related problem, but rather a non-skills related problem that must do with political and policy uncertainty. Hence, there is not much the W&RSETA can do by way of skills development.
- This means that SA's foreign-currency bonds are now ranked below the investment grade, hence the country is subject to moderate credit risk and it is inadequate to meet its financial obligations. The cost of borrowing will increase.





- South Africans should expect higher prices of goods and services as inflation will kick in due to the depreciation of rand against the dollar. Higher interest rates and the cost of debt increases. Possible increases of the repo rate.
- The downgrade has a negative impact on the W&R sector. The cost of production and transportation costs will increase, with lower salary increases.
- Businesses such as Pioneers, food and beverages and others that were planning to expand are negatively affected by the downgrade.
- If the sector retrenches, the skills levy pool of funds will be adversely affected.
- It will require employees in the sector to become much more productive (efficient and effective) in a negative business cycle.

#### OCCUPATIONAL NEEDS

- If retrenchments take place in the sector, there will be a pool of skilled workers seeking employment.
- Lower rate of Hard-To-Fill vacancies.

#### RETAIL CHAIN MOVING INTO TOWNSHIPS

National supermarkets are saturating townships and peri-urban areas causing a strain on small retailers. There have been calls for informal businesses to become formal so they can better compete with the big chains but there are a series of barriers facing them.<sup>4</sup>

#### CHANGES

This movement brings about changes in the way business is conducted and how consumers and retailers respond to these changes is different.

Townships covers half of SA's population whereas incomes generated is low and high unemployment with most households depending on government social grants.

The movement is beneficial to consumers as it provides access to a wide range of products at lower prices.

Small and independent retailers may be affected negatively because they cannot compete with bigger stores on price, quality and range of products.

It may decimate small and independent retailers, as has been the case in the urban areas.



#### CRITICAL SKILLS NEEDS

- All skills required in retail environment (refer to critical skills list section 3.7).

#### IMPLICATIONS FOR SKILLS DEVELOPMENT

- The W&RSETA should make funding available for cluster projects – clustering a group of SMMEs in a locality with a major retail chain. A prototype of this nature has been developed by the old CTFL SETA (now FP&MSETA).

#### OCCUPATIONAL NEEDS

Tellers, packagers, cleaners, securities, sales managers, buyers, merchandisers, sales assistants, bakers, butchers

<sup>4</sup> Business Day. 2017. Rivalry rises as supermarket eat into informal township economy, 19 May, P.7.

TECHNOLOGY ADVANCEMENTS	
The wholesale and retail industry are rapidly changing due to technological advancements.	
CHANGES	
<b>Mobile Applications:</b> Smartphones, tablets and wearable devices present retailers with new opportunities for engagement with customers. Retailers can build personal relationships with customers based on their preferences, shopping styles, and mobile interaction <sup>5</sup> .	
<b>Online Shopping:</b> Online shopping is growing rapidly in popularity. Companies are increasingly marketing online in order not to be outdone by rivals.	
<b>Big Data:</b> Large, complex datasets from multiple sources. Provides information on consumer behaviour and is a strong predictive sales indicator.	
<b>Social Media:</b> A platform for retailers to expand marketing to a wider range of consumers. Major platforms are Facebook, twitter, LinkedIn and others.	
<b>Cyber Crime:</b> Retailers are a target for cybercriminals. Retailers experience nearly three times as many cyberattacks as those in the finance sector <sup>6</sup> .	
<b>Mobile phones and internet usage:</b> Africa's claim to be the "mobile continent" is even stronger than previously thought, with researchers predicting internet use on mobile phones will increase 20-fold in the next five years. This will double the rate of growth in the rest of the world. Retailers are taking advantage of that by increasing the online shopping and marketing <sup>7</sup> .	
OCCUPATIONAL NEEDS	
Software Developer / Web Designer / Web Administrator / ICT Security Specialist / Graphic Designer / Analyst / Researcher / Marketing and Sales Manager	

<sup>5</sup> Tackels D, 2014, Are Mobile Apps Reshaping the Retail Industry? Industry News, Zurich

<sup>6</sup> NTT Group, 2016, Global Threats Intelligence Report.

<sup>7</sup> <https://www.theguardian.com/world/2014/jun/05/internet-use-mobile-phones-africa-predicted-increase-20-fold>



<p><b>POWER SHIFT TO CONSUMERS</b></p> <p>Consumers today are increasingly empowered by social networking sites. They now have a voice, and often a very loud and powerful one.</p> <p>Gone are the days when a bad shopping experience remains isolated to a customer's circle of friends and family.</p> <p>Negative reviews are now in the public domain, and easily accessible by anyone<sup>8</sup>.</p>	
<p><b>CHANGES</b></p> <p><b>Ethical issues:</b> Apart from saving, consumers also consider ethical issues when buying i.e. Buying from sweatshops; workshop or factory where manual workers are employed at very low wages for long hours and under poor condition is considered a vote for worker's exploitation which most consumers are against<sup>9</sup>.</p> <p><b>Eco Friendliness:</b> Consumers are now concerned with the natural environment; they prefer buying products that are with minimal detrimental impact on the natural Environment<sup>10</sup>.</p> <p><b>Greening:</b> Businesses are becoming more conscious of protecting the environment. Increased legislation and consumer pressure are driving the demand for eco-compliance. Businesses must show that they are environmentally friendly in their business processes and in the products and services they offer.</p>	 <p><b>CRITICAL SKILLS NEEDS</b></p> <ul style="list-style-type: none"> <li>Customer service, business ethics and risk, customer relationship management, legal, greening advocacy, industrial relations</li> </ul>
<p><b>OCCUPATIONAL NEEDS</b></p> <p>Environmental Manager / Social Corporate Manager / Public Relations Manager / HR Manager</p>	

<p><b>AFRICAN RETAIL GROWTH</b></p> <p>Multinationals are expanding rapidly into Africa and increasing the presence, some more aggressively than others.</p>	
<p><b>CHANGES</b></p> <p><b>Growing Economy:</b> Sub-Saharan African countries are amongst 10 fastest-growing economies in the world. Wholesale and retail is one of few markets with a growth of more than 5 percent growth<sup>11</sup>.</p>	

<sup>8</sup> Magel N. (2016 July 11). Three Drivers of Change. Son Jones

<sup>9</sup> <http://www.ethicalconsumer.org/shoppingethically/whybuyethical.aspx>

<sup>10</sup> Rachna, M., 2011, 'Eco- friendly products and Consumer perceptions', Vol.1 Issue 5, September, ISSN 2231 5780

<sup>11</sup> ATKearney, 2015, 'Retail in Africa: Still the next big thing', The 2015 African retail development index


<p><b>Population growth:</b> In the past year (2015) the population of the African continent grew by 30 million. By the year 2050, annual increase is expected to exceed 42 million people per year and total population will have doubled to 2.4 billion. This comes to 3.5 million more people per month, or 80 additional people per minute<sup>12</sup>.</p>	<p><b>SOARING RETAIL MARKETS</b> Breakdown of regional growth*</p> <p>2010</p> <p>2015</p> <p>* Hyper and H&amp;B retailers SOURCE: PLATINI RETAIL "INDUSTRIALISATION OF RETAIL 2016"</p>
<p><b>Supply chain efficiencies:</b> Mastering supply chain dynamics is critical for growth into Africa. The continent is a high-risk environment and scores, with a few exceptions, poorly on "ease of doing business indicators". Companies need to deliver stock on time and the lowest possible costs. The optimisation of the supply chain is necessary to improve productivity.</p> <p><b>Human resource:</b> the retail industry is one of the largest sources of employment in most countries. However, the supply of trained employees who meets skills requirements of an international company becomes a challenge.</p> <p><b>Managing risk/reward trade-off:</b> every retailer that has expanded into foreign markets know it very well that globalization adds layers of complexity to every aspect of doing business and it creates significant risk exposure.</p>	<p><b>CRITICAL SKILLS NEEDS</b></p> <ul style="list-style-type: none"> <li>Supply chain management, buying, logistics, warehousing and distribution, import and exports, legal and regulatory, business development, leadership, diversity management, HR and industrial relations, finance and accounting, strategic management, Customer relations, marketing and sales, product development, and advertising, risk assessment, conflict resolution, political analysis and negotiation, language (Portuguese, French, English).</li> </ul>
<p><b>OCCUPATIONAL NEEDS</b></p> <p>Senior Managers (executives), Sales and Marketing Manager, Advertising and Public Relations Manager, Market Researchers, Supply and Distribution Manager, Logistics Manager, Retail Manager (General), Import/Export Specialists, Procurement Specialists, Buyers and Accountants.</p>	

## 2.4. ALIGNMENT WITH NATIONAL STRATEGY AND PLANS

National policies and legislation should inform the W&RSETA's Strategic Plan and Annual Performance Plan. Below is a table summarising the national policies that guide the operations of the W&RSETA. It demonstrates the alignment of the W&RSETA's Strategic Plan to government's national policies and strategies.


<sup>12</sup> United nation, 2015, Population Division, Department of Economic and Social Affairs, the 2015 revision.

SMME DEVELOPMENT	
The W&R sector in South is made up of many SMMEs.	
CHANGES	
<p><b>Small enterprise development:</b> 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.</p>	
<p><b>Hawkers:</b> 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.</p>	
<p><b>Casualization:</b> The entire retail sector is characterised by high casualization – the “permanent temporary worker”. Most workers employed by unorganised businesses do not receive healthcare, educational and minimum wages.</p>	
<p><b>New Training Model:</b> A new training model is required to upgrade the skills of SMMEs, since they cannot leave the business for skills training. Training for SMMEs should include: voucher training schemes; toolkits; on-the-job training; industry clusters; mentoring and coaching. An SMME Strategy for skills development is needed.</p>	
OCCUPATIONAL NEEDS	
Coach / Mentor / SMME specialist	



**CRITICAL SKILLS NEEDS**

- Fiscal management, HR, marketing and sales, communication, negotiation, technical, conflict management, buying, pricing, time management, customer relations, ICT, life skills, coaching, mentoring

MILLENNIALS	
The millenniums can be defined as the influence of young people entering the sector through employment and training.	
Changes	
<p>This change driver has brought about the need for the W&amp;RSETA to develop interventions that address skills development issues related to millenniums entering the sector.</p> <p>The W&amp;RSETA is in consultation with stakeholders to develop sector database for the millenniums. The millenniums on the database will be offered skills programmes to prepare them for the labour market.</p>	<p><b>Critical Skills Needs</b></p> <ul style="list-style-type: none"> <li>Basic literacy and numeracy skills</li> <li>Personal budgeting skills</li> <li>Computer skills</li> <li>Time management skills</li> <li>Customer service skills</li> </ul>

NATIONAL STRATEGIES / POLICIES	IMPLICATIONS FOR W&RSETA
<p><b>National Skills Accord</b> 8 commitments to be followed:</p> <ul style="list-style-type: none"> <li>Expand training using existing facilities.</li> <li>Create internship and placement opportunities.</li> <li>Set ratios for trainees and artisans, as well as across the technical vocations, to improve training.</li> <li>Improve training funding and incentives for companies to train.</li> <li>Set annual targets for training in state-owned enterprises.</li> <li>Improve SETA governance, fiscal management, and stakeholder involvement.</li> <li>Align training to the New Growth Path and improve SSPs.</li> <li>Improve the role and performance of TVET colleges.</li> </ul>	<p>The implications are:</p> <ul style="list-style-type: none"> <li>Increase learnerships, apprenticeships, internships and bursaries.</li> <li>Increase the number of accredited training providers.</li> <li>Expand partnerships with TVET Colleges.</li> </ul>
<p><b>Industrial Policy Action Plan II (IPAP II)</b> IPAP has identified several growth sectors that address high unemployment.</p>	<ul style="list-style-type: none"> <li>Increase learnerships, apprenticeships, internships and bursaries in clothing, textiles, footwear and leather goods and automotive.</li> <li>Develop projects for promoting green industries.</li> </ul>
<p><b>New Growth Path (NGP)</b> The New Growth Path identifies 5 job drivers:</p> <ul style="list-style-type: none"> <li>Infrastructure for employment and development.</li> <li>Improving job creation in employment and development.</li> <li>Seizing the potential of new economies.</li> <li>Investing in social capital.</li> <li>Spatial development.</li> </ul>	<ul style="list-style-type: none"> <li>Create projects to increase college-to-work transitions.</li> <li>Increase learnerships, apprenticeships, internships and bursaries in clothing, textiles, footwear and leather goods and automotive.</li> <li>Develop projects for promoting green industries.</li> </ul>
<p><b>National Development Plan 2030 (NDP)</b> The National Development Plan 2030 has identified the following 9 key areas to achieve a development approach that is sustainable and inclusive:</p> <ul style="list-style-type: none"> <li>Creating jobs and livelihoods</li> <li>Expanding infrastructure</li> <li>Transitioning to low-carbon economy</li> <li>Transforming urban and rural spaces</li> <li>Improving education and training</li> <li>Providing quality healthcare</li> <li>Building a capable state</li> <li>Fighting corruption and enhancing accountability</li> <li>Transforming society and uniting the nation</li> </ul>	<p>The implications are:</p> <ul style="list-style-type: none"> <li>Build capabilities of W&amp;RSETA staff and Board members.</li> <li>Increase learnerships, apprenticeships, internships and bursaries.</li> <li>Increase the number of accredited training providers.</li> <li>Expand partnerships with TVET Colleges.</li> <li>Create projects to increase college-to-work transitions.</li> <li>Develop projects for promoting green industries.</li> </ul>
<p><b>White Paper for Post-School Education and Training (WPPSET)</b></p> <ul style="list-style-type: none"> <li>It is a vision for an integrated system of post-school education and training with all institutions playing their roles.</li> <li>Set out strategies to improve the capacity of post-school education and training system to meet SA's needs.</li> </ul>	<ul style="list-style-type: none"> <li>Increase learnerships, apprenticeships, internships and bursaries.</li> <li>Increase the number of accredited training providers.</li> <li>Expand partnerships with TVET Colleges.</li> </ul>
<p><b>National Skills Development Strategy (NSDSIII)</b></p> <ul style="list-style-type: none"> <li>The vision is a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path.</li> <li>Acts as a strategic guide for skills development and provides direction to skills planning and implementation in the SETAs.</li> <li>Sets out the linkages with, and responsibilities of, other education and training stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Increase research capacity in the SETA.</li> <li>Increase learnerships, apprenticeships, internships and bursaries.</li> <li>Increase the number of accredited training providers.</li> <li>Expand partnerships with TVET Colleges.</li> </ul>

## **2.5. CONCLUSION**

From the multiplicity of factors driving change in the W&R sector, we have identified 6 major change drivers that are likely to change the sector in significant ways in the future. These factors have major implications for skills development and the work for the W&RSETA.



## CHAPTER THREE: OCCUPATIONAL SHORTAGES, SKILLS GAPS AND OCCUPATIONAL SUPPLY

### 3.1. INTRODUCTION

Having profiled the sector, employment, and the key issues driving change, this chapter focuses on understanding occupation-specific skills mismatches in the sector. The issue of skills gaps is also addressed.

This chapter is set out as follows:

- Occupational shortages (also called Hard-To-Fill Vacancies) and skills gaps (also called critical skills) are identified.
- Skills supply issues are discussed.
- Hard-To-Fill Vacancy (HTFV) lists and critical skills list are provided.

### 3.2. KEY QUESTIONS

This chapter will respond to:

#### Key Questions

#### Hard-To-Fill Vacancies (HTFVs) and skills gaps

- What are HTFVs and skills gaps in the sector?

#### Demand

- What occupations are HARD-TO-FILL VACANCIES? Why are these occupations HTFVs?


#### Supply

- What is the extent of occupational skills supply in the sector? What is the state of education and training provision? What supply problems are firms experiencing?

### 3.3. OCCUPATIONAL SHORTAGES (Hard-To-Fill Vacancies)

For the current training year, the following occupations were identified as HTFVs using WSP/ATR data and the HTFV survey.

Exhibit 15: Hard-to fill vacancies list

				
OCCUPATION	OFO CODE	PLANNED BENEFICIARIES	VACANCIES	REASONS
Sales Assistant (General)	522301	383240	3305	D-G
Checkout Operator	523101	243584	50	D
Retail Manager (General)	142103	123233	1177	A-B-C
Shelf Filler	833401	84461	640	D
Food Service Counter Attendant	524601	45551	32	D-G
ICT Trainer	235601	985	1200	A-B-C
Confectionary Baker	681201	26084	375	A-B
Stock Clerk / Officer	432101	24860	10	B
Store Person	833402	22888	29	B
Retail Supervisor	522201	21668	389	A-B-C
Office Cashier	523102	19810	12	D-G
Corporate Services Manager	121902	18875	35	A-B-C
Sales Demonstrator	524201	16192	54	
General Clerk	411101	14876	112	D-G
Service Station Attendant	524501	12973	40	D-G
Dispatching and Receiving Clerk	432102	9840	25	D-G
Meat Packer	832102	9018	12	D-G
Visual Merchandiser	343203	7299	171	A-B
Office Administrator	334102	4876	363	A-B
Back Office Process Consultant	411102	4474	14	C
Butcher	681103	4231	320	A-B
Food Trade Assistant	841202	4045	72	
Sales Representative (Industrial Products)	243301	3994	64	A-B
Retail Buyer	332301	3859	112	A-B
Accounts Clerk	431101	3631	13	A-B
Packer (Non-Perishable Products)	832101	3613	24	D-G
Delivery Driver	732101	3452	45	D-G
Apparel and related pattern maker	683202	86	150	A-B-C
Sales Representative (Personal and Household Goods)	332203	2836	164	A-B
Sales and Marketing Manager	122101	2789	145	A-B
Security Officer	541401	2612	34	D-G
Warehouse Administrator	132404	1952	13	A-B
Warehouse Manager	432104	1875	18	A-B
Pharmacy Sales Assistant	332208	457	57	A-B-C
Health and Safety Manager	121206	87	13	A-B-C
SHE&Q Practitioner	226302	329	74	A-B-C
Shelf Filler	833401	5618	1287	A-B-D-G
Forklift Driver	734402	456	162	A-B-C

Source: WSP/ATR 2015/16

**KEY:** The key below provides reasons for HTFVs:

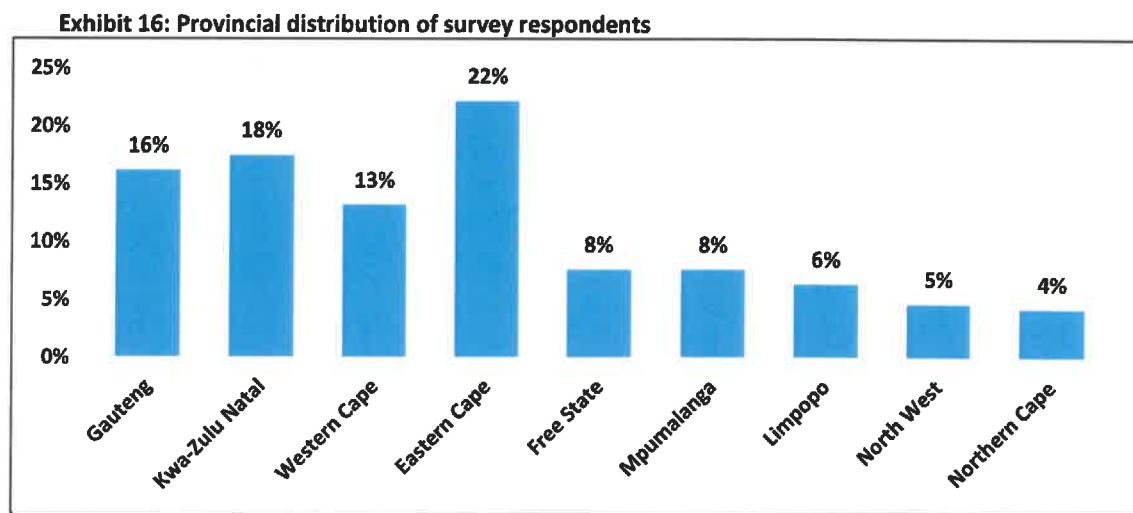
REASONS FOR VACANCY	CODE
Lack of skills	A
Lack of experience	B
Lack of qualifications	C
Poor pay	D
Poor personality	E
Long working hours	F
Travel long distances	G

### 3.4. HARD-TO-FILL VACANCY (HTFV) SURVEY

Findings of the HTFV survey are below.

#### 3.4.1. Respondents

A HTFV survey was administered to member companies in the sector and 234 responses were received. The provincial distribution of respondents is as follows:

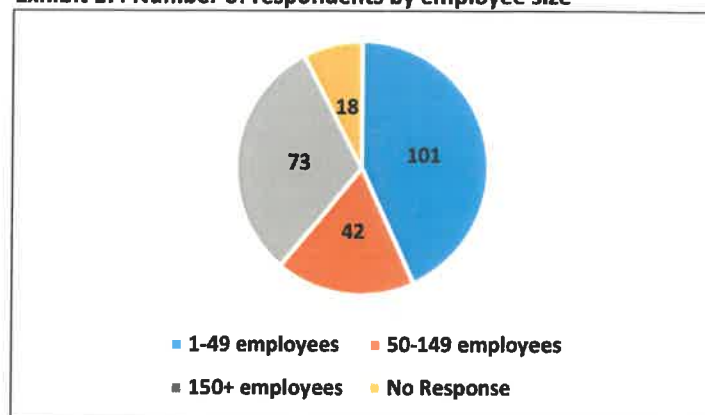


Respondents were as follows: Gauteng (38), KZN (41), Western Cape (31), Eastern Cape (52), Free State (18), Mpumalanga (18), Limpopo (15), North West (11) and Northern Cape (10).



The number of respondents by employee size is as follows:

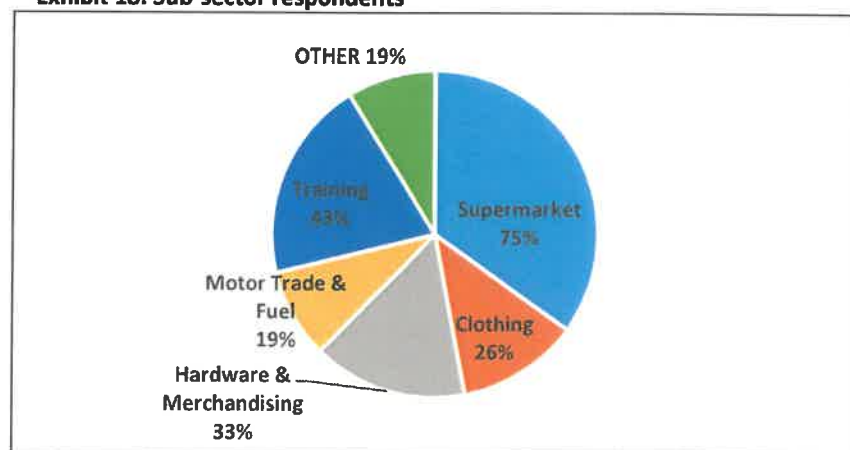
**Exhibit 17: Number of respondents by employee size**



The numbers of responses by employer size were large (73), medium (42) and small (101). There were 18 respondents who did not indicate employer size of enterprise. The highest numbers of responses were received by small enterprises which is characteristic of the sector.

The following sub-sectors were represented:

**Exhibit 18: Sub-sector respondents**



In terms of types of business activity, the largest numbers of respondents were supermarkets which are characteristic of the composition of the sector. Other refers to business activities not specified in this pie graph. Refer to list of SIC codes in Chapter 1.

### 3.4.2. Hard-To-Fill Vacancies (HTFVs)

Respondents identified 59 occupations that were HTFV in the sector. The occupations with the highest frequency (above the median) were identified as HTFVs.

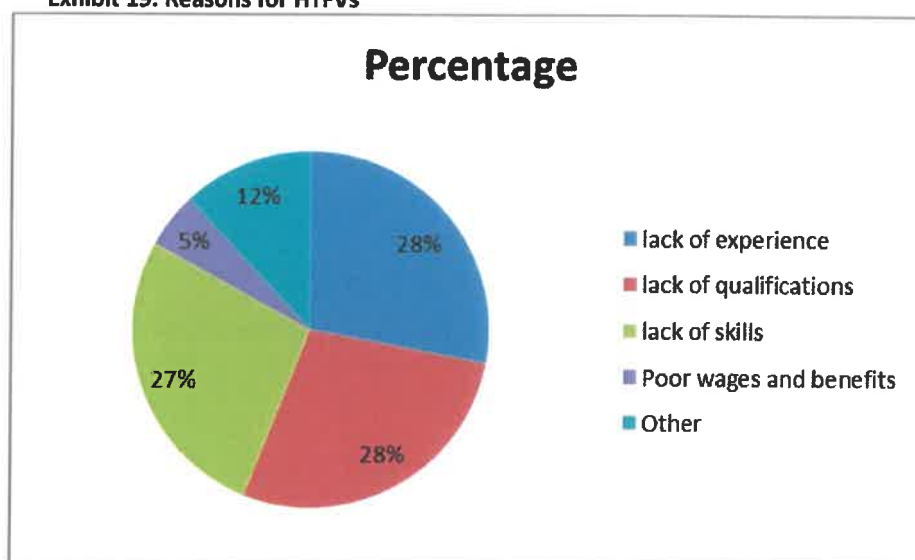
The following 28 occupations were above the median in terms of HTFVs:

NO	HTF OCCUPATIONS	NO OF VACANCIES	NO	HTF OCCUPATIONS	NO OF VACANCIES
1	Customer Services Manager	277	15	Retail Buyer	61
2	Cook	234	16	Accounts Clerk	59
3	Confectionary Baker	221	17	Visual Merchandiser	56
4	Pharmacy Sales Assistant	154	18	Stock Clerk / Officer	53
5	Retail Supervisor	140	19	Service Station Manager	52
6	Retail Manager (General)	120	20	SHE&Q Practitioner	48
7	Sales and Marketing Manager	115	21	Accountant	44
8	Operations Manager (non-manufacturing)	92	22	Supply and Distribution Manager	43
9	Chef	92	23	Call Centre Operator	40
10	Retail Planner	88	24	Plumber	40
11	Butcher	87	25	Warehouse Manager	39
12	Corporate General Manager	86	26	e-Retail Manager	37
13	Sales Representative (Industrial Products)	73	27	Bookkeeper	36
14	Human Resources Manager	67	28	IT Manager	34

### 3.4.3. Reasons for HTFVs

The three most common reasons for HTFVs were:

Exhibit 19: Reasons for HTFVs



The above exhibit is significant because it provides the reasons for occupational shortages (HTFVs). The 3 main reasons are lack of experience (28%), lack of qualifications (28%) and lack of skills (27%). These reasons are skills-related HTFVs, compared with non-skills related HTFVs. Interestingly, only 5% cited poor wages and benefits. Hence, occupational shortages in the sector are largely due to lack of skills development.

### 3.4.4. Critical Skills

The most important critical skills by major occupation group are:

OCCUPATIONAL CATEGORY	FIRST SKILLS GAP	SECOND SKILLS GAP	THIRD SKILLS GAP
<b>Managers</b>	Leadership	Interpersonal	Decision making
<b>Professionals</b>	Interpersonal	Mentoring & coaching	Communication
<b>Technicians &amp; Associate Professionals</b>	Time management	Communication	Productivity
<b>Clerical Support Workers</b>	Computer	Time management	Communication
<b>Service &amp; Sales Workers</b>	Customer service	Communication	Product knowledge
<b>Craft &amp; Related Trades Workers</b>	Product knowledge	Customer service	Communication
<b>Plant &amp; Machine Operators</b>	Productivity	First aid	Product knowledge
<b>Elementary Occupations</b>	Numeracy & literacy	Communication	Productivity

### 3.5. HARD-TO-FILL VACANCIES (HTFVs) BY PROVINCE

The following is the HTFV list by province:

**Exhibit 20: HTFV list for Western Cape and Eastern Cape**

WESTERN CAPE		EASTERN CAPE	
OCCUPATION	OFO CODE	OCCUPATION	OFO CODE
Retail Manager	142103	Butcher	681103
Retail Supervisor	522201	Retail Manager (General)	142103
Retail Buyer	332301	Confectionary Baker	681201
Sales Assistant (General)	522301	Retail Supervisor	522201
Sales and Marketing Manager	122101	Sales and Marketing Manager	122101
Sales Representative	332203	Retail Buyer	332301
Butcher	681103	Office Cashier	523102
Confectionary Baker	681201	Accountant (General)	241101
Forklift Driver	734402	Logistics Manager	132402
Office Cashier	523102	Petrol Attendant	524501

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016

In the Western Cape, only two positions were at manager level. In the Eastern Cape, 3 manager level occupations were identified. There were occupations that require short skills training such as cashiers, petrol attendants forklift driver and sales assistant.

**Exhibit 21: HTFV list for Northern Cape and Free State**

NORTHERN CAPE		FREE STATE	
OCCUPATION	OFO CODE	OCCUPATION	OFO CODE
Retail Manager (General)	142103	Retail Buyer	332301
Retail Supervisor	522201	Stock Control Clerk	432101
Butcher	681103	Retail Manager (General)	142103
Retail Buyer	332301	Bakery & Confectionary Machine Operator	716105
Sales Assistant (General)	522301	Sales and Marketing Manager	122101
Confectionary Baker	681201	Butcher	681103
Petrol Attendant	524501	Market Research Analyst	243102
Sales Representative	332203	E-commerce Manager	No code
Warehouse Manager	132404	Electrician	671101
Accountant (General)	241101	IT administrator	No code

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016

In the Northern Cape, only two positions were at manager level. In the Free State, 3 manager level occupations were identified. There were occupations that require short skills training such as cashiers and stock control clerk.

**Exhibit 22: HTFV list for Kwa-Zulu Natal and North West**

KWA ZULU NATAL		NORTH WEST	
OCCUPATION	OFO CODE	OCCUPATION	OFO CODE
Retail Manager (General)	142103	Butcher	681103
Retail Buyer	332301	Sales Assistant (General)	522301
Retail Supervisor	522201	Confectionary Baker	681201
SHEQ Practitioner	226302	Retail Manager (General)	142103
Butcher	681103	Finance Manager	121101
Confectionary Baker	681201	Corporate General Manager	121901
Dispatching and Receiving Clerk	432102	Production / Operations Manager	131102
Retail Pharmacist	226203	Construction Project Manager	132301
Chef	343401	Supply and Distribution Manager	132401
IT administrator	No code	Accounting Officer	242209

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016

In the KZN, only one position was at manager level. In the Free State, 6 manager level occupations were identified. A potential reason is the unwillingness of experienced managers to settle in a smaller province. It also indicates that the W&RSETA needs to give greater attention to management training in the North West.

**Exhibit 23: HTFV list for Gauteng and Mpumalanga**

GAUTENG		MPUMALANGA	
OCCUPATION	OFO CODE	OCCUPATION	OFO CODE
Retail Manager (General)	142103	Retail Manager	524501
Retail Supervisor	522201	Baker	523102
Sales Assistant (General)	522301	Sales Assistant	343203
Confectionary Baker	681201	Butcher	681201
Butcher	681103	Service Station Attendant	122105
Supply and Distribution Manager	132401	Visual Merchandiser	523101
Sales and Marketing Manager	122101	Checkout Operator	653101
Retail Pharmacist	226203	Retail Pharmacist	142103
SHEQ Practitioner	226302	Retail Pharmacist Assistant	325301
Sales Representative	332203	Retail Buyer	681103

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016

In the Gauteng, three positions were at manager level. In Mpumalanga, 1 manager level occupation was identified. The latter province has many small businesses. There were occupations that require short skills training such as petrol attendant and checkout operator.

**Exhibit 24: HTFV list for Limpopo**

LIMPOPO	
OCCUPATION	OFO CODE
Sales Representative (Building and Plumbing Supplies)	332202
Retail Manager (General)	142103
Accounts Clerk	431101
Forklift Driver	734402
Retail Buyer	332301
Dispatching and Receiving Clerk	432102
Truck Driver (general)	733201
Baker (confectionary)	681201
Butcher	681103
SHEQ Practitioner	226302

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016

In Limpopo, 1 manager level occupation was identified. The latter province has many small businesses.

With respect to the top 5 HTFVs by sub-sector below, it is varied. However, retail manager, supervisor and buyer are common.

**Exhibit 25: HTFV list by sub-sector: clothing, textiles & leather**

RETAIL: CLOTHING, TEXTILES, LEATHER	
OCCUPATION	OFO CODE
Retail Manager	142103
Retail Buyer	332301
Retail Supervisor	522201
Visual Merchandiser	343203
Sales Assistant (General)	522301

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016

**Exhibit 26: HTFV list by sub-sector: food, beverage & tobacco**

RETAIL: FOOD, BEVERAGE & TOBACCO	
OCCUPATION	OFO CODE
Retail Manager	142103
Retail Buyer	332301
Retail Supervisor	522201
Customer Service Manager	122105
Butcher	681103
Baker	681201

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016



**Exhibit 27: HTFV list by sub-sector: wholesale**

GENERAL WHOLESAL	
OCCUPATION	OFO CODE
Warehouse Manager	132404
Logistics Manager	132402
Fleet Manager	132405
Supply & Distribution Manager	132401
Finance Manager	121101

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016

**Exhibit 28: HTFV list for e-Retail**

e-RETAIL	
OCCUPATION	OFO CODE
e-Commerce Manager	No OFO Codes
e-Commerce Planner	
Web Integrator	
e-Retail Managers	
Call Centre Agent	

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016

**Exhibit 29: HTFV list for fuel retail**

FUEL RETAIL	
OCCUPATION	OFO CODE
Service Station Manager	142103
Service Station Site Supervisor	522201
Administration Manager	121301

Source: WSP/ATR Analysis, 2015/16, SSP workshop feedback, stakeholder survey-2016

### 3.6. SKILLS SUPPLY

This section examines skills supply.

#### 3.6.1. Enrolment in Post-School Education and Training Institutions

Over 2.2 million students had enrolled in public and private PSET institutions in 2015. Of these, 50% were enrolled in HEIs (public + private), 33% in TVET colleges, 13% in CET colleges and 4% in private colleges. Enrolment at public and private HEIs stood at 1.1 million in 2015, with public HEIs enrolling 985 212 (87.0%) of all Higher Education Institution students in the country. The Higher Education target as provided for in the National Development Plan (NDP) is 1.6 million by 2030.

Enrolment at public HEIs increased by over 16 000 from 2014. The majority of public HEI students (605 480) were engaged in contact mode of learning, while 379 732 students were engaged in distance mode of learning. TVET colleges enrolled 737 880 students in 2015, an increase of over 35 000 students from 2014. The White Paper indicates that headcount enrolment in TVET colleges will increase to 1 million by 2015 and 2.5 million by 2030. Over

70% of TVET college students (519 464) had enrolled in N1 – N6 programmes in 2015, compared to 165 459 students who had enrolled in NC(V) programmes.

In 2015, CET colleges enrolled a total of 283 602 students, the majority of whom were enrolled for Adult Education and Training (AET) programmes. The NDP target for enrolment at CET colleges is 1 million by 2030. This shows that more work needs to be done to achieve the planned 2030 target.

In higher education, the number of students enrolled and graduating for business and management qualifications, which are related to the W&R sector are as follows:

**Exhibit 30: Higher education enrolments and graduates in business management (2015)**

YEAR	ENROLMENT	GRADUATES
2011	288 487	44 155
2012	282 299	46 042
2013	279 954	49 051
2014	272 409	50 381
2015	273 828	53 863

Source: DHET: Statistics for PSET (2015/16)

In TVET, NCV4 and N6 registrations and graduations are given below:

**Exhibit 31: NCV4 and N6 registrations and graduations (2015)**

Programme	Total Registered	Total Completed
<b>NC(V) Level 4 Programme</b>		
Information Technology & Computer Studies	1 379	223
Management	850	591
Marketing	919	447
Office Administration	6 463	3 456
<b>Report 190/1 N6 Programme</b>		
Business Management	7 784	6 348
Financial Management	5 738	4517
Human Resources Management	9 516	7 651
Management Assistant	9 793	8 344
Marketing Management	2 987	1 888

Source: DHET: Statistics for PSET (2015/16)

There is a relatively high number of graduates for W&RSETA related qualifications.

### 3.6.2. SETA Supported Learning Programmes

During the 2015/16, a total of 231 097 learners registered for SETA-supported learning programmes (Learnerships, Internships and Skills Development Programmes), which was 3 280 higher than the number of learners registered in the 2014/15.



### 3.6.3. W&RSETA Supported Programmes

The enrolments and graduates for the W&RSETA for 2015/16 were as follows:

**Exhibit 32: W&RSETA enrolments and graduates (2015/16)**

INSTITUTIONAL TYPE	LEARNER SHIPS	SKILLS PROGRAMMES	INTERN SHIPS	APPRENTICE SHIPS	TOTAL
Number of workers enrolled for programmes	2 712	5 191	n/a	n/a	7 903
Number of workers certified for programmes	712	632	n/a	n/a	1 344
Number of unemployed learners enrolled for programmes	1 097	1 134	105	n/a	2 336
Number of unemployed learners certified for programmes	2086	2 143	459	n/a	4 688
Number of Apprenticeship registered	n/a	n/a	n/a	532	532
Number of Apprenticeship completions	n/a	n/a	n/a	39	39

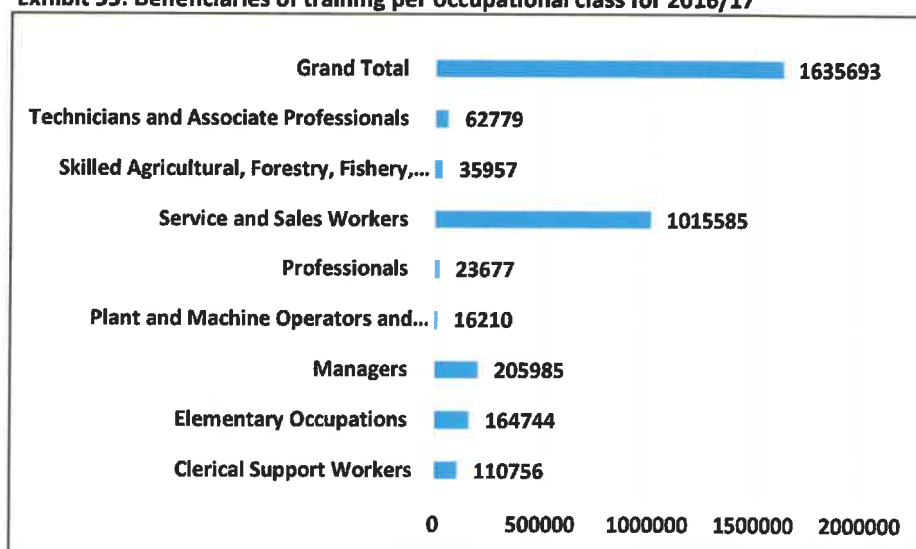
Source: DHET: Statistics for PSET (2015/16)

The number of workers that enrolled for programmes was 7 903. The number of completions was 1 344. The number of unemployed learners that enrolled for programmes was 2 336. The number of completions was 4 688. The W&RSETA registered 532 apprenticeships with 39 completions in the same year.

### 3.6.4. Annual Training Reports

A total of 1 635 693 employees in the sector received training in various occupational classes.

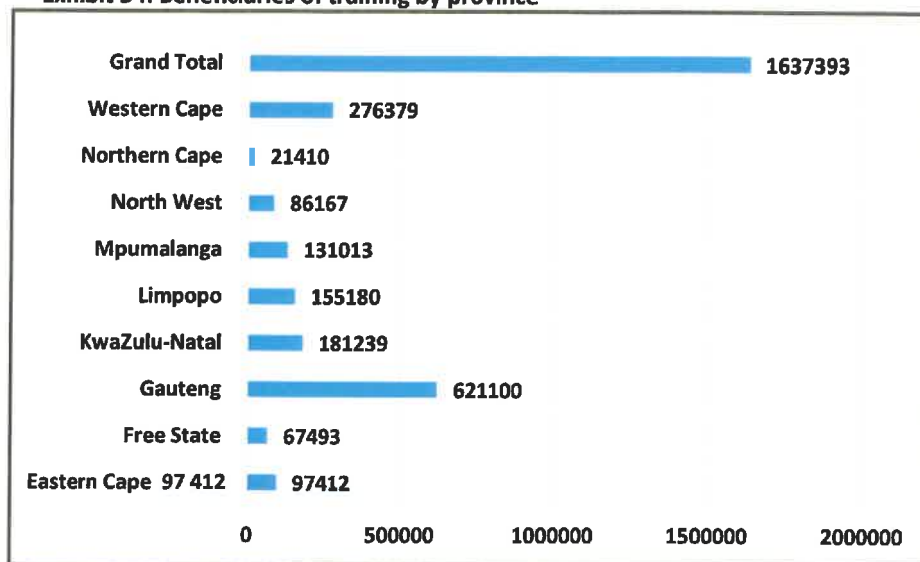
**Exhibit 33: Beneficiaries of training per occupational class for 2016/17**



Source: W&R WSP/ATR 2016/17

- The largest numbers of trainees were in the service and sales workers category.

Exhibit 34: Beneficiaries of training by province



Source: W&amp;R WSP/ATR 2016/17

- Most training occurred in Gauteng due to the highest concentration of wholesale and retail industries in this province.

### 3.8. CRITICAL SKILLS LIST

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.

Both HTFVs and critical skills must be identified at the occupational level, with occupational shortages 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 2015/16/17, interviews, workshops and the literature:

Exhibit 35: Critical skills

**SOFT 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

**MANAGEMENT:** 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

**TECHNICAL:** 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 / Morals/ethics skills / Personal hygiene

Food safety / First aid / Care of HIV/AIDS patients, & care of disability) / Numeracy the Green Economy Agenda / Project management / Teamwork / Labour law / Labour economics / Case management Production and product knowledge / Knowledge of contracts / Project management skills / FAIS Act – qualification in development. / Consumer Protection Act / Waste management and green legislation.

**OTHER:** 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 / Conflict resolution skills / Time management skills / Anger management skills / Listening Skills / Business and general skills training for Shop stewards

### 3.9. STATE OF EDUCATION AND TRAINING

Currently, the Post-School Education and Training (PSET) system comprises:

- 26 public Higher Education Institutions (HEIs);
- 50 Technical and Vocational Education and Training (TVET) colleges;
- Community Education and Training (CET) colleges.
- 124 private HEIs; and
- 252 private FET colleges (registered with the Department).

Of these, there are 606 accredited training providers that offer W&RSETA qualifications on the NQF. There is no shortage of training providers (supply-side) to service the W&R sector.

However, the following major education and training challenges exist, which impacts directly on the productivity of the sector:

- Most universities and TVET colleges offer general programmes in areas such as business, management, finance, accounting, marketing, human resources, and so on. In view of the enormous size of the sector in terms of employers and employees, there is a business case for establishment schools or departments of wholesale and retail in these institutions. These institutions will then be able to offer wholesale and retail specific programmes.
- The W&RSETA sponsors university chairs at several universities to conduct research on the sector. There is a need for these chairs to conduct applied business research that can be used for skills planning in the W&R sector. There is also a need for action research that can be used in enterprises.
- At senior management level, there is a need to offer an MBA programme specialising in wholesale and retail.
- There is a need for the W&RSETA to provide workshops for teachers' country-wide on career opportunities in the sector to equip them to guide learners in their career choices and subjects.

- The NCV and NATED courses in business and management is in urgent need of curriculum revision.
- The sector has a very large proportion of contract, temporary and casual workers, which are out of the training loop.
- There is a need for a bigger focus on training entrepreneurs in the informal sector and in micro-enterprises.

### 3.10. PIVOTAL LIST

Based on the research activities (literature review, surveys, WSP/ATR analysis, online recruiting data, interviews and workshops), the following pivotal and occupational shortages are identified. The top 10 pivotal skills in the sector:

**Exhibit 36: Pivotal list**

OCCUPATION	OFO CODE	NO. REQUIRED
1.Sales Assistant (General)	522301	3305
2.Retail Manager (General)	142103	1177
3.Retail Supervisor	522201	389
4.Confectionary Baker	681201	375
5.Retail Pharmacist	226302	363
6.Butcher	681103	320
7.Sales & Marketing Manager	122101	245
8.SHEQ Practitioner	226203	171
9.Sales Representative	332203	164
10.Retail Buyer	322301	112

\*Number of staff required. Source: Mentioned above

The method to establish the PIVOTAL list was as follows (refer to research design and methods in earlier section):

**Methods to identify occupations in the PIVOTAL list:** The following methods were used – literature review, workshops, HTFV survey and WSP/ATR analysis.

**Main findings that informed the PIVOTAL list:** Occupations that were most consistently identified in these 4 studies were included in the PIVOTAL list. This occurred through a process of elimination of occupations.

**Quantities indicated in the SETA PIVOTAL list:** The quantities were informed by additional questions inserted into the WSP template: What occupations are HTFVs? How many did you require in the previous 12 months?

**Ranking:** The Pivotal Occupations are ranked in descending order in terms of the highest number of HTFVs.

**Consultative Processes:** Ten workshops were held – one in each province and an SMME workshop in the Eastern Cape. The PIVOTAL List was discussed at these workshops.

**Interventions:** The interventions are informed by feedback received by workshop participants and approved by the Board.

**Outcomes:** The outcome is demand-led skills planning by the W&RSETA.

### **3.11. CONCLUSION**

Chapter Three is primarily focused on the identification of critical and hard-to-fill vacancies in the W&R sector. The primary methods used to determine HTFVs and critical skills are interviews with key informants, regional workshops with stakeholders, literature reviews and analysis of WSP/ATRs.

A primary means for identifying and anticipating skills training 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 next 12 months and training that occurred in the previous 12 months.

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

## CHAPTER FOUR: SECTOR PARTNERSHIPS

### 4.1. INTRODUCTION

The purpose of this chapter is to assess the effectiveness of existing SETA partnerships in the sector with reference to TVET College partnerships. The chapter should identify problems with partnerships and propose new partnerships.

### 4.2. KEY QUESTIONS

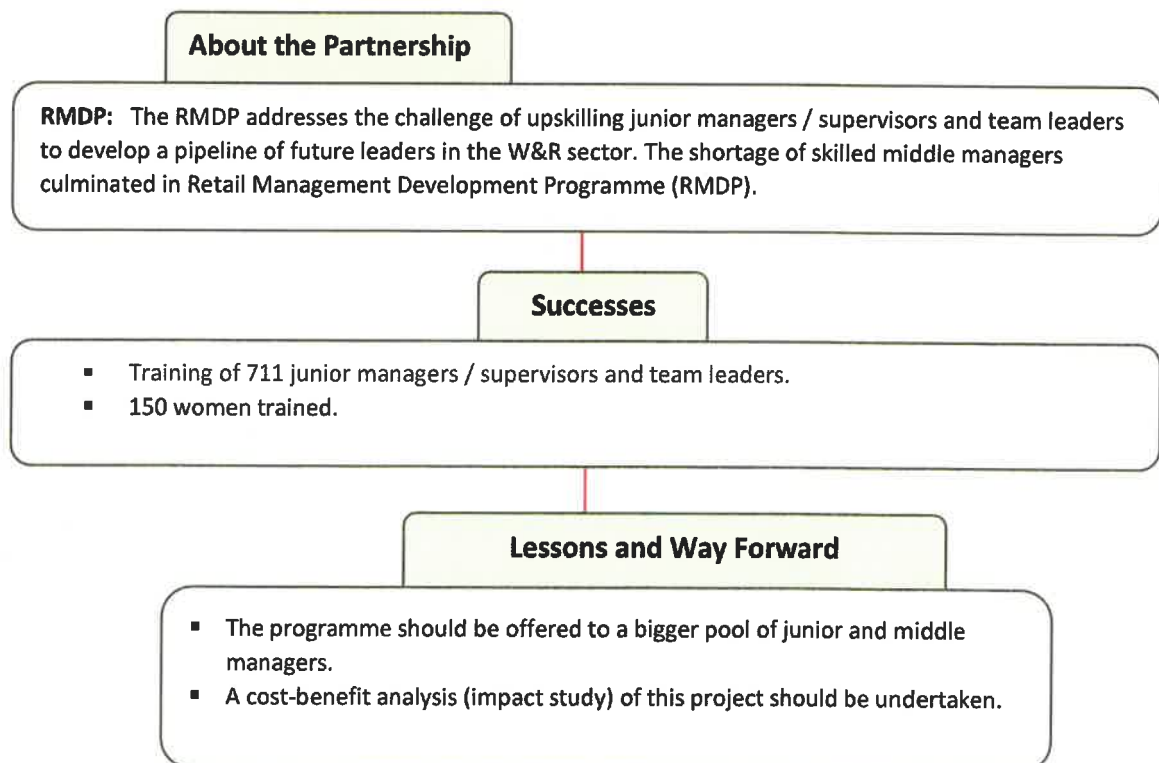
This chapter will respond to:

#### Key Questions

- Which partnerships are working well and poorly? Why?
- What should be done to strengthen partnerships?
- What new partnerships are needed for the sector? Why?
- What is the model of the SETA's most successful partnership?

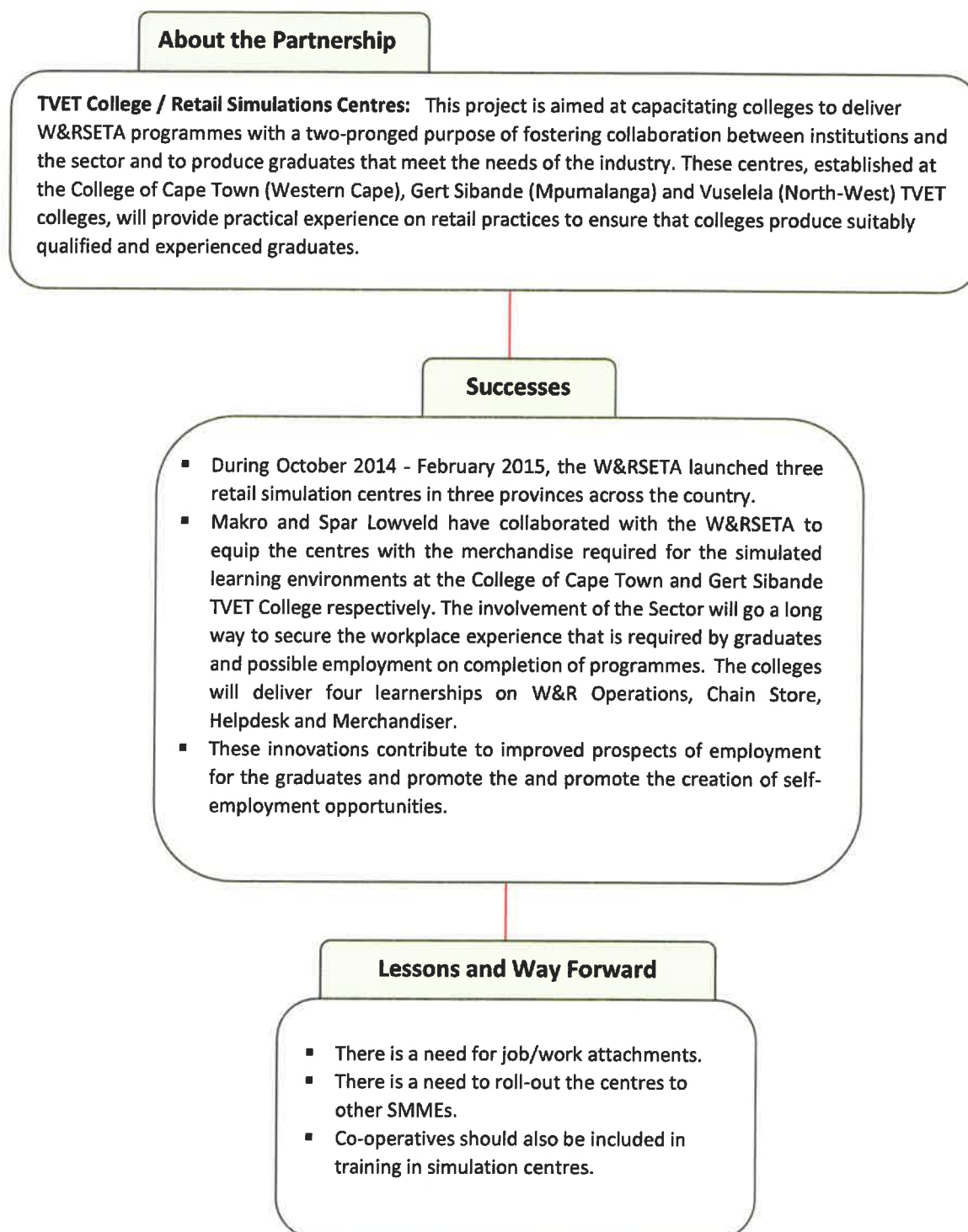
### 4.3. RETAIL MANAGEMENT DEVELOPMENT PROGRAMME (RMDP)

The following is an existing partnership to upskill retail managers:



#### 4.4. TVET SIMULATION CENTRES

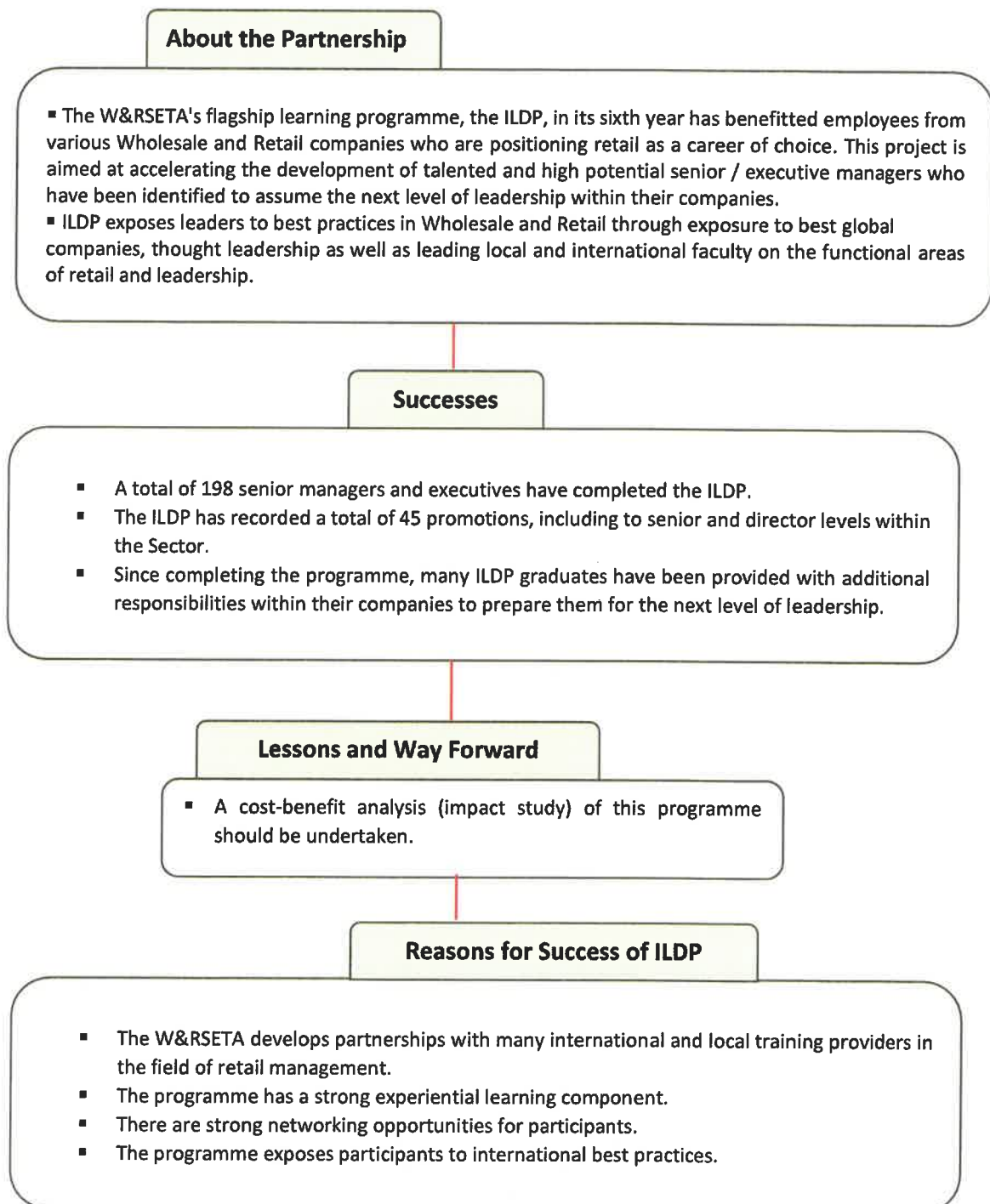
The following is an existing partnership to offer simulated learning in TVET Colleges:





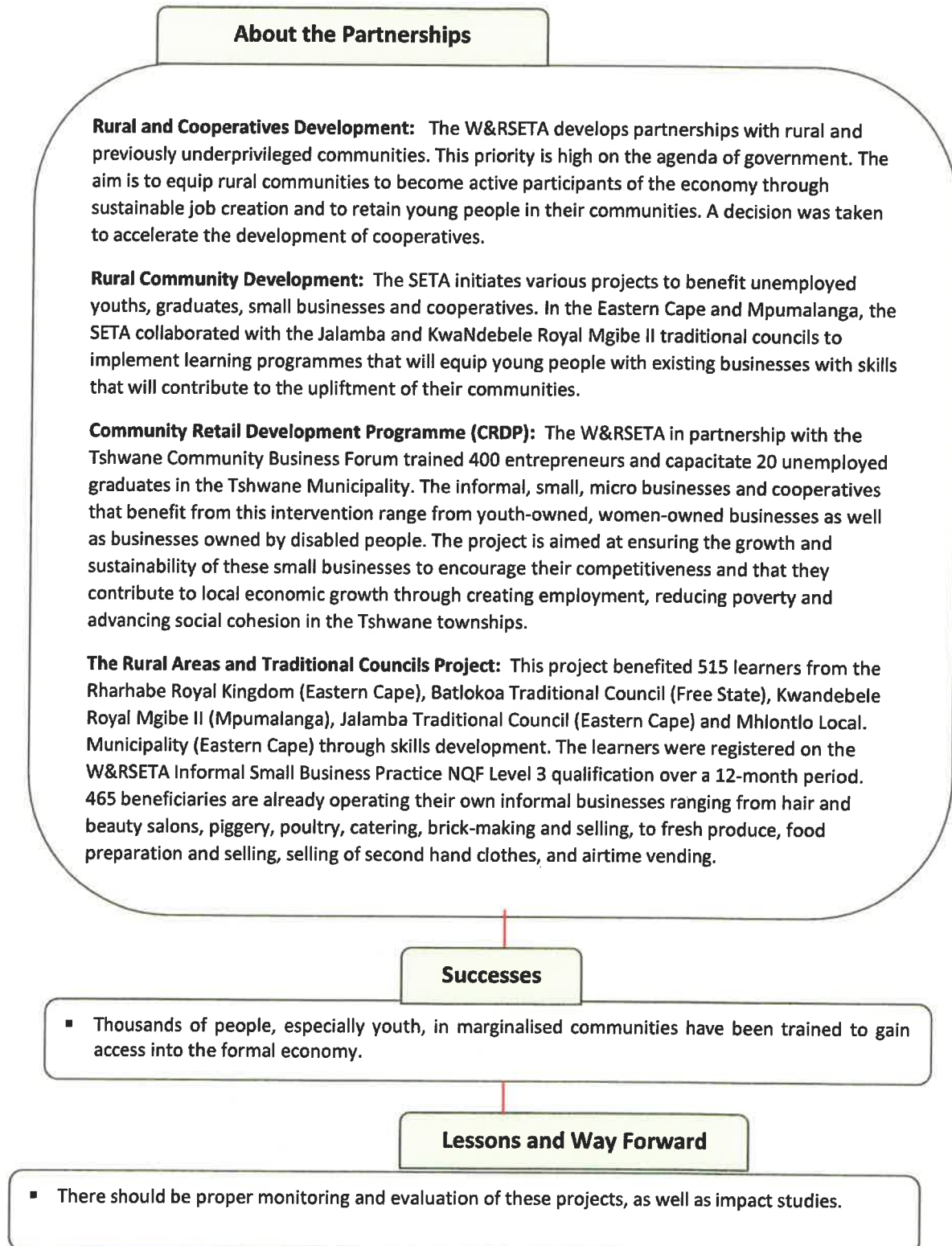
#### 4.5. INTERNATIONAL LEADERSHIP DEVELOPMENT PROGRAMME (ILDLP)

The following is an existing partnership to give managers international exposure to best practices:



#### 4.6. RURAL, COOPERATIVES AND COMMUNITY PARTNERSHIPS

The following is an existing partnership to promote co-operatives in rural areas:



#### 4.7. NEW PARTNERSHIPS

The following are new partnerships:

##### Trade Union Capacity

- There should be a project to build capacity of employees in trade unions along similar lines of the ILDP and RMDP but focused on pertinent labour issues.
- This programme should go beyond shop stewards training.
- Partnership should be forged between the international trade union movements and members should be exposed to their practices.

##### Career Guidance

- Partnerships should be forced with provincial education departments to inform teachers of career opportunities in the W&R sector.
- This should also be extended to TVET Colleges.

##### Green Skills

- There should be a focus on green skills in the sector.
- The SETA should partner with organisations involved in promoting green skills.

##### Training for People with Disabilities

- Much more should be done by firms, training providers and the SETA in training of people with disabilities.
- More learners who have disabilities should be supported by the SETA.
- The SETA should forge partnerships with organisations promoting the employment of people with disabilities in the workplace.

##### Stakeholder Engagement

- The W&RSETA appears to have lost its way in recent years with stakeholder engagement. As a result, there were many complaints by stakeholders at the SSP workshops on poor service delivery, delayed and non-payment of grants and poor communication.
- The W&RSETA should develop a stakeholder engagement strategy to ensure regular communication with stakeholders.

#### **4.8. CONCLUSION**

The existing partnerships appear to be working very well. However, there should be better monitoring, evaluation and impact assessments of these partnerships. New partnerships relating to trade unions, green skills, career guidance and the people with disabilities should be forged.

## CHAPTER FIVE: SKILLS PRIORITY ACTIONS

### 5.1. INTRODUCTION

This chapter consolidates the findings of previous chapters and reflects on priority actions for the sector. The previous chapters provided the information and analysis and thus enable a response in the form of recommended actions that are realistic, consistent and achievable. The purpose of this chapter is to provide a set of priority actions and not a detailed strategic or operational plan.

### 5.2. KEY QUESTIONS

This chapter will respond to:

#### Key Questions

- What the key findings of previous chapters?
- What are the skills priorities for the sector?
- What measures should be initiated to support national strategies and plans?

### 5.3. KEY FINDINGS FROM PREVIOUS CHAPTERS

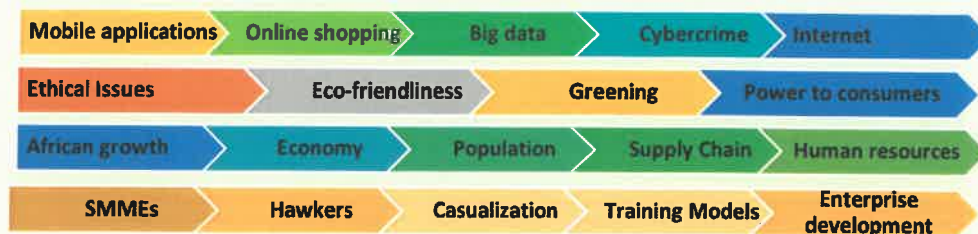
This sector draws insights from previous chapters on skills priorities.

#### Chapter One: Sector Profile

- The sector is a major contributor to employment. The job creation opportunities range from low level to advanced skills.
- SA has a two-tiered wholesale and retail sector - a sophisticated sector with very high levels of concentration and unsophisticated retail sector dominating the small and informal sectors.
- SMMEs make up most levy-paying enterprises but are under-represented in terms of skills development initiatives. Informal retailers have a great need for skills development.
- Blacks constitute most of the workforce but are under-represented at management levels. This is more acute for females.
- There is also under-representation of people with disabilities in the sector.

## Chapter Two: Key Skills Issues

The key skills issues in the sector are:



## Chapter Three: Skills Mismatches

### Pivotal skills:

Sales Assistant (General) / Retail Buyer / Butcher / Confectionary Baker/ Retail Manager (General) / Sales & Marketing Manager / Retail Supervisor / Visual Merchandiser/ Office Administrator /Sales Representative

## Chapter Four: Partnerships

- The SETA has initiated several very successful projects: ILDP and RMDP (flagship projects to build the managerial skills base); business simulation centres (forge partnerships with TVETs and enable entry into the sector for TVET students); and a range of programmes geared towards the SMME sector (rural, community, cooperative and traditional leader projects).
- The challenge for the SETA is to improve monitoring, evaluation and impact assessment of these projects to determine a return-on-investment.
- The following new projects should be initiated going forward:
  - Building organisational and individual capacities of trade union movement cadres at all levels, along a similar prototype as the ILDP and RMDP.
  - Career guidance and counselling project to inform teachers and TVET staff on career opportunities in the sector.
  - A green skills project aligned to the sector focussing on awareness, supply chain efficiencies, critical and occupational shortages.
  - A project on training and employment of the disabled for entry into the sector.
  - Reintroduction of a robust plan of action on stakeholder engagement on a regular basis such as “how to” workshops that were a regular event in the past.

#### 5.4. RECOMMENDED ACTIONS

There are a multitude of recommended actions needed in the sector. In this section, we identify 6 key skills priorities that the W&RSETA should consider. These align both to national priorities and sectoral needs, and link clearly to skills issues and skills gaps identified:

SMME AND COOPERATIVES DEVELOPMENT	
SMMEs, cooperatives, and informal traders have tremendous potential to create jobs and grow the sector. It is critical that these enterprises are supported with skills development. New training models are needed to meet the training needs of SMMEs.	1
<b>Actions</b>	
<p><b>New Training Delivery Models:</b> SMMEs cannot take leave to attend training since they are the business. It is recommended that new training models should be implemented such as coaching, mentoring, on-site training and “each one teach one”. Support SMEs through a voucher programme.</p> <p><b>Research:</b> Conduct training needs research on SMME and cooperatives in the sector. Develop a SMME and cooperatives strategy for the sector.</p>	
YOUTH UNEMPLOYMENT	
The retail sector provides significant temporary employment opportunities for the youth. School-leavers and graduates are employed as packers, cashiers and clerks. The challenge is to convert these into permanent employment and encourage career development in the sector. This will encourage students to join the sector, rather than view it as a “second option”.	2
<b>Actions</b>	
<p><b>Career guidance:</b> The SETA should create a compelling case for the youth to join the sector. This requires the development of career guides, career pathways, career guidance support for teachers in schools. The level of awareness of opportunities in the sector should be highlighted. 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.</p> <p><b>Capacity development:</b> The W&amp;RSETA should work with TVETs and HETs to offer courses specific to the sector, particularly in retailing. These should be aligned to the occupational shortages identified in the SSP.</p> <p><b>Provision of Workplace Experience &amp; Work Readiness Opportunities:</b> The W&amp;RSETA should increase funding for workplace placement and internships. Companies should be incentivised with grants for taking on learners.</p> <p><b>Rural Youth Development:</b> The SETA should expand its existing projects for youth in rural areas to enable entry into the formal economy.</p>	

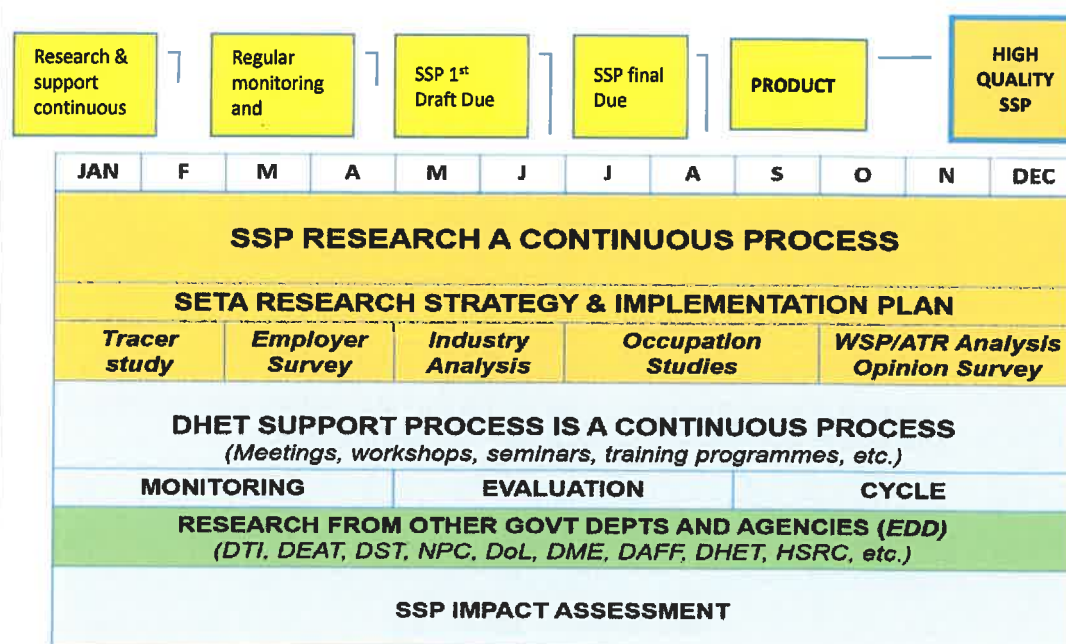


**HARD-TO-FILL VACANCIES (HTFVs) AND CRITICAL SKILLS**

The identification of critical and occupational shortages is a key deliverable of the SSP. This is necessary to ensure that the work of the SETA responds to the changing, demand-side needs of the sector. It also ensures that an investment in skills development is effective and efficient since priority skills are addressed. The identification of occupational shortages is also necessary to inform the DHET's National List of Occupations in High Demand.

**3****Actions**

**Research initiatives:** Instead of sector skills planning being a once-off event nearer the due date, it should be institutionalised as an all-year activity in the SETA. A recommendation that should be integrated into the W&RSETA Research Strategy is shown below:



**Continuation of OCCUPATIONAL SHORTAGES provision:** Learnerships, apprenticeships, internships, and bursaries in the sector for occupational shortages should be intensified based on the outcomes of the research findings.

**Responsiveness of TVET to OCCUPATIONAL SHORTAGES:** The W&RSETA should assist TVET Colleges to develop and offer wholesale and retail qualifications (e.g. levels 4 and 5).

**Green skills:** Businesses are becoming more conscious of protecting the environment. Increased legislation and consumer pressure are driving the demand for eco-compliance. Businesses now must 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.

Some actions include:

- 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.

<b>STAKEHOLDER ENGAGEMENT</b>	
Stakeholder partnerships are increasingly becoming the adopted approach to meeting industry needs for skilled workers and workers' need for better jobs. Partnerships address current and emerging occupational needs and skill gaps. It offers a mechanism to focus scarce resources on industries that are major job providers in an area, as well as to focus comprehensively on the workforce skills, from entry level to advanced, required in the economy. Partnerships provide a means for the W&RSETA to engage directly with industry across traditional boundaries better aligning training programmes and resources.	<b>4</b>
<b>Actions</b>	
<ul style="list-style-type: none"> <li>▪ Initiate regional forums in all regions to keep stakeholders abreast of SETA activities to promote skills development. These workshops should be held 2 to 3 times a year.</li> <li>▪ Develop a call centre to ensure that stakeholder queries are addressed timeously.</li> <li>▪ Conduct "how to" workshops at regional forums.</li> <li>▪ Conduct an annual stakeholder satisfaction survey internally and externally.</li> </ul>	

<b>TRAINING AND EMPLOYMENT OF PEOPLE WITH DISABILITIES</b>	
Despite a very progressive legislation and a clear commitment from the government, many people with disabilities (PWD) still do not access the same opportunities of leading an independent life as abled people do. Access to employment is low among people with disabilities. Therefore, improving access to mainstream training and access to employment are priorities to ensure that people with disabilities can fully participate in society.	<b>5</b>
<b>Actions</b>	
<ul style="list-style-type: none"> <li>▪ A voucher and bursary scheme should be implemented for PWD to access training in the sector.</li> <li>▪ An internship programme should be started to assist PWD.</li> <li>▪ Companies should be encouraged to employ graduates Who have disabilities.</li> </ul>	

<b>TRADE UNION CAPACITY-BUILDING</b>	
There is a need to build institutional and individual capacities in trade unions. Individual capacities should be developed at all levels from general secretary to union members.	<b>6</b>
<b>Actions</b>	
<ul style="list-style-type: none"> <li>▪ There should be a project to build capacity of employees in trade unions along similar lines of the ILDP and RMDP but focused on pertinent labour issues.</li> <li>▪ This programme should go beyond shop stewards training.</li> <li>▪ Partnership should be forged between the international trade union movements and members should be exposed to their practices.</li> </ul>	

<b>MEASURES TO SUPPORT NATIONAL STRATEGIES AND PLANS</b>	
There is a need for the W&RSETA to engage with national strategies and plans. Currently, it is working through the NSDS 3 and the White Paper, but there appears to be a lack of engagement with the NDP and IPAP.	<b>7</b>
<b>Actions</b>	
<ul style="list-style-type: none"> <li>▪ The SETA should convene a workshop to unpack NDP and IPAP. The outcomes of the workshop should be a set of actions to support these initiatives.</li> <li>▪ It should convene a meeting with the dti (IPAP) and National Planning Commission (NDP) to engage them on the outcomes of the workshop.</li> <li>▪ It should develop a programme of action to align the work of the SETA to NDP and IPAP in consultation with these entities.</li> </ul>	

## 5.5. CONCLUSION

This chapter constitutes a summation of the findings of the previous chapters. It concludes with the identification of seven key skills priorities that should inform skills planning in the W&RSETA which includes:

- SMME and cooperatives development
- Youth unemployment
- HTFVs and critical skills
- Stakeholder engagement
- Training and employment of the disabled
- Trade union capacity-building
- Measures to support national strategies and plans

We have confined interventions to a limited number of major skills priorities that can make a difference to skills formation in the sector.

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