

2014/2015



Skills Development for Economic Growth

Sector Skills Plan



*“Celebrating 20 Years of
Democracy and 13 Years of Skills
Development”*

21/11/2014



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ABBREVIATIONS AND ACRONYMS

Abbreviation / Acronym	Description
ATR	Annual Training Report
BER	Bureau for Economic Research
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
FDI	Foreign direct investment
FMCG	Fast Moving Consumer Goods
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
NDP	National Development Plan
NGP	New Growth Path
NQF	National Qualifications Framework
NSA	National Skills Accord
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
SETA	Sector Education and Training Authority
SARB	South Africa Reserve Bank
SERO	Socio-Economic Review and Outlook
SIPs	Strategic Infrastructure Projects
SMME	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
UNISA	University of South Africa
WEO	World Economic Outlook
USD	United States Dollar
WPPSET	White Paper for Post-School Education and Training
WSP	Workplace Skills Plan
W&R	Wholesale and Retail

EXECUTIVE SUMMARY

1. Introduction

The Wholesale and Retail Sector Education Training Authority (W&RSETA) is a statutory body established through the Skills Development Act of 1998 to enable its stakeholders to advance the national and global position of the wholesale & retail industry. The W&R sector is a major employer and therefore skills development in the sector is of critical importance. The main purpose of this Sector Skills Plan (SSP) Update is to guide and inform skills development initiatives in the sector. As such, it is therefore imperative that a thorough research process and extensive stakeholder consultation be done to ensure the implementation of the SSP achieves its intended objectives.

2. Research methodology

The research methodology used for this SSP Update included both primary and secondary research which involved both quantitative and qualitative research methods. Secondary (desktop) research was conducted on economic, social and development status and strategies. The socio-economic analysis was done by doing a literature review of existing data and research papers. W&RSETA has undertaken a range of research projects; these were reviewed and assisted the research team to understand the chambers that make up W&RSETA.

Research conducted by government departments, national research institutions, industry publications and the media were used extensively in the report. Provincial governments publish annual reports such as the Economic Review and Outlook and the Socio-Economic Review and Outlook (SERO) and these highlight the performance of the economy and the social changes occurring in the economy.

The W&RSETA workplace skills plans (WSPs) were analysed to provide data on sector employment by chamber, demographic profile of employees, scarce occupations and priority occupations. The WSPs represent the majority of the employees in the sector because there is a direct relationship between levies paid and employment. The data was assumed to be a representative sample of the W&RSETA sector and was analysed as is. National data sources and a range of statistical publications by Statistics South Africa (Stats SA), the DHET, SARB, BER, Quantec, the Department of Labour and data from industry associations.

The research study was designed to be as interactive as possible with the W&RSETA Committees which have representatives from all chambers, labour and employers' associations. The primary research aspect of the study involved regional workshops in 6 provinces as well as in-depth interviews with a sample of large, medium and small companies, labour union representatives, sector associations and education & training providers and institutions. The majority of interviews were conducted face-to-face and some were done telephonically.

3. Economic sector profile

The wholesale and retail sector is affected by changes in global economic conditions than many other sectors in the economy. The key international trends have shown that emerging markets and developing economies are expected to grow faster than advanced economies thus the opportunity for lucrative trade and investment in Africa. Global retail sales are projected to grow by 4.1% in 2014 with most sub-Saharan African countries expected to experience stronger retail growths in the coming decade.

In South Africa, the growth outlook remains depressed due to the low consumer and business confidence, the global uncertainty, continued strikes in the mining sector, contraction of primary sector as well as increase in unemployment. The inflation rate is relatively high. It increased to

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6.1% in April 2014 from 5.9% in February 2014. The decline in the international prices of key South Africa exports commodities, weak economic growth and unemployment levels will have a negative effect on the Rand against the United States Dollar. If the weakening of the exchange rate continues, it will negatively impact the inflation rate, business and the consumer confidence.

South Africa's wholesale and retail sector is considered to be highly competitive and is among the key sectors that contribute to the Gross Domestic Product (GDP). In 2013, the sector contributed about 12.5% to the GDP making it the fourth largest contributor to the nation's economy. About 86% of the sector is made up of small enterprises, 9.5% medium and 4.5% large enterprises. The leading companies in the retail sector are Steinhoff International Holdings (JD Group), Pick 'n Pay Holdings Ltd, Shoprite Holdings Ltd, Spar Group Ltd and Woolworths Holdings Ltd. The wholesale sector is dominated by Buying Exchange Company (BEC), the Independent Buying Consortium (IBC), the Independent Cash & Carry Group (ICC), Elite Star Trading (EST) and Unitrade Management Services (UMS). Sales turnover in the sector is around R2.2 trillion. Online retail sales have been gradually increasing and projections are that there will be a sustained increase in online retailing as the number of experienced internet users increases.

In terms of employment, the sector employs about 21% (3.1 million) of the total active workforce making it one of the biggest employers in South Africa. There is however a growing trend of informalisation in the sector, with 67% of people in formal employment, whilst 33% is in informal employment. Gauteng, KwaZulu-Natal and Western Cape collectively make up 63% of total employment in the sector.

The demographic profile of the sector shows that men constitute 51% and women 49% of the total sector workforce. At top level management, White people representation is stronger than other groups in the W&R sector at the top management level. Over 64% of the positions are held by White males whilst the African males hold about 4.5%. African females with disabilities make up less than 1% of the top management workforce. More than 50% of employees in the sector have informal skills. About 6% of employees are highly skilled.

WSP/ATR data shows that the W&R sector is dominated by small enterprises (72 668) and most businesses are concentrated in the Gauteng Province (37%). The data further highlights that the African race (67%) dominates employment in the sector. There are fairly balanced employment levels between man and women across all races. People with disabilities are however grossly underrepresented in the sector.

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4. Key skills issues

Stakeholders identified certain change drivers as having the greatest potential impact on the sector in the short-medium term. These change drivers have skills planning implications thus workers will require to have a different skills set. Below is a table showing the change drivers identified to be having high impact and high priority to the sector.

Change driver	Impact	Skills planning implications
National Credit Act	Declining retail sales.	Training in managing personal financial management and debt management with the credit regulator.
Employment equity	Interference with the freedom of management.	Skills development to include measures to address the representation of black people in senior management positions and disabled people in particular.
Projected growth in TVET colleges	Employers will be expected to provide workplace experience for learners and lecturers.	Employers will be expected to provide workplace experience for learners and lecturers.
Speed to market	Small batch production; short lead times; quick style and product changes; speed from manufacturer to retail floor.	Skills to work in complex supply chains; entrepreneurial mindset; ability to plan and communicate with suppliers; read the market environment; customer relationship management.
Black diamonds	Sustained retail sector growth in the years ahead.	More customer skills will be required at most levels in the sector.
Growth into Africa	Increased competition.	Programs to improve knowledge of the African trading environment.
Digital revolution, e-Retailing	Increased consumer choice and Increased competition.	Training is required in digital media, social networking and marketing. Development of talent pipelines to harness customer strategies.
Supply chain efficiencies	Supply chains help retailers create strong customer value propositions.	Development of qualifications and training in procurement, SCM, logistics, warehousing and distribution.
Skills shortage	Persistent skills shortage, especially among middle management.	Focus on pivotal learning programs.
High unemployment	Challenge of unemployment, income inequality and poverty.	Training to meet specific customer segments of the market caused by income disparities.
Growth of the informal sector	Pressure on formal business.	Learning programs for informal sector.
Small enterprise development	Employment growth opportunities.	Learning programs for SMMEs.
Foreign direct investment	Better retail infrastructure.	Skills biased technological change (SBTC).

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5. Extent of skills mismatches

Priority and scarce occupations

Information from the PIVOTAL funding applications, analyses of the insights gained during regional meetings and interviews, as well as from employers' WSPs revealed that the Top 10 national priority and scarce occupations for the sector are as follows:

Priority occupations	OFO code	Scarce occupation	OFO code
Sales Assistant	522301	Retail Manager	142103
Sales Representative	332201	Sales Assistant	522301
Store Person	833402	Baker	681201
Retail Manager (General)	142103	Supervisor	522201
Checkout Operator	523101	Butcher	681103
Service Station Attendant	524501	Sales Manager	122102
Retail Supervisor	522201	Buyer/Planner	332301
General Clerk	411101	Chef	343401
Accounts Clerk	431101	Supply and Distribution (Logistics) Manager	132401
Visual Merchandiser	343203	Accounts Clerk	431101

National critical skills

The top 10 national critical skills identified are listed below:

Critical skills
Selling
Customer service
Management
Product knowledge
Analytical thinking / problem-solving
Financial acumen
Supervisory
Computer (basic & advanced)
Numeracy & literacy
Leadership

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Skills gap

The biggest skills gaps were shown to be the occupations which were common to both the scarce occupations and priority occupations lists. The following table highlights this:

Occupations common to both scarce and priority Top 10 lists	Occupation linked to critical skills Top 10 list?	Key challenges & suggested interventions
Retail Manager	Yes – management, leadership, customer service, analytical thinking / problem-solving	<p>There is a lack of Managers with retail-specific experience, while Retail Managers with leadership abilities are particularly scarce.</p> <p>Management courses need to be introduced at lower NQF levels, that is, levels 4 and 5, to prepare employees and to develop leadership and strategic thinking capabilities as early as possible.</p>
Sales Assistant	Yes – selling, product knowledge, customer service, analytical thinking / problem-solving	<p>A person with a good combination of selling abilities, customer service skills and excellent product knowledge was cited frequently by stakeholders as being very difficult to find. Sub sectors highlighted during stakeholder consultations included sport equipment, hardware, interior design, electrical, lighting, pharmaceutical, furniture, fuel retail.</p> <p>Qualifications to develop selling skills are in huge demand, with sector-specific modules to provide the required product knowledge. Additionally, product knowledge training should be ongoing, as technology changes quickly.</p> <p>Programmes to develop customer service skills should be funded.</p>
Retail Supervisor	Yes – supervisory, customer service, analytical thinking / problem-solving, financial acumen, numeracy & literacy	<p>It is difficult to develop low level staff to become supervisors unless they already have basic skills such as numeracy & literacy, people skills and financial acumen.</p> <p>Supervisors need to be skilled early on with key foundational skills.</p>
Accounts Clerk	Yes – financial acumen, analytical thinking / problem-solving, numeracy & literacy	<p>Financial acumen, administration skills and business sense are scarce owing to poor levels of basic education.</p> <p>A finance and business course provided on NQF level 2 would help to develop basic financial acumen and a sound sense of business principles.</p>

The major reasons for the existence of a skills gap in the sector are listed below:

- Recruitment
- Skills shortage
- Human capital investment
- Education system

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Bridging the skills gap

To address the issues plaguing the skills gap stakeholders highlighted the following areas for attention:

- Remuneration
- Human capital investment
- Career marketing

6. Sector partnerships

Below is a list of the successful W&RSETA partnerships and measures to strengthen them:

STRATEGIC PARTNER(S)	MEASURES TO STRENGTHEN PARTNERSHIPS
Durban University of Technology	
TVET colleges <ul style="list-style-type: none"> • Mthashana TVET College • Majuba TVET College • Esayidi TVET College • Thekwini TVET College 	<ul style="list-style-type: none"> • Capacity building sessions are held to enhance the knowledge in TVETs and HETs. • QCTO Consultants contracted to ensure transfer of knowledge and capacity building on the process of qualifications development.
Wholesalers and Retailers <ul style="list-style-type: none"> • Decorland • Boxer Superstores • FG Knights • Mass discounters • Mass cash 	<ul style="list-style-type: none"> • Stakeholder workshops conducted by the SETA staff and board in various provinces.
Cape Peninsula University of Technology (CPUT)	<ul style="list-style-type: none"> • An HET Forum has been established as part of the Qualifications development process.
The DTI	<ul style="list-style-type: none"> • The W&RSETA Board has approved a R10 million project to address the challenges of SME.
FP&M SETA	<ul style="list-style-type: none"> • R10 million was approved by the W&RSETA Board to provide funding for employers in distress for W&R and FP&M Sectors.
FEDCRAW, SACCAWU, NUMSA, ECCAWUSA, SACTU	<ul style="list-style-type: none"> • The W&RSETA approved a project to capacitate Unions on various skills development needs.
Universities <ul style="list-style-type: none"> • University of Johannesburg • Tshwane University of Technology • Vaal University of Technology 	<ul style="list-style-type: none"> • An HET Forum has been established as part of the qualifications development process • Accreditation system has been put in place to ensure that HETs are accredited to implement W&R qualifications.
Universities <ul style="list-style-type: none"> • University of South Africa • University of Stellenbosch 	<ul style="list-style-type: none"> • Provide guidance to the Institution on the relevant retail topics to undertake research on.

7. Skills priority actions

One key to thriving in the W&R sector is to have a properly skilled workforce which has the required skills to successfully embrace the opportunities of the ever changing W&R landscape. Wholesalers and retailers need to position the right people with the right skills, in the right jobs; therefore it is necessary to understand in which areas critical skills are lacking. Key areas of concern were identified regarding the skills gaps associated with wholesale and retail employees from the point of view of the relevant stakeholders through a series of consultations. Below is the list of some of the suggested interventions:

- Qualifications and programmes to develop selling skills are in huge demand, which must include sector-specific modules to provide the required product knowledge.
- Management courses need to be introduced at lower NQF levels.
- Supervisors need to be upskilled early on with basic skills.
- HR Managers need to remain up-to-date with legislative and regulatory changes.
- For large (and some medium) companies, Buyers and Planners are completely different roles and should therefore be separated by 2 OFO codes.
- Colleges specialising in buying and planning are required.
- Programmes to develop customer service abilities in employees should be funded. These should include:
 - The importance of a friendly, helpful attitude
 - Service sells, not price
 - Email etiquette
 - Body language
- Work-readiness programmes are very important for school-leavers and graduates.
- Training programmes must be practice-orientated and incorporate action learning elements.
- Retail-specific specialisations need to be provided by training institutions, for example retail logistics, procurement and merchandising.
- Improved engagement from industry is needed to offer more workplace experience for learners (possibly through the use of incentives).
- For people with disabilities, short non-accredited courses for people with disabilities are needed as well as discretionary grant funding for learnerships.
- Training providers and lecturers at TVET Colleges need to be exposed to workplace experience in order to stay current in the classroom and thereby be enabled to provide better quality training to students.

It is evident that the underlying premise to solving the skills gap is one of collaboration and engagement across and within the sector. Initiatives to address the skills gap needs to be reviewed by all parties to ensure complete commitment and therefore successful implementations. This must be supported through effective communication within organizations to engage staff as well as between government and the private sector to ensure alignment.

1. INTRODUCTION AND BACKGROUND

1.1. Introduction

The Wholesale and Retail Sector Education Training Authority (W&RSETA) is a statutory body established through the Skills Development Act of 1998 to enable its stakeholders to advance the national and global position of the wholesale & retail industry. It is one of the SETAs' that have been re-established by the Minister of Higher Education and Training to address the shortage and imbalance of skills in various sectors, and in particular: the wholesale & retail sector. Thus, the principal goal of the W&RSETA is to facilitate and overseeing skills development in the wholesale and retail sector. The W&RSETA seeks to increase the level of investment in education and training in the sector and to improve the return on that investment.

This SSP update presents a review of policies that have been identified as the key policy drivers; analysis of major shifts within the sector; skills needs identified in the sector; and an overview of the SETA's priorities.

1.2. Background

SETAs are expected to facilitate the delivery of sector specific skills interventions to help achieve the goals of the NSDS III, address employer demand and deliver results. SETAs should be the authority on labour market intelligence and ensure skills needs and strategies to address these needs are set out clearly in SSPs. Thus, SETAs must be able to:

- coordinate the skills needs of the employers; both levy-paying and non-levy paying in their respective sectors,
- undertake sector-based initiatives, and
- collaborate on cross-sector skills areas to enable collective impact.

Developing SSPs is core to the SETAs' mandate. The SSPs must:

- outline current and future learning and qualifications needs of workers and their employers,
- develop interventions that are agreed with stakeholders and can improve the match between education and training supply and demand, and
- Outline the current and projected needs of the sector and sector employers.

The SSPs are also a critical instrument for building a connected labour market information system across all the sectors, which is an important evidence base for skills development and its impact. The DHET requires authoritative, accurate and consistent intelligence on the state of the skills market to steer the post-school education and training system towards addressing national economic and social goals. SSPs can contribute to enhancing workforce skills, improving productivity, meeting business needs for skilled workers and workers needs for good jobs. These plans also address the triple challenge of unemployment, inequality and poverty from a skills development perspective.

1.3. Research methodology

The research methodology used for this SSP update included both primary research and secondary research which involved both quantitative and qualitative research methods.

- Secondary (desktop) research was conducted on economic, social and development status and strategies. The socio-economic analysis was done by doing a literature review of existing data and research papers. W&RSETA has done a range of research projects; these were reviewed and helped in understanding the chambers which make up the W&R sector.

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- Research conducted by government departments, national research institutions, industry publications and the media were used extensively in the report. Provincial governments publish annual reports such as the Economic Review and Outlook and the Socio-Economic Review and Outlook (SERO) and these highlight the performance of the economy and the social changes occurring in the economy.
- The W&RSETA workplace skills plans (WSPs) were analysed to provide data on sector employment by chamber, demographic profile of employees and occupations. The WSPs represent the majority of the employees in the sector because there is a direct relationship between levies paid and employment. The data was assumed to be a representative sample of the W&RSETA sector and was analysed as is.
- The WSPs also provided critical information on both the scarce and priority occupations in the sector, and were used to corroborate findings from the regional workshops and one-on-one interviews.
- In order to reach as many relevant stakeholders as possible in-depth interviews, focus group discussions during regional meetings and workshops around the country and electronic and manual questionnaires were administered.
- National data sources and a range of statistical publications by Statistics South Africa (Stats SA), the DHET, SARB, BER, Quantec, the Department of Labour and data from industry associations were used in the research process.

1.4. Conclusion

The skills sector plan is aimed at assisting W&RSETA in mapping out strategies to tackle the education, training and development needs within the economy. All skills development related interventions have to be aligned with the Skills Development Act and within the framework of the National Skills Development Strategy (NSDS). South Africa's NSDS provides guidance as to how skills development programs can be formulated and implemented in alignment with national goals and objectives.

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2. ECONOMIC SECTOR PROFILE

2.1. Introduction

This chapter presents the profile of the wholesale and retail (W&R) sector, in terms of its shape and size. The scope of coverage of the sector, its key role-players, economic performance and labour market profile are discussed along with how the sector is evolving. This chapter also offers a brief overview of international trends before a detailed presentation on the contribution of the sector in economic and employment terms in South Africa.

2.2. Economic Performance

2.2.1. Key international trends

The wholesale and retail sector is more volatile with regards to cyclical changes and global economic conditions than many other sectors in the economy. As such there is need to assess the key international trends that shape the growth path taken by the wholesale and retail sector.

2.2.2. Global growth

Global economic activity strengthened during the second half of 2013, as outlined by the IMF¹. Activity is expected to improve further in 2014–2015, largely on account of recovery in the advanced economies. Global growth is projected to be slightly higher in 2014, at around 3.6% and moderately rising to 3.9% in 2015. However, downward revisions to growth forecasts in some economies like Spain and Italy highlight continued fragilities, and downside risks like high debt levels and high unemployment remain. In advanced economies, output gaps generally remain large and, given the risks, the monetary policy stance should stay accommodative. In many emerging market and developing economies, stronger external demand from advanced economies will lift growth and maintain growth².

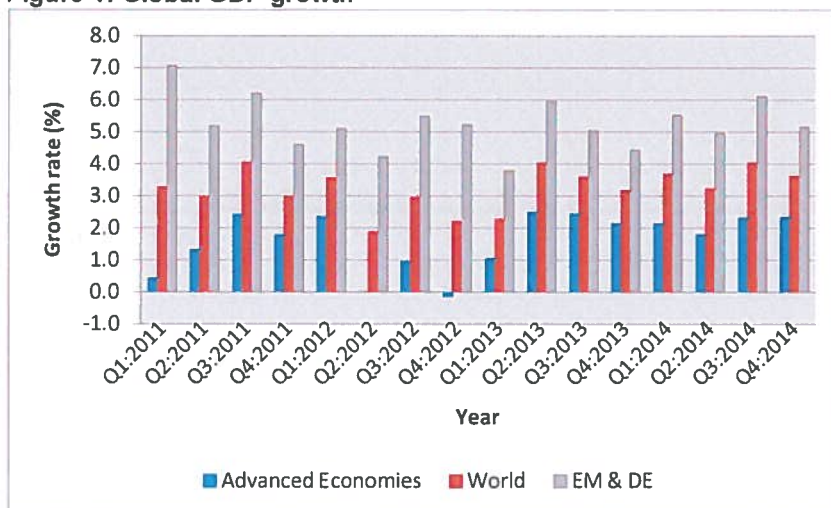
The figure below illustrates the global GDP growth rates and projections for the year 2014. The Euro area is turning the corner from recession to recovery hence the improved global growths from the 2012 levels. Growth is projected to strengthen to 4% in the third quarter of 2014. Emerging economies, although still showing great strength in the global environment with notable growth in many of its economies, are losing more momentum than previously forecasted. Overall, growth in emerging market and developing economies³ is expected to increase to 5.1% in 2014 and to 5.4% in 2015.

¹ The IMF's World Economic Outlook (2013)

² Ibid

³ According to the IMF's World Economic Outlook (2014) South Africa and the rest of the African continent fall under the emerging market and developing economies category.

Figure 1: Global GDP growth



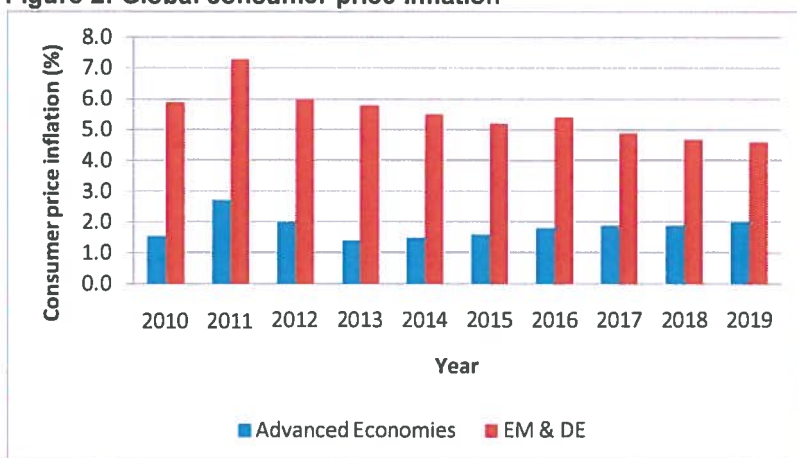
Source: IMF, World Economic Outlook (WEO), 2013

With emerging market and developing economies growing at a faster rate than the rest of the world, the W&R sector should come up with specific strategies to take advantage of this growth. There might be a need to increase FDI inflows from these economies into the sector. With the advanced economies experiencing very slow growths there is need to look outside the traditional inflows of FDI to South Africa. Establishing carefully monitored export processing zones with other emerging market and developing economies and expanding regional trading arrangements can unlock the W&R sector's potential and capacity to lead the establishment of many lucrative trade and investment opportunities in Africa.

2.2.3. Global Inflation

Inflation in industrialized countries is largely a global phenomenon. The main risk of ignoring international developments such as global inflation is to overrate the importance of domestic developments such as macroeconomic policies.

Figure 2: Global consumer price inflation



Source: IMF, World Economic Outlook (WEO), 2014

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Figure 2 above represents the global consumer price inflation for both the advanced economies and emerging markets and developing (EM and D) economies. Inflation in the EM and D economies averages above 5% but is on a gradual downward trend. The opposite is true for the advanced economies' inflation. Although it has been fairly low in 2013, projections for 2014 through to 2019 show a gradual increase. If these trends continue, there is likely to be a convergence between the advanced and EM and D economies' inflation rates.

A high rate of inflation erodes consumer buying power. As such consumers have to pay more money in order to remain at the same consumption levels as before otherwise they have to cut consumption. In advanced economies inflation is fairly low and still at manageable and desirable levels of below 3%. However, in EM and D economies the rates are high and holding other things constant, business will be affected as the value of all required raw materials increases. This will have impact on turnover as business might decline due to increased prices. Sectors that export are also affected by high inflation. High inflation makes it difficult for businesses to sell goods and services abroad because they are less competitive due to the high prices.

2.2.4. Global retail sales growth

The retail sales outlook for the global economy remains uncertain as consumers and businesses alike wait for clear directions on a range of economic risks, from the 2013 United States deficit to the Euro zone instability. While the pace of growth may have slowed, the retail industry is forecasted to grow. India, with its large youthful population and growing income of the middle class, will continue to attract the attention of international and regional players and Asia was forecasted to remain the main growth driver of retail sales⁴. The WEO 2013 report further asserted that the European Union (EU) was to contract in 2014 and is forecast to muster only marginal growth by 2015. Growth in the United States and China is also slowing. The estimated growth rate of the Asian/Australasian region is forecasted to increase by nearly 7% in 2016 which in turn works out to a retail sales value of approximately US\$12 trillion⁵.

Figure 3: Global retail sales growth



Source: IMF, World Economic Outlook (WEO), 2013

The graph above shows a forecast for global retail sales growth from 2008 to 2016. In 2014, global retail sales are expected to grow by 4.1% and eventually grow to 4.2% by 2016. According to the Global Powers of Retailing Report (2014) by Deloitte, most sub-Saharan African countries are

⁴ The IMF's World Economic Outlook (2013)

⁵ Ibid

expected to experience stronger retail growths in the coming decade. The report cites improved governance, competitive industries and favourable demographics as the reasons for a positive longer term outlook. The W&R sector in South Africa needs to be geared up and have strategies in place to challenge fight off significant competition from the world's leading retailers.

2.3. National trends

While much of the world staggered in the wake of the global financial meltdown, South Africa's economy managed to stay on its feet – largely due to its prudent fiscal and monetary policies⁶. The country has a well capitalised banking system, abundant natural resources, well developed regulatory systems as well as research and development capabilities, and an established manufacturing base. South Africa is ranked by the World Bank as an "upper middle-income country", and is the largest economy in Africa⁷. It was admitted to the BRIC group of countries of Brazil, Russia, India and China (known as BRICS) in 2011.

With a world-class and progressive legal framework, South African legislation governing commerce, labour and maritime issues is particularly strong, and laws on competition policy, copyright, patents, trademarks and disputes conform to international norms and standards. The country's modern infrastructure supports the efficient distribution of goods throughout the southern African region.

2.3.1. Growth of the economy

The Bureau of Economic Research (BER), 2013 forecasts that South Africa will grow by 2.3% in 2014 and 3.7% in 2018⁸. The growth outlook remains depressed due to the low consumer and business confidence, the global uncertainty, threats of strikes in the mining sector, contraction of primary sector as well as increase in the unemployment rate.

The GDP in South Africa expanded at an annualized 3.8% in the fourth quarter of 2013 over the previous quarter. From 1993 until 2013, the economy's GDP growth rate averaged 3.2% reaching an all time high of 7.6% in March of 1996 and a record low of around -2% in March of 2009. From 2002 to 2008, South Africa's economy grew at an average of 4.5% year-on-year, its fastest expansion since 1994. As a result, since the recession in 2008, South Africa's growth has been sluggish and below the African average, with projections of growth rates for the next four years below 4 % year-on-year⁹.

Low and sluggish economic growth has an impact on every sector in the South African economy including the W&R sector. As a result of the economy not growing, high unemployment and wage cuts are expected as businesses demand less labour in response to lower profits for companies. This results in reduced incomes, weak cyclical consumer demand, driven by more cautious consumer behaviour and increased household savings which translates to reduced consumption of products from the W&R sector.

⁶ South Africa.info, 2014.

⁷ World Economic Forum's (WEF's) 2012 Global Competitiveness Index.

⁸ BER Economic Outlook, 2013

⁹ Ibid

Figure 4: GDP growth rate of the South African economy

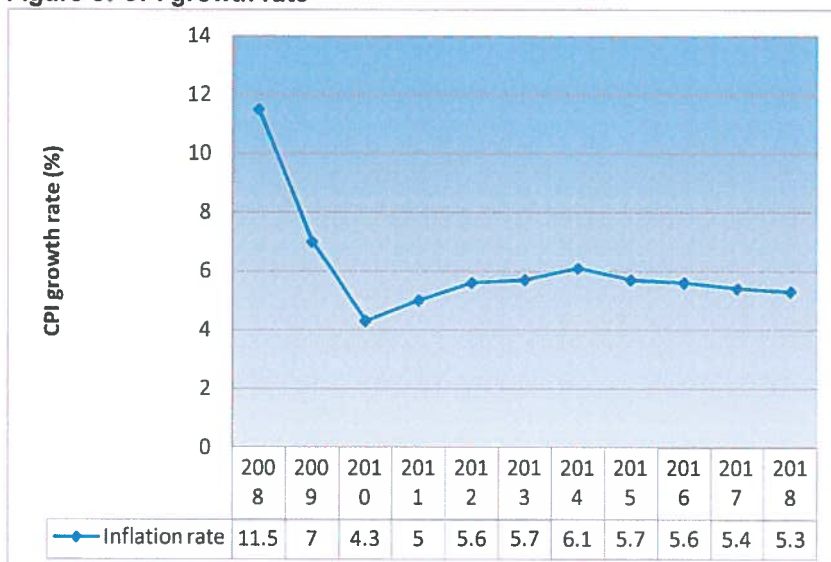


Source: BER, Economic Outlook, 2013

2.3.2. Inflation trends

The graph below shows the inflation growth rate as measured by the consumer price index (CPI). The inflation rate was recorded at 5.9% in February of 2014. The inflation rate in South Africa averaged 9.5% from 1968 until 2014, reaching a record low of 0.2% in January of 2004.

Figure 5: CPI growth rate



Source: BER, Economic Outlook, 2013

The South African Reserve Bank (SARB) has taken an "inflation targeting" approach to monetary policy for some time. Its main objective is to keep inflation within an agreed band – 3.0–6.0%. According to the BER Economic Outlook (2013), the annual inflation rate is expected to break the 6% mark in 2014 for the first time since 2009. This is as a result of anticipated higher health, fuel

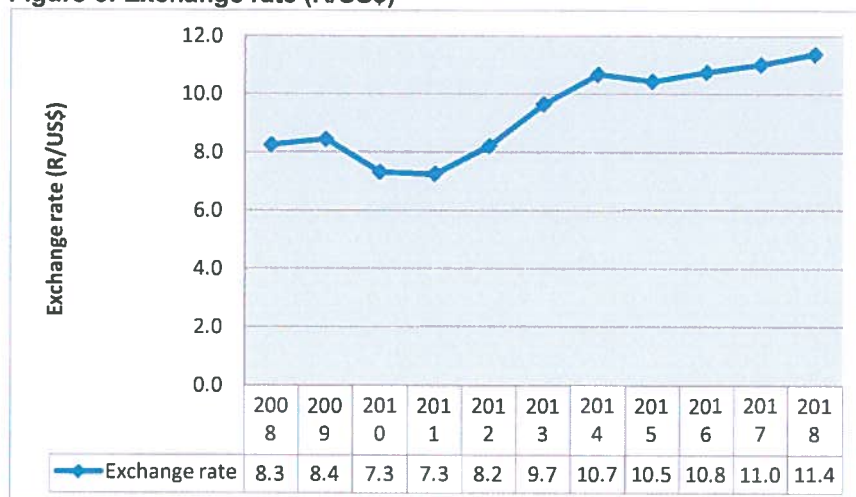
and petrol costs. However, it is anticipated that the inflation will average 5.5% and will be on a sustained downward trend for the period ending in 2018.

A high rate of inflation has a negative impact on the South African economy. The W&R sector is not spared either. As a result of a high inflation rate, imports into the sector may become more expensive and there might be a fall in business activity. Sectors that export are also affected. High inflation makes it difficult for businesses to sell goods and services abroad because they are less competitive due to their high prices.

2.3.3. Exchange rate (R/US\$)

The rand continued to lose ground against major currencies in 2013¹⁰. The weak exchange rate is mainly driven by the unresolved mining strikes that took place in 2012 and 2013¹¹. Recent media reports have also indicated that strikes will continue throughout 2014. The South African central bank forecasts the rand to be below the 12 point mark against the US\$ in 2018.

Figure 6: Exchange rate (R/US\$)



Source: BER, Economic Outlook, 2013

The decline in the international prices of key South Africa export commodities, weak economic growth and unemployment levels have a negative effect on the rand. If the weakening of the exchange rate continues, it will negatively impact the inflation rate. The rising import demand of retailers has also made the currency critical. This has substantially increased the exposure of retailers and wholesalers to adverse changes in the value of the South African rand, and primarily the R/US\$ exchange rate.

2.3.4. Unemployment trends

South Africa had a high unemployment rate of 25.4% according to 2013 QLFS, 4th Quarter report. The figure below shows the unemployment rates for the period 2008-2018.

The unemployment rate is forecast to be on a downward trend from 2014 right through to 2018. However, if the labour unrests currently being experienced in the mining sector continue, the unemployment figures may need to be revised upwards.

¹⁰ BER, Economic Outlook, 2013

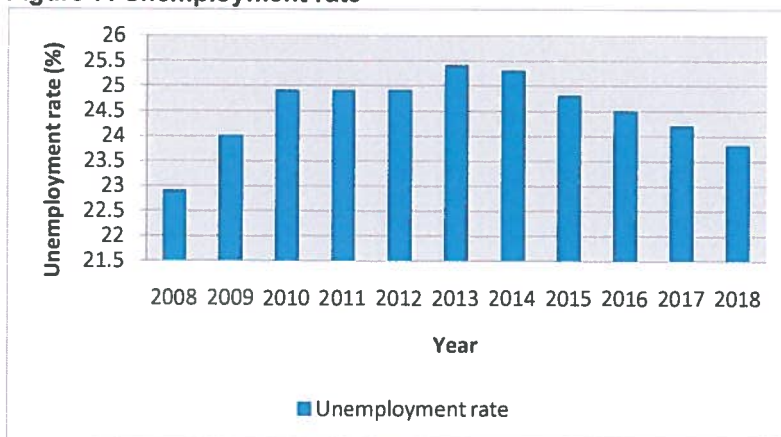
¹¹ South Africa.info, 2014.

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Declining unemployment levels may mean that those working will encounter a relative rise in their living standards as their income increase. The employed might have increased purchasing power and more disposable income which may also have a positive impact on the demand for the W&R sector commodities. The W&R sector is expected to benefit from the sustained spending by the country's employed population.

Figure 7: Unemployment rate

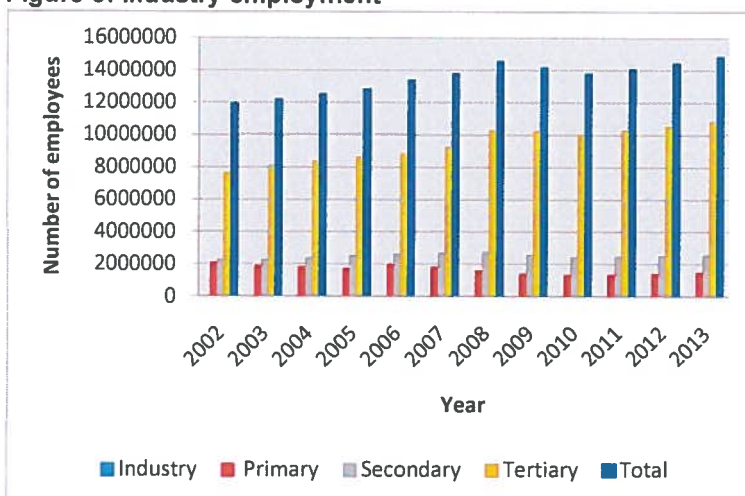


Source: Quarterly Labour Force Survey (4th Quarter), 2013 and BER, Economic Outlook, 2013

2.3.5. Industry employment

Below is a graph showing the employment figures per sector in South Africa. The tertiary sector is the biggest employer employing 70% of the total labour employed for the period 2002-2013. In 2013, the total number of those employed in the primary, secondary and tertiary sectors increased to over 14.8million employees. An increase in employment presents an opportunity for the economy as a whole to benefit primarily in the form of increased tax revenues. As highlighted earlier, the unemployment rate is projected to gradually decline from 25.4% in 2013 to 23.8% in 2018.

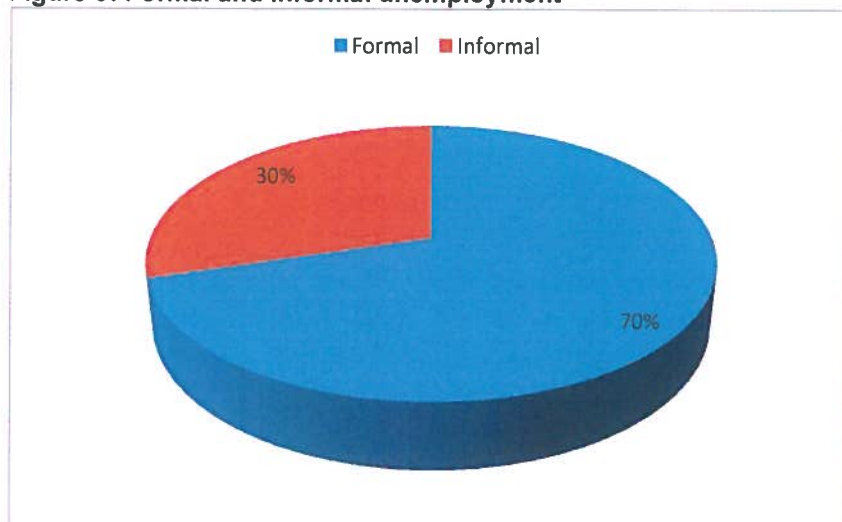
Figure 8: Industry employment



Source: Quarterly Labour Force Survey, Quarter 4, 2013 and BER, Economic Outlook, 2013

About 70% of people in the labour market are in formal employment. The informal sector employs 30% of the labour force. The informal sector also acts as an absorber of labour for those who have lost their jobs in formal employment.

Figure 9: Formal and informal unemployment



Source: Quarterly Labour Force Survey (4th Quarter), 2013

2.3.6. Workforce distribution

The Economically Active Population (EAP) includes people from 15 to 64 years of age who are either employed or unemployed and who are seeking employment. The EAP is meant to assist employers during the analysis of their workforce to determine the degree of under-representation of the designated groups.

Table 1: Workforce distribution by race and gender

Race	Male	Female	Total
African	40%	35%	75%
Coloured	6%	5%	11%
Indian	2%	1%	3%
White	6%	5%	11%
Total	54%	46%	100%

Source: Quarterly Labour Force Survey (4th Quarter), 2013

Further, it guides employers by assisting them in the setting of numerical goals and targets in order to achieve an equitable and representative workforce. From the table above males formed the majority of the EAP in all races. Africans constitute 75% of the total EAP.

2.3.6.1. Distribution of youth in the labour market

The South African definition of the youth comprises young people aged between 15 to 34 years¹².

Table 2: 15-24 and 25-34 year olds in the labour market

	15-24 years			25-34 years		
	2011	2012	2013	2011	2012	2013
Labour Force	2558	2571	2629	6419	6568	6674
Employed	1272	1242	1277	4500	4626	4731
Unemployed	1286	1329	1352	1919	1942	1943
Not economically active	7480	7557	7572	2452	2444	2492
Unemployment rate (%)	50	52	51	30	30	29
Labour force participation rate (%)	25	25	26	72	73	73

Source: Quarterly Labour Force Survey (4th Quarter), 2013

An analysis of unemployment by age highlights how the burden of unemployment falls disproportionately on the youth. Young people between the ages of 15 and 34 accounted for 71% of total unemployment. This burden is highly represented by the 15-24 years age group and can also be demonstrated through the very low absorption rate. In other words the absorption rate rises with age, while the unemployment rate declines as the workforce acquires more skills and experience. This poses the W&RSETA and other SETAs with the challenge of coming up with policies aimed at equipping the 15-24 years age group with the necessary skills to be easily absorbed in employment.

2.3.7. Business confidence

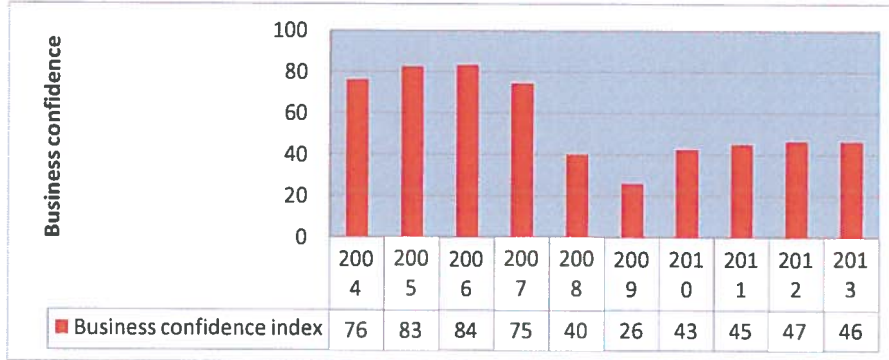
The Business Confidence Index is an indicator designed to measure the degree of optimism on the state of the economy which business owners are expressing through their activities of investing and spending. The index varies on a scale of 0 to 100, where 0 indicates an extreme lack of confidence, 50 neutrality and 100 extreme confidence.

As shown in the figure below, the business confidence has recovered from the negative impact of the 2009 period associated with the world economic meltdown. The business confidence index has averaged 45 index points since 2010. Increasing business confidence often implies improved economic growth and business owners are likely to increase their investment as a result. The idea is that the more confident business owners and managers feel about the economy, their companies, their jobs and incomes, the more likely they are to make investments and purchases.

¹² According to the South African National Youth Commission Act of 1996, 'youth' is defined as all people between the ages of 14 and 35 years. In order to correspond to the coverage of the Quarterly Labour Force Survey (QLFS) the bottom age limit is increased to 15 years.

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Figure 10 Business confidence index



Source: Bureau for Economic Research (BER), 2014

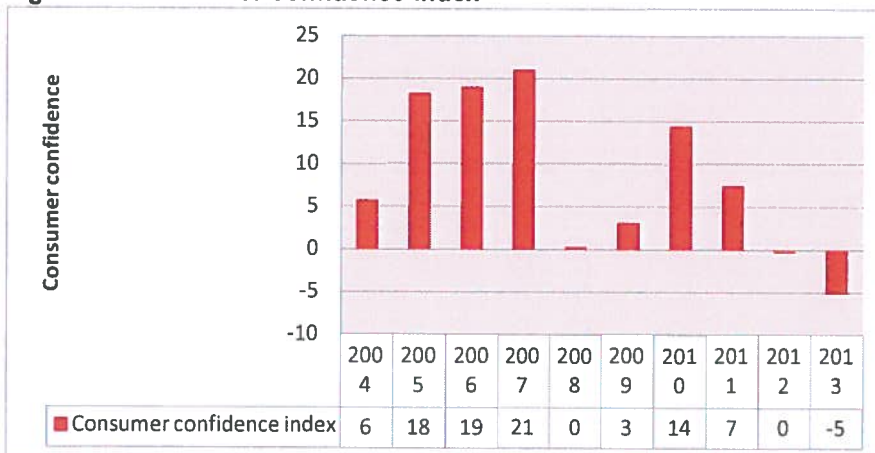
This steady rise in business confidence presents the W&R sector with an opportunity to expand the sector beyond current levels. Policies that are meant to entice investors to invest in the sector must be put in place to take advantage of this improved business confidence.

2.3.8. Consumer confidence

Consumer confidence is an indicator designed to measure the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation. How confident people are about stability of their incomes determines their spending activity and therefore serves as one of the key indicators for the overall shape of the economy.

As shown below in figure 11, consumer confidence in South Africa decreased to -5 in 2013. Reasons behind this decline might be the unrests in the mining sector and the general stagnation of the economy in terms of economic growth.

Figure 11: Consumer confidence index



Source: Bureau for Economic Research (BER), 2014

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This is not good for the W&R sector because confidence is trending down and consumers are saving more than they are spending. Consumers are having a negative outlook on their ability to secure and retain good jobs. Thus, wholesalers and retailers may expect consumers to avoid retail and wholesale purchases. Investors may delay investing in new projects and facilities.

2.3.9. Wholesale and retail sector profile

Since the early 1990s, economic growth has been driven mainly by the tertiary sector - which includes wholesale and retail trade, tourism and communications. South Africa's wholesale and retail sector is considered to be highly competitive and is among the key sectors that contribute to the GDP and keep the economic engine running. In 2013, the sector contributed about 12.5% to the GDP making it the fourth largest contributor to the nation's economy¹³.

2.3.9.1. Scope of coverage

The W&RSETA sub-sectors are demarcated on the basis of the three-digit Standard Industrial Classification (SIC) codes that are used in capturing the data for the National Accounts, these activities cover:

The wholesale trade category is demarcated as follows:

- wholesale and commission trade (SIC code 61000)
- wholesale trade in food, beverages, tobacco, textiles, clothing, footwear, household furniture and appliances (SIC codes 61100 to 61391)
- wholesale trade in books, precious stones, pharmaceuticals, metals, construction materials, machinery, and general wholesale trade (SIC codes 61392 to 61909).

The retail trade category is demarcated as follows:

- retail trade; repair of personal and household goods (SIC code 62000)
- retail trade in non-specialised stores with food, fresh fruit and vegetables, meat, bakery products, clothing, shoes, jewellery (SIC codes 62110 to 62392)
- retail trade in sports goods, second-hand goods in stores, used motor vehicles, tyres and fuel (SIC codes 62393 to 63500)

It is important to note that the revised SETA landscape associated with NSDS III (and thus applicable from 1 April 2011 to 31 March 2016) led to the transfer of petrol retail subsector from the merSETA to W&RSETA¹⁴.

2.3.9.2. Key role-players in the sector

Below are the movers and shakers in the W&R sector from 2012 to 2014.

2.3.9.2.1. Retail Trade

South African retail companies compare well with other retailers globally¹⁵. These companies remain in step with the growth of international retailers as five retailer operations make it into the Deloitte Global 'Top 250 retailers' list. In reaching the Top 250 on the retail hierarchy, South Africa's

¹³ Stats SA, 2013

¹⁴ Dr Blade Nzimande (2010). Press briefing the new SETA landscape for the period April 2011 till March 2016, 09 November 2010. Online: <http://www.dhet.gov.za/portals/0/documents/SETA%20Landscape.pdf> (Accessed on 10 May 2014).

¹⁵ Global Powers of Retailing Report, 2014

top five retailers contributed towards the US \$4.3 trillion in total global revenues generated by the 250 largest retailers in the world between June 2012 and June 2013. Woolworths Holdings Ltd, a new entrant on the list, made a creditable entry at position number 234. Shoprite was ranked in 94th position, dropping back one position from the 2013 rankings; Steinhoff International Holdings, better known to South African shoppers as the JD Group (Bradlows, Timber City, Hi Fi Corporation, Morkels, Incredible Connection etc.) jumped up to position 125 for 2014 (2013: 133rd); Pick 'n Pay at 137th position in 2014 (2013: 135th). The Spar Group was at number 172 (2013: 165).

In 2009, the retail industry's average profit margin was 3.9%. Retailers in the textiles, clothing, footwear and leather goods had the highest profit margin at 10.8%. South African retailers have also invested heavily in high-tech electronic systems, allowing them to efficiently control stock and monitor trading density.

2.3.9.2.2. Wholesale trade

In 2012-2013, South Africa's independent wholesalers provided a combined, estimated turnover of R68 billion¹⁶. Some of the major players in the sector are the Buying Exchange Company (BEC), the Independent Buying Consortium (IBC), the Independent Cash & Carry Group (ICC), Elite Star Trading (EST) and Unitrade Management Services (UMS).

2.3.9.3. Informal sector

Informal retail is also referred to as "the second economy" within the South African retail sector. This market is still a crucial supply channel of goods predominantly in black townships, which were largely ignored during the apartheid era. Informal retail concepts vary from taverns to tuck shops (small food-selling retailers)¹⁷. In particular, small retail stores most often run from home, are making inroads in the local retail arena, offering both food and non-food products. Some small retail stores also have direct contact with product manufacturers; for instance some small retail stores receive Coca Cola goods on a cash basis. The small retail stores face certain challenges such as funding access, theft, high transport costs, and competition from the developing formal retail outlets in these areas.

Hawkers, street stalls, fast foods, kiosks and take-away are among the informal market retailers. The majority of informal retail stores are unregistered, informal businesses and mostly do not adhere to the municipal rules for conducting business in residential areas. In the past, research on the Informal retail market has focused on two sets of issues: the entrepreneurial characteristics (or deficiencies) of Informal retail shop operators¹⁸ and impact of external factors on these businesses, in particular competition from supermarkets.

2.3.9.4. HIV/AIDS and the retail informal sector

HIV/AIDS has a negative impact on the supply of labour in the economy. In a study commissioned by the W&RSETA¹⁹, the informal sector is identified as a major platform in the fight against HIV/AIDS. The study shows that informal retail and street trading is one of the largest sectors of the informal economy with an estimate of over 60,000 traders in Durban alone generating total annual revenue of R950 million in informal outlets. Women, who are more vulnerable to HIV generally,

¹⁶ Wholesale Business Issue 3, 2013.

¹⁷ Prinsloo, D.A. (September, 2010). Classification and hierarchy of retail facilities in South Africa. Accessed at www.urbanstudies.co.za/pdf/New-Retail-Classification-2010.pdf

¹⁸ Ligthelm, A.A. 2004. Size, structure and profile of the informal retail sector in South Africa. Research Report No. 334. Pretoria: Unisa, Bureau of Market Research.

¹⁹ 'The impact of wholesale-retail sector on the economy of South Africa' commissioned by the W&RSETA and compiled by Afriwealth Consulting, 2014.

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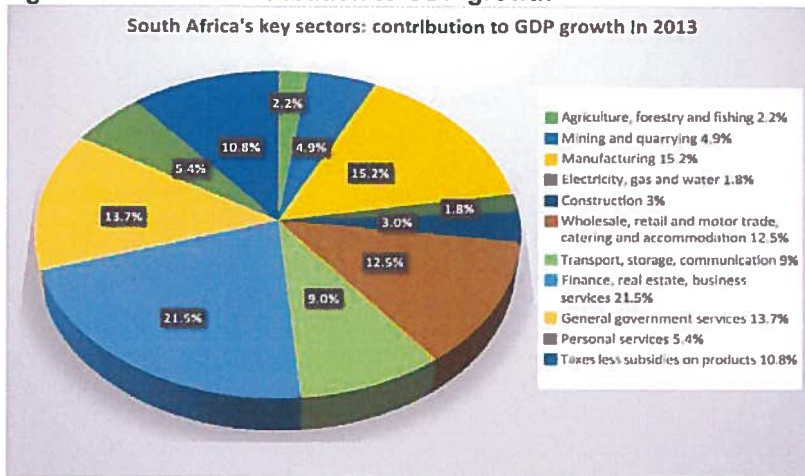
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make up the majority of the informal retail sector. It therefore becomes an important aspect for the economy where policies to combat HIV can be designed targeting informal sector retailing communities.

2.3.9.5. Sector contribution to GDP

Wholesale and retail in South Africa is regarded as a growth sector of the economy. As shown in the graph above it contributed 12.5% to the economic growth.

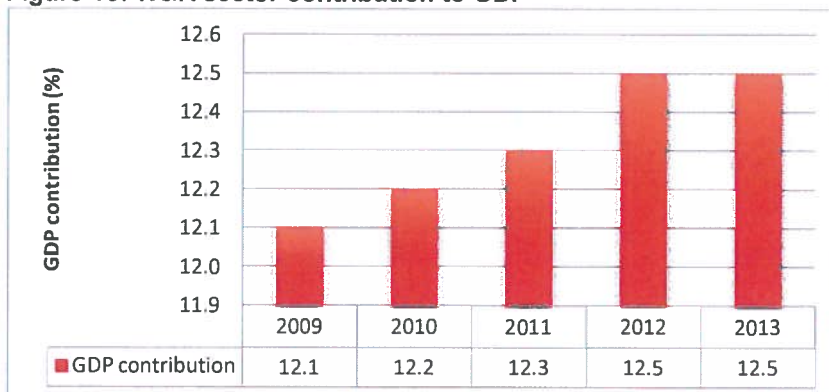
Figure 12: Sector contribution to GDP growth



Source: Stats SA, 2013

Only government services, manufacturing and finance, real estate, business services sectors contributed more to the economy's growth.

Figure 13: W&R sector contribution to GDP²⁰



²⁰ The contribution is calculated as yearly W&R industry GDP at constant 2005 prices (R million) divided by total GDP at market prices.

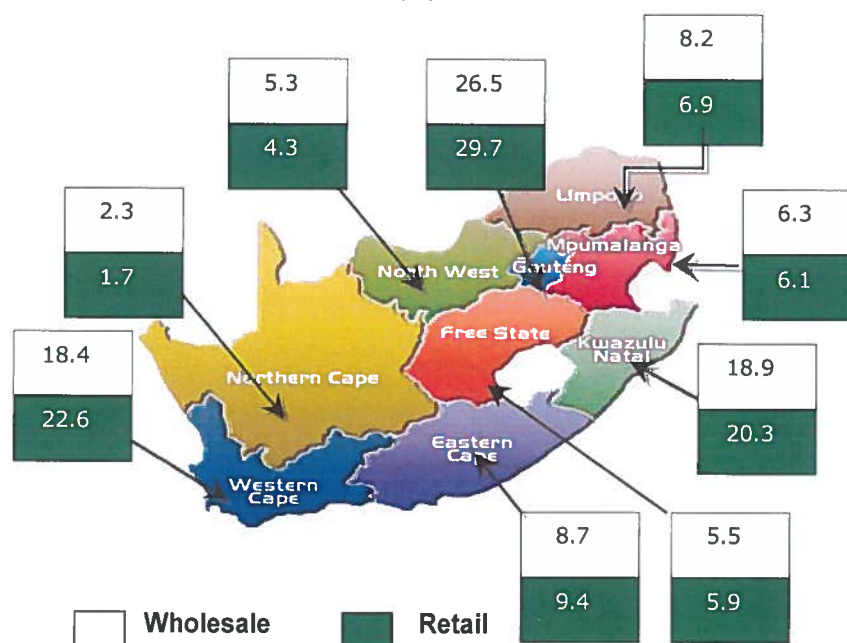
Source: Stats SA, 2013

Despite regularly being one of the top contributors to GDP figures, there have been marginal changes in the GDP contribution of the sector from 12.3% in 2011 to a contribution of 12.5% in 2012 and 2013.

2.3.9.6. Wholesale & Retail market share (%)

The major segments of the market are in Gauteng, KwaZulu-Natal and the Western Cape. About 86% of the sector is made up of small enterprises, 9.5% medium and 4.5% large enterprises.

Figure 14: Wholesale and Retail market share (%)



Source: Stats SA, 2013

2.3.9.7. Retail and Wholesale trade sales

Retail sales in South Africa increased to 6.8% in January of 2014 over the same month in the previous year. Retail sales year-on-year in South Africa averaged 5.3% from 2004 until 2014. There is an upward trend in the total wholesale and retail sales since the 1st Quarter of 2010. This can be explained by the emergence of the middle-class in the country and is a positive sign for the W&R sector.

Figure 15: Retail and Wholesale trade sales (millions) at constant prices

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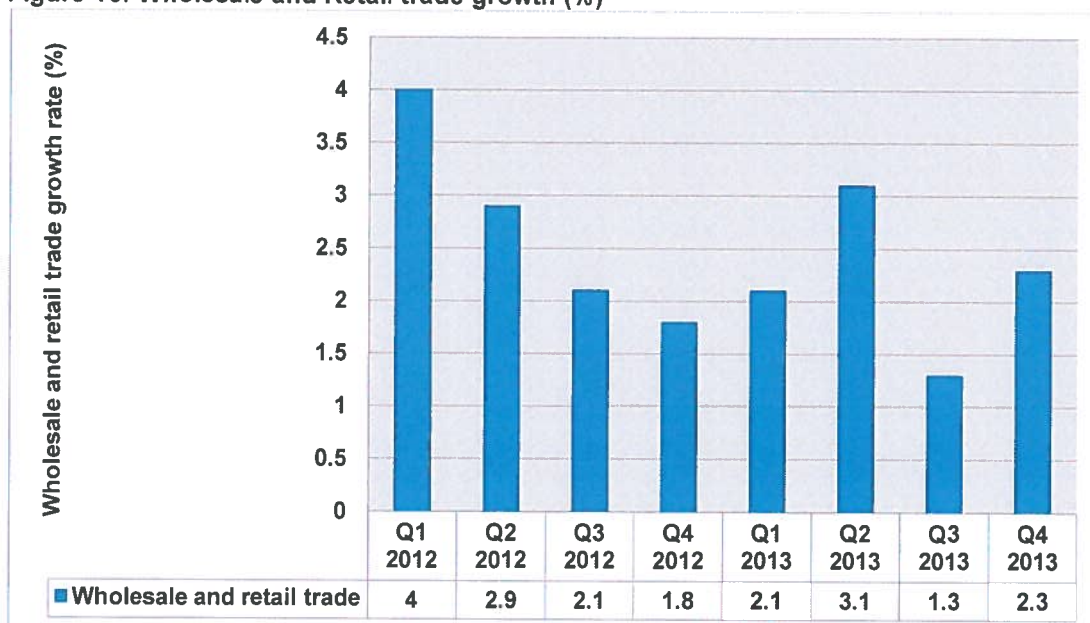


Source: Stats SA, 2014

2.3.9.8. Wholesale and Retail trade growth

There is an overall gradual decline in the wholesale and retail trade growth in the period of review as measured by the change in GDP at constant 2005 prices.

Figure 16: Wholesale and Retail trade growth (%)



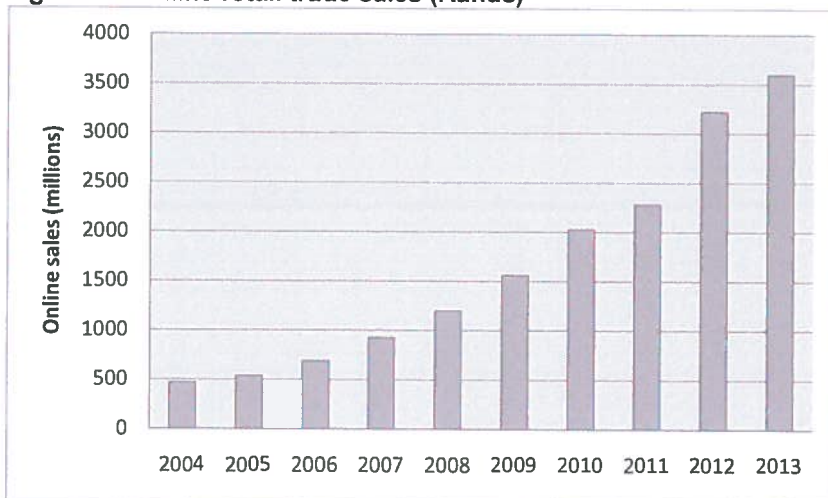
Source: Stats SA, 2013

Some improvement in employment figures, rising disposable income as well as relatively low interest rates will provide the required momentum for higher household expenditure which will support increased wholesale and retail sales.

2.3.9.9. Online retail trade sales

Online sales have been gradually increasing over the reviewed period.

Figure 17: Online retail trade sales (Rands)



Source: PWC, 2013

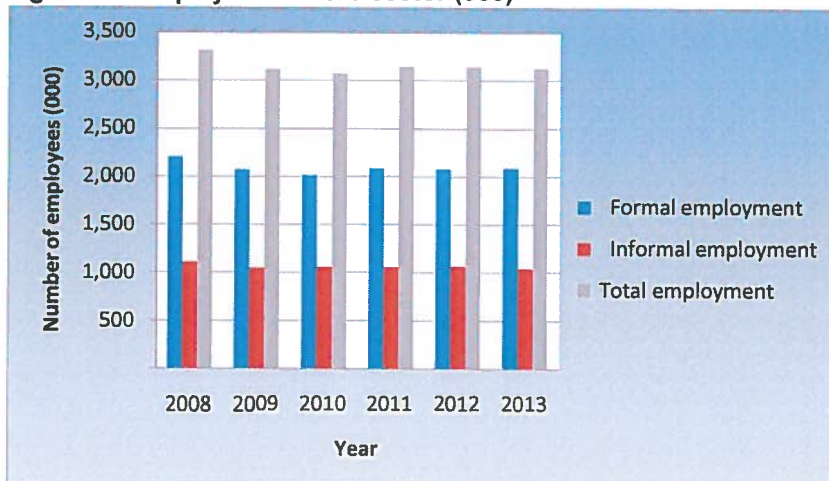
The total amount spent on online retail goods in the country increased from R470 million in 2004 to above R2billion since 2010. Projections are that there will be a sustained increase in online retailing as the number of experienced internet users increases.

2.4. Labour market profile

This section analyses the particular labour market context for the sector. It provides vital employer and employee information on the sector.

2.4.1. Employment in the W&R sector

Figure 18: Employment in the sector (000)



Source: Quarterly Labour Force Survey (4th Quarter), 2013

There were 14.8 million people employed in South Africa in 2013. The W&R Sector employed 3.1 million people comprising 21% of the total labour force. 67% of people in the W&R Sector were in formal employment, whilst 33% were in informal employment. There is a stable trend of

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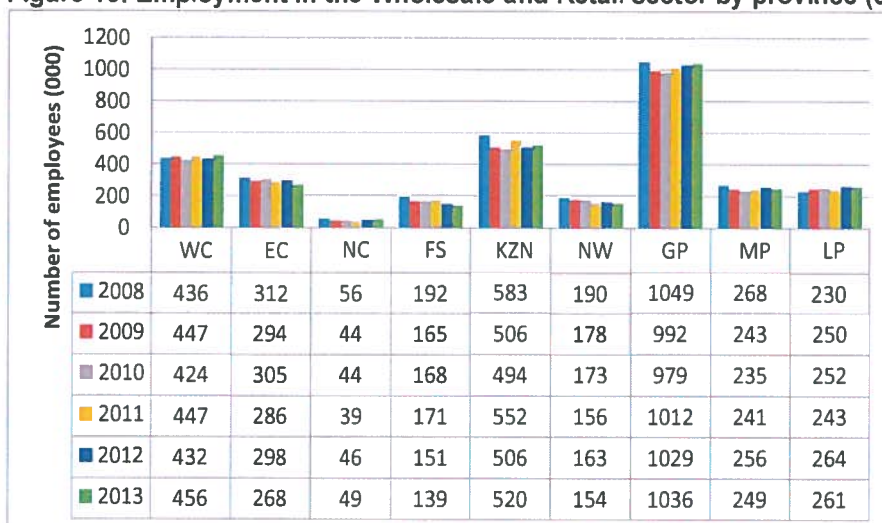
informalisation in the sector. This suggests that the informal sector also acts as an absorber of labour for those who have lost their jobs in formal employment. The high number of people in informal employment in the W&R Sector presents the SETA with a challenge of finding ways to promote skills development and decent work.

Employment in the sector has averaged 23% of the total labour force between 2004 and 2013. Between 2004 and 2013 employment in the W&R sector grew by 5.7%, whilst total labour force employment increased by 26%. This implies that the sector is not keeping up with total employment growth in South Africa. From 2004 to 2007 employment in the W&R Sector grew steadily from 2.2 million to 2.6 million. This represents an increase of close to 18% in employment. As the global economic crisis unfolded in 2008, the economy lost 412 000 jobs between 2008 and 2009, whilst the W&R Sector flat-lined. Employment rebounded in the W&R Sector in 2013 with 3.1 million jobs. The sector's job creation performance over the 10 year cycle has been modest.

2.4.2. Employment in the W&R sector by province

There is a high density of employees in Gauteng, KwaZulu-Natal and Western Cape. Collectively, they comprise 63% of total employment in the sector.

Figure 19: Employment in the Wholesale and Retail sector by province (000)



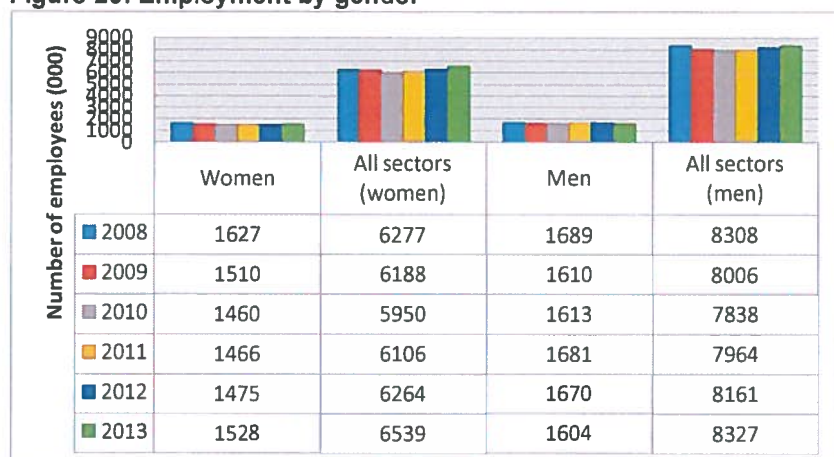
Source: Quarterly Labour Force Survey (4th Quarter), 2013

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

2.4.3. Employment equity

2.4.3.1. Gender breakdown

Figure 20: Employment by gender



Source: Quarterly Labour Force Survey (4th Quarter), 2013

Men made up 51% of the W&R sector and women 49%. The national average is 56% males and 44% females. The major challenge as will be shown later is the small proportion of females in top and senior management positions. Programmes for women in management are necessary. Generally there is a gender balance in terms of headcounts.

Distribution of Monthly Income

Table 3: Distribution of monthly income

	No. of employees (000')	Bottom 5%	Bottom 10%	Bottom 25%	Median	Top 25%	Top 10%	Top 5%
		Rand						
All industries	14 866	600	900	1 500	3 000	7 500	15 000	20 000
W & R	3 132	800	1 027	1 733	2 750	5 200	11 000	15 400

Source: Quarterly Labour Force Survey (2nd Quarter), 2013

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

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2.4.3.2. Top management level workforce profile

Table 4: Top management level percentage workforce profile by race and gender

Sector	Male				Female				Foreign	
	African	Coloured	India	White	African	Coloured	India	White	Male	Female
Retail	4%	4%	6%	69%	1%	2%	1%	12%	1.8%	0.3%
Wholesale	5%	3%	10%	60%	3%	1%	3%	10%	3.7%	0.8%

Source: Department of Labour, 14th CEE Annual Report 2014

According to Table 4, white representation is higher than other groups in the W&R sector at the top management level for both males and females. Progress has to be made in transforming the demographic profile of the workforce in the designated sector. The above inequalities in the demographic composition of the industry signal the urgent need for policy-makers and role-players to do considerably more to redress workforce imbalances.

There is also a growing trend towards the employment of foreign nationals at this level. In the wholesale and trade sector foreign national representation surpasses that of African, Indian and Coloured females at the top management level. W&RSETA also needs to play a far more active role in supporting Blacks (Africans, Coloureds and Indians) acquire high level skills to take up positions in the upper band of the occupational structure.

Table 5 Top management level percentage workforce profile for people with disabilities

Sector	Male				Female				Foreign	
	African	Coloured	India	White	African	Coloured	India	White	Male	Female
Retail	0%	12%	29%	47%	0%	6%	0%	6%	0%	0%
Wholesale	9%	0%	4%	52%	0%	4%	4%	9%	17%	0%

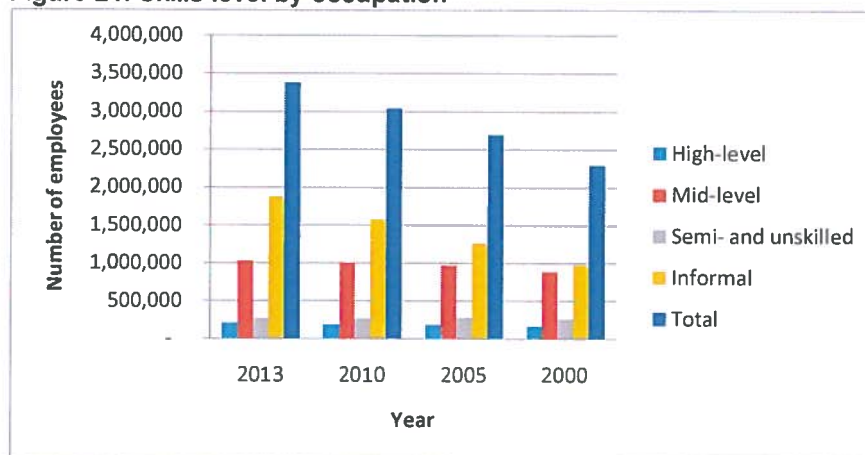
Source: Department of Labour, 14th CEE Annual Report 2014

Table 5 depicts that even with disabilities, white people are more represented than any other group in the W&R sector at the top management level. African women with disabilities have no representation at all in the W&R sector. W&RSETA needs to play a far more active role in supporting African women with disabilities to acquire high level skills to take up positions in the upper band of the occupational structure.

2.4.4. Skills level by occupation in the W&R sector

The challenge of creating a globally competitive W&R Sector requires a globally competitive workforce.

Figure 21: Skills level by occupation



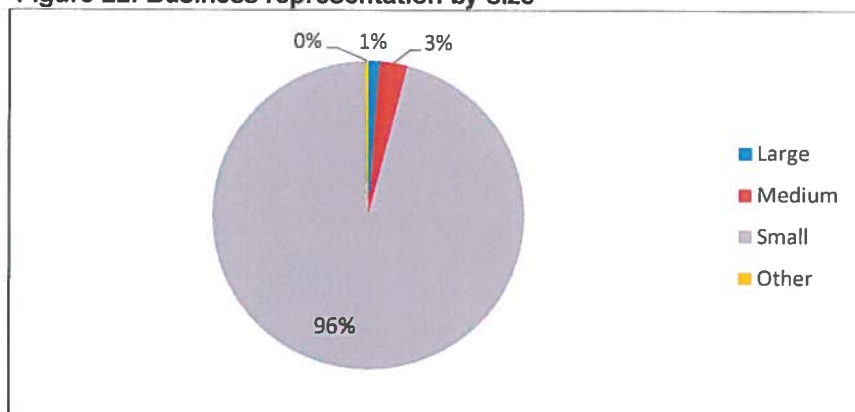
Source: Quantec, 2014

Currently, more than 50% of employees in the sector have informal skills. About 6% of employees in the sector are highly skilled. There is considerable room to improve educational levels in the workforce. The lack of trained middle managers means that potential managers require post-matric qualifications in the sector. Levers required to make wholesalers and retailers competitive such as category management, supply chain management, store operations, warehousing, merchandising, pricing, communications, promotions, purchasing, planning and marketing require progressively higher level education and training qualifications of the workforce.

2.5. WSP/ATR Data²¹

2.5.1. Business representation by size

Figure 22: Business representation by size



Source: WSP/ATR, 2014

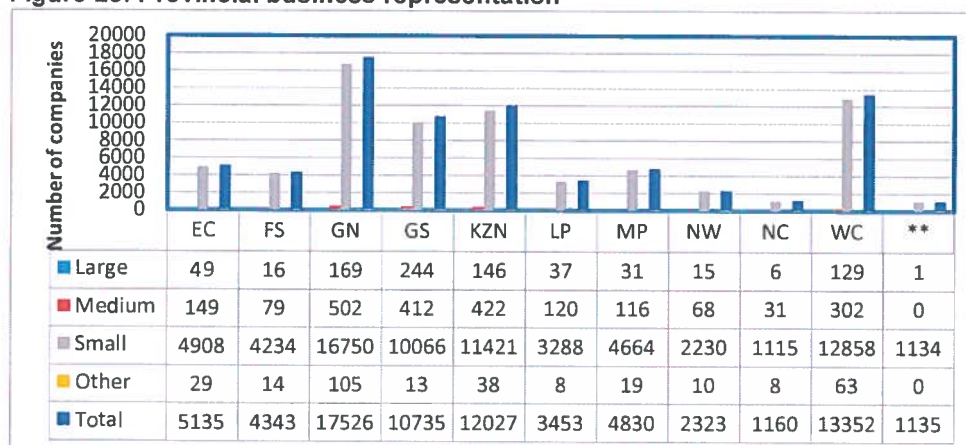
²¹ This data is only for levy paying companies and those which have submitted WSP/ATR data to the W&RSETA for the 2013-2014 submissions.

W&RSETA SECTOR SKILLS PLAN UPDATE 2014 - 2015:

According to the WSP/ATR, 2014 the W&R sector is totally dominated by small enterprises²². A total of 72 668 representing 96% of the sector are small. Medium enterprises constitute 3% of the sector (2 201) whilst large enterprises constitute a mere 1% (843). This trend is also consistent across all provinces. The challenge to the W&RSETA would be to give considerable attention to skills development in small companies.

2.5.2. Business representation by province

Figure 23: Provincial business representation



** No specification of size.

Source: WSP/ATR, 2014

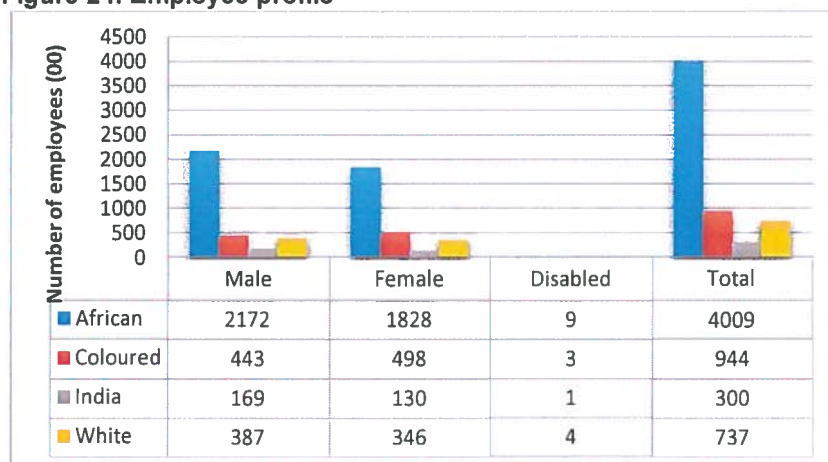
Most businesses are concentrated in the Gauteng province (37%), followed by the Western Cape (18%) and KZN (16%) respectively. The North West and Northern Cape provinces are the least concentrated with a combined representation of only 4%. This implies that considerable attention should be given by the W&RSETA to programmes and policies aimed at promoting the growth of the sector in the provinces where representation is low.

2.5.3. Labour market statistics

The African race dominates employment in W&R sector (67%) followed by the Coloured race (16%). Employment by gender is fairly balanced across all the races with more Coloured women employed in the sector than their male counterparts. There is however a worrying trend across all races and gender in terms of employment of people with disabilities. People with disabilities represent less than 1% of the total W&R sector labour force. W&RSETA needs to play a far more active role in supporting people with disabilities to acquire skills to take up employment in the sector.

²² Small enterprises are classified as employers of less than 50 employees whilst medium and large enterprises employ from 50 to 149 and 150 and above employees respectively.

Figure 24: Employee profile



Source: WSP/ATR, 2014

2.6. Conclusion

The wholesale and retail sector is more affected by changes in global economic conditions than many other sectors in the economy. The key international trends have shown that emerging markets and developing economies are expected to grow faster than advanced economies thus the opportunity of lucrative trade and investment in Africa. Global retail sales are projected to grow by 4.1% in 2014 with most sub-Saharan African countries expected to experience stronger retail growths in the coming decade.

In South Africa, the growth outlook remains uninspiring due to the low consumer and business confidence, the global uncertainty, threats of strikes in the mining sector, contraction of primary sector as well as increase in unemployment rate. The inflation rate is relatively high but is projected to be below the 6% mark targeted by the SARB for the period 2014-2018. The decline in the international prices of key South Africa exports commodities, weak economic growth and unemployment levels will have a negative effect on the rand against the United States Dollar. If the weakening of the exchange rate continues, it will negatively impact the inflation rate, the business and consumer confidence which has adverse effects on the W&R sector.

South Africa's wholesale and retail sector is considered to be highly competitive and is among the key sectors which contribute to the Gross Domestic Product (GDP) and keep the economic engine running. In 2013, the sector contributed about 12.5% to the GDP making it the fourth largest contributor to the nation's economy. The movers and shakers in the retail sector are Edcon Pty (Ltd), Pick 'n Pay Holdings Ltd, Shoprite Holdings Ltd, Spar Group Ltd, Woolworths Holdings Ltd and Massmart Holdings Ltd and in the wholesale sector are Buying Exchange Company (BEC), the Independent Buying Consortium (IBC), the Independent Cash & Carry Group (ICC), Elite Star Trading (EST) and Unitrade Management Services (UMS). Online retail sales have been gradually increasing and projections are that there will be a sustained increase in online retailing as the number of experienced internet users increases.

In terms of employment, the sector employs about 21% of the labour force making it one of the biggest employers in South Africa. 67% of people in the W&R Sector were in formal employment, whilst 33% were in informal employment.

HIV/AIDS in the country has a negative impact on the supply of labour in the economy. Women, who are more vulnerable to HIV/AIDS generally, make up the majority of informal retail sector. It

therefore becomes an important aspect for policy makers to come up with policies to combat HIV in informal retailing communities.

According to the WSP/ATR data for the 2013-2014 period, the sector is dominated by small enterprises and most businesses are concentrated in the Gauteng Province. The data further highlights that the African race dominates employment in the sector with fairly balanced employment levels between men and women across all races. People with disabilities are however grossly misrepresented in the sector.

3. KEY SKILLS ISSUES

3.1. Introduction

This chapter is concerned with identifying factors that are driving change in the sector influencing skills demand and supply of skills either positively or negatively. There are numerous factors impacting on skills demand and supply such as changes which impact on the way work is done in the sector. The aim is to identify the "key skills issues" and analyse its implications for skills development in the sector.

3.2. Policy Context for skills planning

Each SETA is required to develop a SSP within the framework of the National Skills Development Strategy (NSDS) as prescribed by the Skills Development Act of 1988, Section 10 as amended (2008). Sector skills planning in South Africa must take into account a wide range of policy imperatives that seek to support inclusive sector growth paths that advance economic growth and the social development and transformation agenda. These policies include those relating directly to skills development, those focusing more directly on economic growth and social development, and those which focus on monitoring and evaluation.

Below is a table summarising the National Policies that guide the operations of the W&RSETA. It shows the alignment of the W&RSETA Strategic Plan to the Government National Policies and Strategies.

Table 6: Alignment of the W&RSETA Strategic Plan to the Government National Policies and Strategies

Policy	Policy description	Policy alignment by the W&RSETA
NSA	<p>Outlines the following 8 commitments:</p> <ul style="list-style-type: none"> • Expand more fully the level of training using existing facilities • Create internship and placement opportunities available in the workplace • Set guidelines of ratios of trainees and artisans, as well as across the technical vocations, in order to improve level of training • Improve the funding of training, the use of funds available for training and provide incentives for companies to train • Set annual targets for training in state-owned enterprises • Improve SETA governance and financial management, as well as stakeholder involvement • Align training to the New Growth Path and improve SSPs • Improve the role and performance of TVET colleges 	<ul style="list-style-type: none"> • W&RSETA Strategic Plan has prioritised the internship and placement opportunities for the unemployed within workplaces, artisan development, focused attention to improve quality and credibility of the sector skills plan (SSP) and capacitation of TVET colleges to deliver Wholesale and Retail specific learning programmes
IPAP	<p>IPAP has identified several growth sectors which will address the high rate of unemployment in the country.</p>	<ul style="list-style-type: none"> • W&RSETA has identified an oversupply of skills at lower levels (e.g. NQF levels 1-3) and an undersupply at intermediate and higher level skills (NQF levels 4 and higher). The W&RSETA seeks to bring about critical balance required to address both these needs.
NGP	<p>The New Growth Path identifies 5 job drivers:</p> <ul style="list-style-type: none"> • Infrastructure for employment and development • Improving job creation in employment and development • Seizing the potential of new economies • Investing in social capital • Spatial development 	<ul style="list-style-type: none"> • W&RSETA has identified initiatives within job drivers 3, 4 and 5 which speak to Green Economy, the Social Economy and Rural Development respectively

Policy	Policy description	Policy alignment by the W&RSETA
NDP 2030	<p>The National Development Plan 2030 has identified the following 9 key development areas for a sustainable and inclusive development approach:</p> <ul style="list-style-type: none"> • Creating jobs and livelihoods • Expanding infrastructure • Transitioning to low carbon economy • Transforming urban and rural spaces • Improving education and training • Providing quality healthcare • Building a capable state • Fighting corruption and enhancing accountability • Transforming society and uniting the nation 	<p>The W&RSETA has, in its strategic plan, incorporated the following top priorities:</p> <ul style="list-style-type: none"> • Unemployment - the W&RSETA will provide workplace placement for unemployed graduates as well as internships for students • Rural Development – funding will be made available for programmes that are run in the rural areas • SMME support – programmes are in place to support the development of SMMEs • Career guidance – career guidance will be run in schools • Bursaries – the W&RSETA will provide full bursaries covering tuition, books, accommodation and living allowances to students from poor families • Collaboration with TVETs and HETs – W&RSETA has put in place initiatives to strengthen the capacity of TVET colleges to deliver W&R sector specific programmes • Artisan development – the W&RSETA has in place initiatives to develop artisans and other trades
WPPSET	<ul style="list-style-type: none"> • sets out strategies to improve the capacity of post-school education and training system to meet SA's needs. • it is a vision for an integrated system of post-school education and training with all institutions playing their roles. 	<ul style="list-style-type: none"> • Career guidance – career guidance will be run in schools • Bursaries – the W&RSETA will provide full bursaries covering tuition, books, accommodation and living allowances to students from poor families • Collaboration with TVETs and HETs – W&RSETA has put in place initiatives to strengthen the capacity of TVET colleges to deliver W&R sector specific programmes • Artisan development – the W&RSETA has in place initiatives to develop artisans and other trades
NSDSIII	<ul style="list-style-type: none"> • its 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. • acts as strategic guide for skills development and provides direction to skills planning and implementation in the SETAs. • sets out the linkages with , and responsibilities of, other education and training stakeholders. 	<ul style="list-style-type: none"> • Career guidance – career guidance will be run in schools • Bursaries – the W&RSETA will provide full bursaries covering tuition, books, accommodation and living allowances to students from poor families • Collaboration with TVETs and HETs – W&RSETA has put in place initiatives to strengthen the capacity of TVET colleges to deliver W&R sector specific programmes • Artisan development – the W&RSETA has in place initiatives to develop artisans and other trades

Source: W&RSETA Strategic Plan 2011-2016

A

3.1. Change Drivers

The main factors influencing and affecting the wholesale and retail sector are analysed based on the economic, social, technology, environment and legal broad categories. The relationship between the drivers is critical to determining their impact in the wholesale and retail sector. The dependencies mean that they may mitigate or reinforce each other's impact, and is therefore important to recognise these dynamics when analysing the trends.

Considerable effort was made to update the drivers of change in this SSP Update. Based on extensive desktop research, draft drivers of change were developed, discussed and further refined with stakeholders at focus group sessions in the various provinces. Some of the change drivers are non-sector specific, meaning they are not directly related to the sector but exert change in the broader environment in which the sector operates. Other drivers are sector-specific and thus within the control of stakeholders in the sector.

Change drivers have direct implications for skills development in the W&R sector. The table below focuses on the most influential change drivers impacting on the sector and the implications for skills development.

Table 7: Change drivers and their impact on the W&R sector

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING		IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR	SKILLS PLANNING IMPLICATIONS	PRIORITY
IMPACT		STRATEGY	IMPACT	
REGULATION				
National Credit Act: The number of consumers with impaired credit records is in the region of 9.5 million. The number of consumers with a good credit record is about 10.5 million. Middle and high-income earners find themselves over-indebted because they are reluctant to lower their standards of living,	High	IPAP 4; New Growth Path (NGP); National Development Plan (NDP); Jobs Summit	Over-indebted consumers put a brake on consumer spending. Poor credit worthiness means consumers cannot get access to credit. This has had the effect of declining retail sales.	There should be training in managing personal financial management and debt management with the credit regulator.
Consumer Protection Act: The act has a bill of rights, granting consumers wide-ranging powers to refuse to purchase "bundled" products or services, to cancel fixed-term agreements if they are not satisfied with their terms and to block approaches by direct marketers, among other things. The Act has a significant impact on the way business is being conducted in South Africa. Given the extent of liability, extensive training will need to be implemented.	Medium	IPAP 4; New Growth Path (NGP); National Development Plan (NDP); Jobs Summit	The implications are that the retailer could be responsible for errors made by the producer, importer or distributor, and companies will need to do their own quality control.	There is a need for continuous skills development in Consumer Protection Act.
Employment equity: The sector is still faced with specific employment equity challenges that need more focused attention. As far as gender is concerned, more focus should be on the development of women for senior positions. More disabled people should also be employed in the industry. It is essential that skills development includes measures to address the representation of women in senior management positions.	High	IPAP 4; New Growth Path (NGP); National Development Plan (NDP); Jobs Summit	Government interference in prescribing the race and gender of staff in private businesses is regarded as a risk, since it interferes with the freedom of management to appoint the most suitable person to a particular post.	Skills development must include measures to address the representation of black people in senior management positions and disabled people in particular. Measures must therefore be put in place to equip black people to perform at this level.

7

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING		IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR		SKILLS PLANNING IMPLICATIONS		PRIORITY
IMPACT	STRATEGY	IMPACT				
REGULATION						
Projected growth in TVET colleges: The government is targeting 2.5 million students in colleges per year by 2030.	High	NSA, IPAP NDP	Employers could benefit by influencing curriculum. Colleges could benefit by having students being able to access WIL and employment on graduation. Lecturers could also be exposed to the WR sector, even during holidays.	Employers will be expected to provide workplace experience for learners and lecturers.		High
QCTO qualifications: There is a shift from national certification to 'occupational certification'.	Medium	IPAP 4; New Growth Path (NGP); National Development Plan (NDP)	This will affect the methods used to train learners, the durations needed to curriculum, as well as the curriculum.	Employers should take advantage of the TVET curriculum review which is planned by the DHET.		Medium
Other regulatory burdens: Local issues such as labour unrest, high costs of doing business, excessive legislative burdens, high taxes, lack of SMME support etc.	Medium	IPAP 4; New Growth Path (NGP); National Development Plan (NDP); Jobs Summit	The other regulatory burdens may have a negative impact on economic growth which can result in reduced labour demand. However in future this will be an inhibit factor.	Focus on PIVOTAL ²³ learning programmes.		Medium
CONSUMER DEMAND						
Speed to market: Market competitiveness is dependent on speed to market and responsiveness to fast changing consumer preferences. The ability to innovate, source and alter stock levels in line with changing consumer demands is therefore vital.	High	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Small batch production; short lead times; quick style and product changes; speed from manufacturer to retail floor.	Skills to work in complex supply chains; entrepreneurial mindset; ability to plan and communicate with suppliers; read the market environment; customer relationship management.		High

²³ Appendix A provides the PIVOTAL skills list for 2014.

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING		IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR		SKILLS PLANNING IMPLICATIONS		PRIORITY
		IMPACT	STRATEGY	IMPACT		
GLOBALISATION AND TECHNOLOGY						
<p>Digital revolution: Technological change remains at the forefront of the sector's ability to become as efficient, effective and economical as possible to maximise profit margin and customer experience.</p> <p>The retail industry is in the midst of a customer revolution. The key drivers of this revolution are the rapid adoption of mobile devices, digital media and tablets equipped with shopping applications. Failure to deliver puts retailers at risk of becoming irrelevant.</p>	High	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	The type, level and mix of skills required by multi-channel retailing presents a challenge to the sector.	Learnerships must engage with new mobile technologies. Training is required in digital media, social networking and marketing. Development of talent pipelines to harness customer strategies. Employees require knowledge, training and tools to facilitate a multi-pronged shopping.	High	
	<p>E-Retailing: Growth in internet access is speeding up as the market gets more competitive. High-end retailers are giving e-commerce much attention, with most focus on non-food goods. A rising trend is online price comparison, booking and purchasing followed by in-store collection. There is also significant scarcity in certain e-Retail occupations, as well as a distinct lack of appropriate and accredited qualifications in South Africa.</p>	High	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Business now requires multi-pronged marketing strategies to be competitive, therefore a lack of understanding regarding exactly what e-Retail entails and the type of skills required will lead to companies lagging others in the provision of an e-Retail service to their customers, which may lead to decreasing market shares. Skilled personnel in this area that are scarce to find are very expensive to companies, Some need to be trained (with few accredited courses available). Many are then also head-hunted.	Learnerships must engage with new mobile technologies. Training is required in digital media, social networking and marketing. Development of talent pipelines to harness customer strategies. Employees require knowledge, training and tools to facilitate a multi-pronged shopping. It is necessary for W&RSETA to develop new OFO codes for the 7 new e-Retail-specific occupations.	High
<p>International retailing: global expansion means that companies in South Africa face threats from international companies, but also see the potential in expanding business operations into other markets.</p>	Medium	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Businesses in are under increasing pressure to look internationally in order to grow their market share, and are also under constant threat from international companies opening stores in the country	Business Development Managers need to anticipate and mitigate the threat of international companies opening new stores in South Africa, as well as consider expansion across borders and its impact on business. Some large retailers have indicated that finding this skill is scarce and therefore needs to be developed.	Medium	

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING		IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR		SKILLS PLANNING IMPLICATIONS		PRIORITY	
IMPACT	STRATEGY	IMPACT					
High	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	Regional variances exist in demand patterns. Businesses need to be agile in moving goods efficiently and quickly through the supply chain. Supply chains help retailers create strong customer value propositions, such as being cost-effective, providing fresh and better product assortments and having a better reach.	ECONOMICS				
			IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	A further pressure is a persistent skills shortage, especially among middle management. Poor productivity and rising above inflation labour costs, as well as a shortage of middle management skills, are key issues hampering further development within the sector.	Focus on pivotal learning programs. There is a shortage of strong graduates emerging from local tertiary education, while most businesses have had to develop significant in-house training capacity in order to continue developing skills. Focus on developing middle management cadres		High
					Macro-economic and labour market policy issues. Training to meet specific customer segments of the market caused by income disparities.		High
High	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit	The economy is facing a triple challenge of unemployment, income inequality and poverty. High youth unemployment.	The economy is facing a triple challenge of unemployment, income inequality and poverty. High youth unemployment.		Macro-economic and labour market policy issues. Training to meet specific customer segments of the market caused by income disparities.		High

AR

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING		IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR		SKILLS PLANNING IMPLICATIONS		PRIORITY
IMPACT		STRATEGY		IMPACT		
Economics						
Non-Levy Paying Companies: Support of Non-Levy Paying Companies (NLPCs) by Levy Paying Companies (LPCs)	Medium			LPCs may be expected to provide guidance and business support to NLPCs. While possibly disruptive to supply chains and procurement processes initially, LPCs should benefit in the long term from increased market share and brand loyalty.	The SETA should consider training the NLPCs while Levy Paying Companies (LPCs) offer business support and guidance. This could be achieved by setting up cooperatives and/or joint operations.	Medium
Economics						
Growth of the informal sector: The informal sector is not regulated.	High	IPAP 4; New Growth Path (NGP); National Development Plan (NDP)		This is exerting pressure on formal business. Companies are encouraged to attend IDP sessions with local municipalities and advocate for municipal regulations.	Learning programs for informal sector. Voucher training schemes; mentoring and coaching.	High
Small enterprise development: SMMEs should build a sustainable business model given that the gestation period for success in the retail sector is long. Hawkers are a vulnerable group since many are women with little family support. A major characteristic of hawkers is their mobility since they traverse on foot.	High	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit		Employment growth opportunities. Most workers employed by unorganised businesses do not receive healthcare, educational and minimum wages. Increasing casualisation of labour.	Learning programs for SMMEs; voucher training schemes; toolkits; on-the-job training; industry clusters; mentoring and coaching. SMME Strategy for skills development.	High
Foreign Direct Investment: FDI in retail will generate employment since new entrants will need to hire staff. Opportunities will be created non-agricultural employment for youth in small towns.	High	IPAP 4; HRD-SA; Skills Accord; NGP; NDA		FDI creates better retail infrastructure, which helps to support overall sector growth. Best practices transfer; supply chain mastery; more products, better prices; higher tax revenues.	There will be shift towards skills biased technological change of job profiles (SBTC). Greater intensity of skills will be required in existing employees.	High

AT

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING		IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR		SKILLS PLANNING IMPLICATIONS		PRIORITY
		IMPACT	STRATEGY	IMPACT		
ECONOMICS						
Strategic Infrastructure Projects (SIPs): Strategic Infrastructure Projects (SIPs) is a 20 year planning framework to co-ordinate 18 infrastructure projects to prevent stop-start patterns of development, encourage job creation, skills development and poverty alleviation.	Medium	SIPs	SIPs have implications for the W&R sector. SIPs will lay the basis for job creation, economic growth and poverty alleviation. The downstream effect of SIPs will be greater disposal income circulating in the economy. This translates to higher consumer demand in the W&R sector.	W&RSETA should focus on skills development in the SIPs spatial areas as consumer demand in these areas is expected to pick up.	Medium	
	VALUES AND IDENTITIES					
Value: SA consumers are value-conscious. This does not necessarily imply that consumers 'want a bargain.' Instead, they want a well-made product that is priced fairly, and that meets its stated promises. Consumers are demanding access to more, improved and better priced products. Consumer Power: Consumers are placing pressure on companies to demonstrate a commitment to sustainability, fair business practice, decent work, appropriate food labelling, CSR and employment equity. Increased competition translates into more power and choice for consumers. Companies that fail to stand up to customers' scrutiny will feel the effects in lost sales.	Medium	NDA; IPAP 4	Greater market competition; sensitivity to consumer preferences; better products and lower prices;	Training to improve productivity across the supply chain. High quality skills programs for existing employees. Companies should increase investments in HRD to innovate new products, product development, R&D, understanding consumer behavior, etc. The sector has to be continually adapting its skills to meet and exceed customer expectation. Critical to this is the delivery of excellent customer service.	Medium	

AS

NATURE OF CHANGE DRIVERS & IMPLICATIONS FOR SKILLS PLANNING		IMPACT OF CHANGE DRIVERS ON THE W&R SECTOR		SKILLS PLANNING IMPLICATIONS	PRIORITY
IMPACT	STRATEGY	IMPACT			
ENVIRONMENT					
Environmental issues: Businesses are becoming more conscious of protecting the environment. Increased legislation and consumer pressure are driving the demand for eco-compliance. Businesses now have to show that they are environmentally friendly in their business processes and in the products and services they offer.	IPAP 4; New Growth Path (NGP); National Development Plan (NDA); Jobs Summit; DEAT SSP	Pro-environmental regulations; skilled workers needed in energy efficiency and sourcing of "green" products and services; managing "green" supply chains; a business case for greening the W&R sector.	Greening skills programs, learnerships and apprenticeships; toolkits for businesses to go "green"; code of conduct for sustainable practices; "green" projects; promoting "green" occupations and jobs; awareness campaigns. Awareness and application of the environmental reduction issues for all staff. Reduction in carbon emission awareness remains an issue for all staff. Great need of people dedicated to, and skilled in, energy efficiency.	Medium	

15

3.1. Conclusion

Drivers of change which will impact on skills development within the sector, include globalization, technology requirements and internet-based retailing, legislation and social challenges such as high levels of unemployment. The globalisation of the sector means the South African wholesale and retail sector has to be seen as a part of the world economy as a purchaser and consumer of goods and services. The global marketplace has many implications for the sector including increased competition at home, the challenge of doing business across countries and channels of retailing, and the challenge of managing a workforce which spans nations.

Technological change remains at the forefront of the sector's ability to become as efficient, effective and economic as possible to maximise profit margin and customer experience. The transformation of how and where business occurs is part and parcel of being able to make the most of the increasingly global marketplace. The type, level and mix of skills required by multi-channel retailing presents a challenge to the sector. Technological changes will require workers to have a different skills set, further widening the gap between skilled and unskilled workers. Changes in legislation will require industry to invest in training so that companies do not fall foul of the law.

4. EXTENT OF SKILLS MISMATCHES

4.1. Introduction

Having profiled the sector, the people employed within it, and the key issues driving change, this chapter focuses primarily on understanding occupation-specific (OFO digits 4 to 6) skills mismatches for employers in the sector. The issue of skills gaps in the sector will also be addressed.

4.2. Methodology

Regional workshops were held in the following provinces:

- Eastern Cape
- Free State
- Gauteng
- Kwa-Zulu Natal
- Mpumalanga
- Western Cape

It was not possible to hold regional workshops in Limpopo, North West and Northern Cape provinces, therefore telephonic surveys were conducted with 5 small and 5 medium companies in each of these 3 provinces.

In-depth interviews (either face-to-face or telephonic) were held with a sample of stakeholders around the country during April and May 2014, including:

- 14 x Large companies
- 19 x Medium companies
- 19 x Small companies
- 2 x Fuel Retail Association
- 2 x Training Providers

A quantitative analysis of the WSPs was also conducted to further understand the needs of the large, medium and small companies. They were used as additional sources of information for the scarce, critical and priority lists.

4.3. Demand for skills

Demand for skills refers to the employers' needs for skills in the sector.

4.3.1. WSP submissions 2014

The number of companies that submitted WSPs according to company size, provincial breakdown and employee coverage is shown in table 8.

W&RSETA SECTOR SKILLS PLAN UPDATE 2014 - 2015:

Table 8: WSPs submitted

Province	Small	Medium	Large	Total
Eastern Cape	299	59	18	376
Free State	113	27	9	149
Gauteng	1 040	324	162	1 526
KwaZulu-Natal	659	202	73	934
Limpopo	107	33	13	153
Mpumalanga	186	27	15	228
North West	107	27	2	136
Northern Cape	82	13	2	97
Western Cape	1 245	224	111	1 580
Total	3 838	936	405	5 179

Source: WSP Database, 2014

Western Cape (31%), Gauteng (29%) and KwaZulu-Natal (18%) were the provinces with the most WSP submissions whilst the Northern Cape (2%) had the least submissions. Approximately 74% of the total number of WSPs submitted in 2014 was for small, 18% for medium and 8% for large companies.

Table 9: Total WSPs 2012-2014

Year	Small	Medium	Large	Total
2012/2013	6 653	1 322	467	8 442
2013/2014	3 838	936	405	5 179

Source: SSP update, 2013 and WSP Database, 2014

There has been a sharp decline in the number of companies submitting WSPs for 2013/14 compared to 2012/13. The sharpest drop was in small companies group with over 2800 fewer companies making submissions than in 2012/2013. The weak performance in the submission of WSPs by small companies can be attributed to a lack of the required expertise, knowledge, capacity and time to complete the WSPs. Improved user-friendly processes for developing WSPs are required to encourage companies in the wholesale and retail sector to submit their WSPs.

4.3.2. Priority occupations

Stakeholders have identified a number of priority occupations, which are important to the future of the sector. People in these occupations play an important role in the operating activities of wholesale and retail enterprises. Therefore, the training of people in these occupations is vital for the sector. Below is a ranking from highest to lowest of actual training for employees and unemployed according to skills priority.

The majority of training is being done at the lower levels of the occupational class structure. This may be due to the fact that the majority of workers in the sector are at the lower end of the occupational structure. Sales assistants represent the occupational class with the highest number of planned interventions by employers. High labour turnover was noted as the main reason for this occurrence.

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Below is a table listing the priority occupations identified.

Table 10: Priority occupations, 2014

Priority occupations*	OFO code	Number of interventions planned by employers in sector
Sales Assistant	522301	11,015
Sales Representative	332201	6,452
Store Person	833402	5,394
Retail Manager (General)	142103	5,091
Checkout Operator	523101	4,779
Service Station Attendant	524501	4,270
Retail Supervisor	522201	3,019
General Clerk	411101	2,151
Accounts Clerk	431101	1,719
Visual Merchandiser	343203	1,236

*Listed in order from 1st – 10th highest number of planned interventions by employers
Source: WSP/ATR Analysis, 2014

4.3.3. Scarce occupations

Scarce occupations, otherwise known as hard-to-fill vacancies, are defined as occupations which take 3 months or more to find a candidate with suitable work experience, qualifications and attributes at current wage levels. The consolidated scarce occupations from the 9 provinces are shown in the in the table below:

Table 11: Scarce occupations

Scarce occupations	OFO code	Scarce occupations	OFO code
Accountant	241101	Planner	332301
Accounts clerk	431101	Retail Buyer	332301
Baker	681201	Retail Manager (Store/Branch)	142103
Butcher	681103	Retail Pharmacist	226203
Chef	343401	Retail Supervisor	522201
Developer Programmer	251203	Sales Assistant	522301
Electrician	671101	Sales Manager	122102
Finance Manager	121101	Sales Representative	332201
General Clerk	411101	Service Station Attendant	524501
HR Manager	121201	Store Person	833402
Importer or Exporter	142101	Supply and Distribution (Logistics) Manager	132401
Import-export Administrator	335402	Training & Development Manager	121202
Marketing Manager	122103	Visual Merchandiser	343203
Organisational Risk Manager	242208	Warehouse Manager	132404

Source: WSP/ATR Analysis, 2014

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Most of the companies submitting WSP/ATRs are small enterprises which require people in these occupations. Occupations listed in the above table may be hard to fill based on a number of the following reasons including:

- poor conditions of employment
- low wages
- casual work arrangement
- lack of social protection
- high staff turnover
- lack of qualified applicants
- lack of work experience
- lack of retail-specific work experience
- lack of qualifications and skills programmes

4.3.4. Scarce occupations by province

The table below highlights the scarce occupations by province.

Table 12: Scarce occupations by province

Western Cape		Gauteng	
Scarce occupation	OFO code	Scarce occupation	OFO code
Accountant	241101	Baker	681201
General Clerk	411101	Butcher	681103
Developer Programmer	251203	Chef	343401
Planner	332301	Finance Manager	121101
Retail Buyer	332301	Retail Manager (Store/Branch)	142103
Retail Manager (Store/Branch)	142103	Retail Pharmacist	226203
Retail Supervisor	522201	Retail Supervisor	522201
Sales Assistant	522301	Sales Assistant	522301
Sales Representative	332201	Sales Manager	122102
Supply and Distribution (Logistics) Manager	132401	Supply and Distribution (Logistics) Manager	132401
Kwa-Zulu Natal		Free State	
Scarce occupation	OFO code	Scarce occupation	OFO code
Baker	681201	Baker	681201
Butcher	681103	Butcher	681103
Electrician	671101	Electrician	671101
HR Manager	121201	HR Manager	121201
Organisational Risk Manager	242208	Organisational Risk Manager	242208

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Retail Buyer	332301	Retail Buyer	332301
Retail Manager (Store/Branch)	142103	Retail Manager (Store/Branch)	142103
Sales Assistant	522301	Retail Pharmacist	226203
Sales Manager	122102	Retail Supervisor	522201
Supply and Distribution (Logistics) Manager	132401	Training & Development Manager	121202
Mpumalanga		Limpopo	
Scarce occupation	OFO code	Scarce occupation	OFO code
Baker	681201	Chef	343401
Butcher	681103	Electrician	671101
Chef	343401	Finance Manager	121101
Import-export Administrator	335402	HR Manager	121201
Importer or Exporter	142101	Marketing Manager	122103
Retail Buyer	332301	Retail Supervisor	522201
Retail Manager (Store/Branch)	142103	Sales Assistant	522301
Retail Supervisor	522201	Service Station Attendant	524501
Sales Assistant	522301	Store Person	833402
Supply & Distribution (Logistics) Manager	132401	Training & Development Manager	121202
North West		Eastern Cape	
Scarce occupation	OFO code	Scarce occupation	OFO code
HR Manager	121201	Baker	681201
Retail Manager (Store/Branch)	142103	Butcher	681103
Sales Assistant	522301	Marketing Manager	122103
Store Person	833402	General Clerk	411101
Training & Development Manager	121202	Retail Buyer	332301
Visual Merchandiser	343203	Retail Manager (Store/Branch)	142103
Northern Cape		Sales Assistant	522301
Scarce occupation	OFO code	Sales Manager	122102
Accounts clerk	431101	Visual Merchandiser	343203

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Butcher	681103	Warehouse Manager	132404
General Clerk	411101		
HR Manager	121201		
Marketing Manager	122103		
Retail Supervisor	522201		

4.3.5. Common scarce occupations by province

Table 13: Common scarce occupations by province

Provincial overlaps	Scarce occupation
Common to 9 provinces	Retail Manager, Sales Assistant, Retail Supervisor
Common to 5 provinces	Baker, Butcher, HR Manager Retail Buyer, Risk & Compliance Manager (operations), Training & Development Manager
Common to 4 provinces	Supply and Distribution (Logistics) Manager

The table above shows that Retail Manager, Sales Assistant and Retail Supervisor are common to 9 provinces' Top 10 scarce occupations lists.

Table 14: Common scarce occupations by company size

Company size overlaps	Scarce occupation	OFO code
Common to large, medium and small companies	Retail Buyer	332301
	Retail Manager	142103
	Sales Assistant	522301
	Sales Manager	121201
Common to large and medium companies	Baker	681201
	Retail Supervisor	522201
Common to large and small companies	HR Manager	121201
Common to medium and small companies	Accountant	241101
	Butcher	681103

The table above highlights that four occupations namely Retail Buyer, Retail Manager, Sales Assistant and Sales Manager are scarce occupations in large, medium and small companies.

4.3.6. Online vacancy analysis

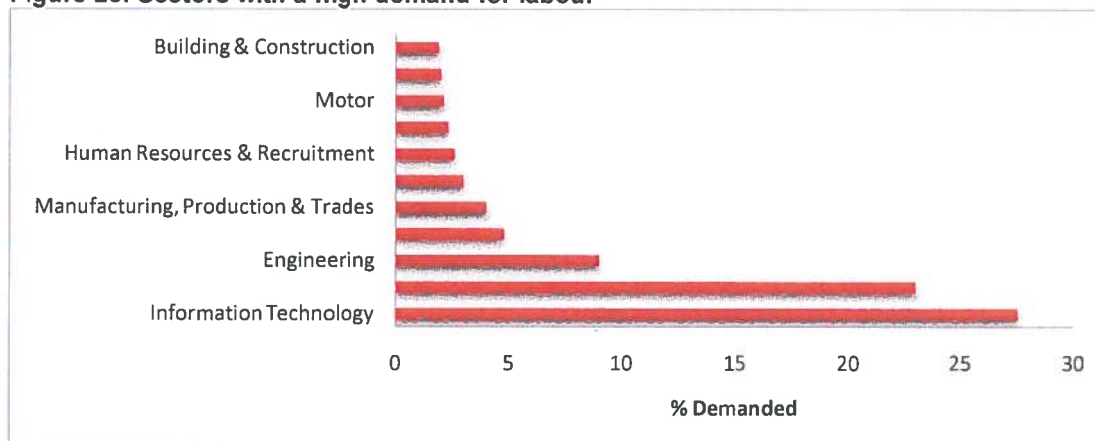
The online vacancy analysis draws on research conducted by The Career Junction, South Africa's largest online recruitment website. The information is based on occupations in all sectors.

As

4.3.6.1. High labour demand

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

Figure 25: Sectors with a high demand for labour



Source: Career Junction Index, April 2014

An overview of vacancy levels across various industries (indicated by the red graph) provides a good indication of where the majority of employment takes place. The IT and Finance industries are undoubtedly the most sought after, followed by the Engineering; FMCG (Fast Moving Consumer Goods), Retail & Wholesale; and Manufacturing, Production & Trades industries, among others listed.

4.3.6.2. Recruitment Conditions

Below is a table of the current online labour market situation, taking into account the amount of active career seekers and the amount of advertised jobs on the Career Junction website. The table shows the number of work-seekers who have applied for jobs per advert on the Career Junction website. It thus gives an indication of skills demand. Please note that this is not an indication of how many career seekers have applied to positions, but rather the number of potential career seekers who have been active on the Career Junction website in the previous 6 months.

Table 15: Applicants per advert on Career Junction

Sector	Number of applicants	Recruitment
Information Technology	6.14	Difficult
Travel & Tourism	11.92	Moderate
Finance	11.92	Moderate
Building & Construction	22.59	Easy
Sales	22.59	Easy
Business & Management	23.03	Easy
Hospitality & Restaurant	31.68	Very easy
FMCG, Retail and Wholesale	47.22	Very easy
Legal	47.23	Very easy
Transport & Aviation	48.67	Very easy
Maritime	49.03	Very easy
Admin, Office & Support	157.27	Very easy

Source: Career Junction Index, April 2014

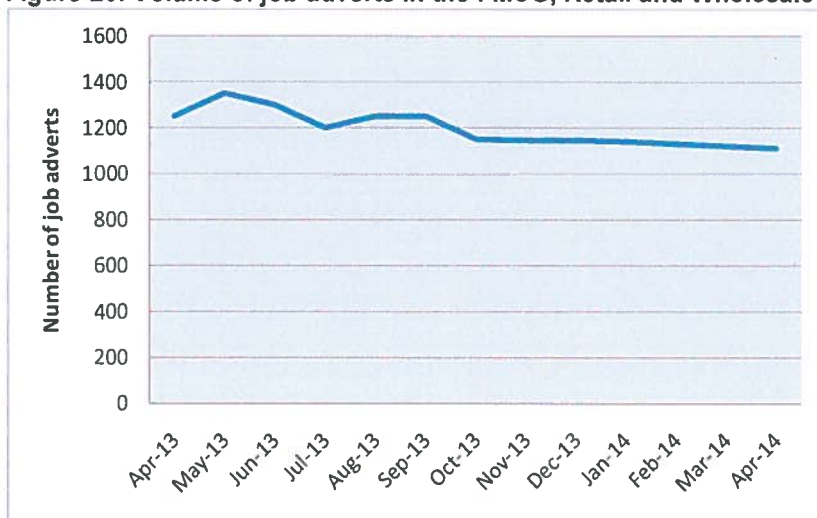
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Recruitment was rated "Very easy" in the FMCG, Retail and Wholesale sector during the period under review with 47 potential career seekers per job advert.

4.3.6.3. Annual Trending Analysis

Below is a graph showing the trends in volume of job adverts in the FMCG, Retail and Wholesale sector published on the Career Junction website over the previous 12 months.

Figure 26: Volume of job adverts in the FMCG, Retail and Wholesale sector



Source: Career Junction Index, April 2014

Hiring activity within the FMCG, Retail & Wholesale industry has slowed down slightly from January 2014 through to April 2014. This might be contributed to seasonal factors, such as the off holiday season when temporary employment rises.

4.4. Supply of skills

The future growth prospects of a sector are dependent on the availability of appropriate and affordable skills and an analysis of the supply-side is necessary. This sub-section analyses the supply of skills to the W&R sector both within a national context and regional context. Trends from both the secondary and tertiary education sectors are analysed.

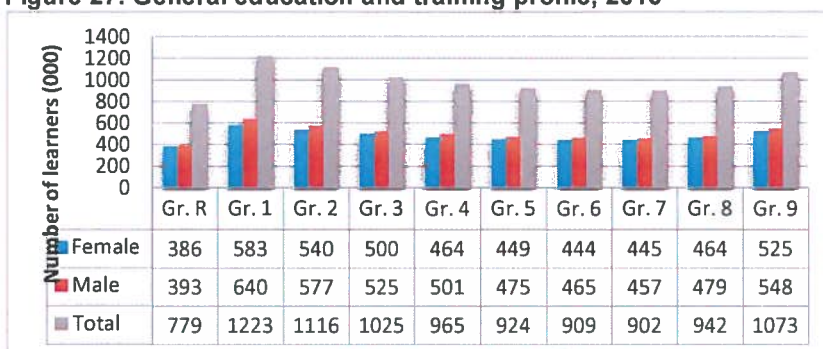
South Africa is plagued by the inadequate skills levels and poor work readiness of many young people leaving formal secondary and tertiary education and entering the labour market for the first time. This is compounded by inadequate linkages between institutional and workplace learning, thus reducing the employability and work readiness of the successful graduates from TVET and HET institutions

4.4.1. General education and training

South Africa has one of the highest rates of public investment in education in the world. At about 7% of gross domestic product (GDP) and 20% of total state expenditure, the government spends more on education than on any other sector. Education and related functions received R253,8 billion (20%) of the R1,25 trillion budget for the 2014/2015 year²⁴. The Department of Basic Education (DBE) was allocated R177.6 billion for primary and secondary schools,

School infrastructure has been a persistent challenge for many rural provinces and a fair chunk of the DBE allocation will be challenged rural school infrastructure. The NDP calls for 450 000 grade 12 learners to achieve university entrance passes with mathematics and physical science in 2030. But the intake for these subjects at high school has been slow. Initiatives such as the Dinaledi schools have yet to boost the numbers, and experts say the focus should move to primary schools. Though the national grade 12 pass rate has improved from 60,6% in 2009 to 78,2% in 2013, questions remain about the quality of the grade 12 certificate, especially considering that learners need to score only 30% to pass some subjects.

Figure 27: General education and training profile, 2013



Source: DBE, *School Realities*, 2013

In 2013, there were a total of 12,4 million learners in ordinary schools in South Africa. Grades R to Grade 9 form the General Education and Training (GET) band. 30% of the total number of learners in 2013 are in the senior phase of the GET band. Another noteworthy improvement is the increase in grade R enrolment from 544 000 in 2009 to 779 000 in 2013.

4.4.2. TVET sector

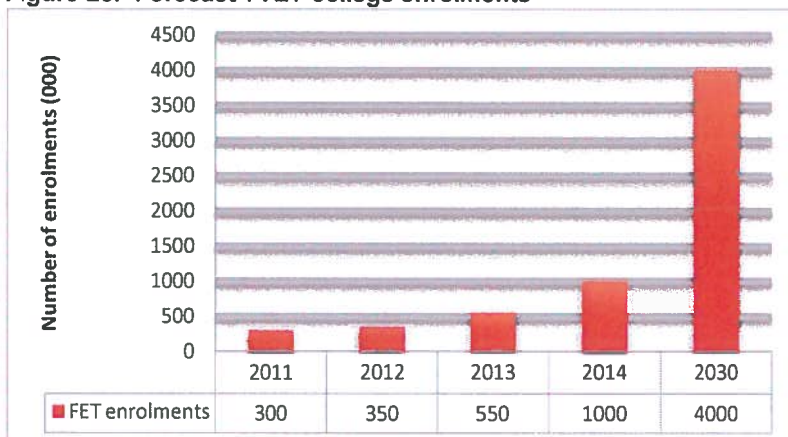
TVET colleges form a critical component of the current training capacity of artisans. TVET colleges offer training for the NQF Level 4 National Certificate Vocational (NCV). The Minister of Higher Education and Training Minister Blade Nzimande stated in 2012 that enrolments in TVET colleges had risen substantially in recent years and were exceeding projected demand²⁵.

²⁴Financial Mail Online: <http://www.financialmail.co.za/specialreports/budget2014/2014/02/27/social-spending-education-stays-tops>: (Accessed on 10 May 2014).

²⁵<http://www.citypress.co.za/news/young-jobless-and-desperate-will-TVET-colleges-fix-our-future-20120623/> (Accessed on 30 April, 2014)

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Figure 28: Forecast TVET college enrolments



Source: National Skills Conference, 2013 Summary of progress made on NSDS III

There are 50 public TVET colleges in the country and forecasted enrolments increased from 300 000 learners in 2011 to 350 000 learners in 2012, 550 000 learners in 2013, and an estimated 1 million learners by 2014. A target has been set of 4 million students at TVET colleges by 2030 (NDP and DHET Green paper). However, over 600 000 students enrolled in SA's 50 TVET colleges in 2012.

According to the National Skills Accord between industry and government, SETAs will have to facilitate the placement of TVET and university students in industry. The country's 50 TVET colleges are top of the comprehensive turnaround strategy, with the DBE planning further marketing of vocational training and planning to introduce dedicated lecturer training for the artisan training colleges.²⁶ Up until March 2013, there were 4 980 TVET college graduates placed, an increase of more than 2 000 when compared to the previous financial year for the same period. During the 2012/13 financial year, the W&RSETA awarded 1 754 bursaries to students studying Wholesale and Retail qualifications, which address the scarce and critical skills identified in the Sector Skills Plan

From in-depth interviews with employer representatives regarding TVET colleges, industry seems to be willing to work with TVETs to ensure more rounded and capable students are produced. Some employers did mention that TVET colleges are strong on theory but do not adequately equip the students practically. Focus on TVETs should therefore not be on the numbers but rather on the quality of students coming through to ensure their employability and acceptance by industry. Employers interviewed also mentioned that quality of TVET students might not be up to their standards because of the quality of lecturers used specifically using non-tradesmen to teach trades. Greater cooperation between industry and TVETs is required to help feedback into the curriculum and also to provide workplace exposure to both the lecturers and students.

The recommendation that was put across by employers is that the TVET curriculum must be designed in a way that vocational training is always linked to on- the-job work experience to ensure that the skills being acquired are those that are in demand in the workplace.

²⁶ <http://www.financialmail.co.za/fmfox/2014/01/10/nzimande-announces-opportunities-for-matriculants> (Accessed on 30 April, 2014)

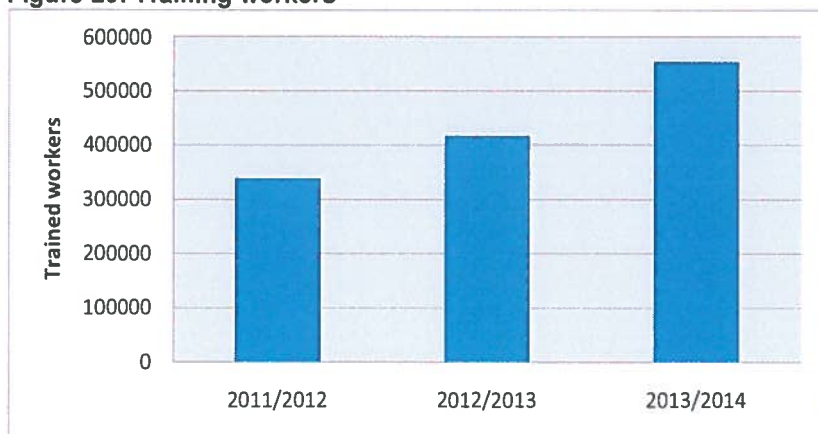
4.4.3. W&RSETA training

During the 2013/14 financial year the W&RSETA embarked upon several collaborative initiatives to address the challenges facing the W&R sector and the country as a whole, in order to realize the objectives of the NSDS III. The SETA partnered with numerous organisations to provide training to relevant stakeholders.

4.4.3.1. Training workers

From the figure below, a total of over 500 thousand individuals received training in various occupational classes.

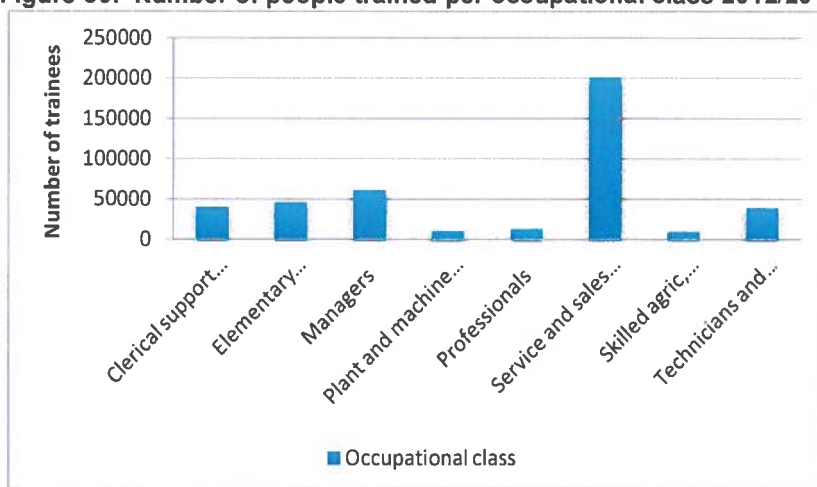
Figure 29: Training workers



Source: ATR, 2014

The number of workers trained year-on-year represents an uptake in training in the sector. Over 135 000 individuals more were trained during the 2013/2014 period representing a 33% increase from the 2012/2013 figure.

Figure 30: Number of people trained per occupational class 2012/2013

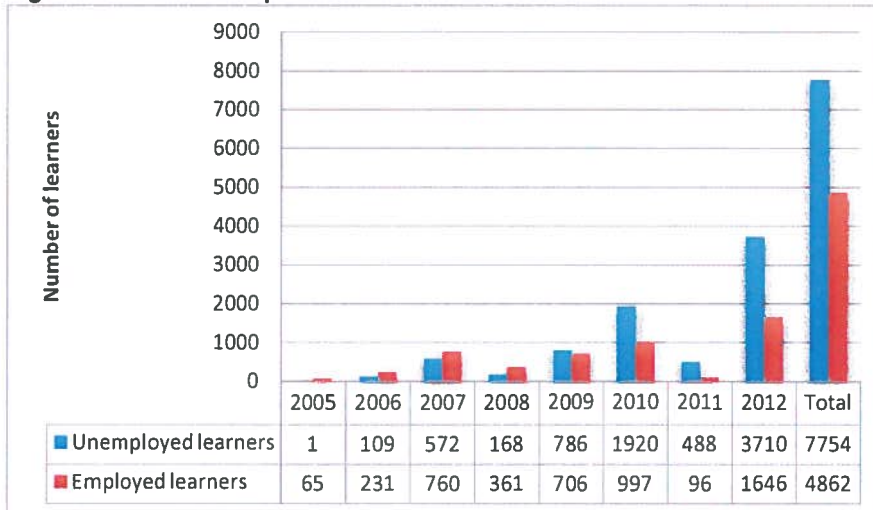


Source: W&RSETA - Annual Report 2012/13

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48% of those trained were in the service and sales workers class followed by 15% from the managers' occupational class. This level of training has a positive impact on the supply side of labour in the sector.

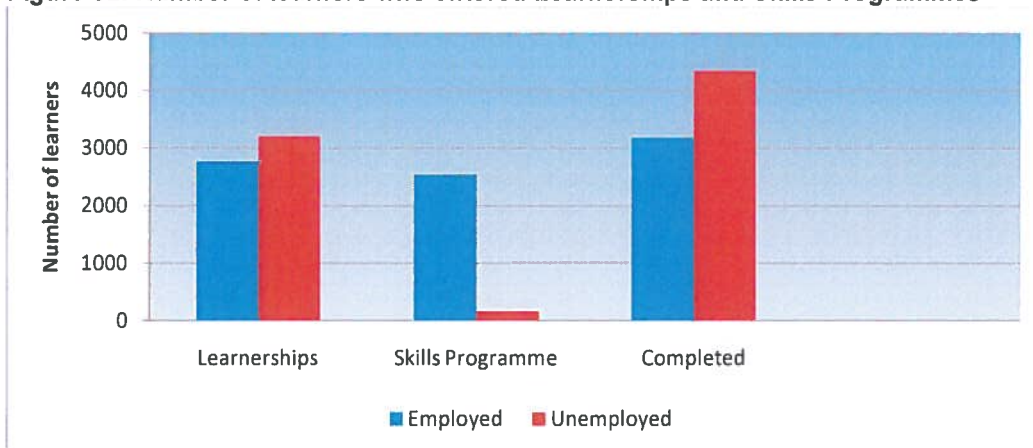
Figure 31: Learnerships certified 2012/2013



Source: W&RSETA - Annual Report 2012/13

Over 12 000 learnerships within the W&R sector were certified during the period under review and over 7000 of these were for unemployed learners. It is important for the W&RSETA to consider those who are unemployed in their training programmes in order to create a readily available and well equipped pool of potential employees.

Figure 32: Number of learners who entered Learnerships and Skills Programmes



Source: W&RSETA - Annual Report 2012/13

From the figure above, a total of 5 300 employed learners entered the Learnerships (2 764) and Skills Programmes (2 536). 3185 managed to complete the programmes representing a 60% throughput rate. The unemployed learners made up the majority of the students entered into the Learnership programmes. Continuous training of both the employed and unemployed presents the W&R sector with a well equipped labour supply pool.

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Collaboration between the W&RSETA and the TVETs in the country is necessary to ensure that skills development goals are achieved. It is crucial that a platform that has accountability, monitoring and evaluation mechanisms in place should be established to allow the W&RSETA and Universities, Technikons, TVET colleges and other players in the W&R sector and beyond to work together.

4.4.3.2. Most trained occupations

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

Table 16: Planned training by top 30 occupations

Large and medium companies		Small companies	
Occupation	No. Trained	Occupation	No. Trained
Sales Assistant (General)	204 853	Service Station Attendant	4 944
Retail Manager (General)	52 199	Sales Assistant (General)	4 841
Checkout Operator	33 795	Store Person	1 762
General Clerk	19 864	Office Cashier	1 442
Retail Supervisor	12 848	Checkout Operator	1 411
Shelf Filler	12 844	General Clerk	959
Stock Clerk / Officer	11 530	Retail Manager (General)	878
Visual Merchandiser	9 376	Delivery Driver	866
Store Person	9 201	Packer (Non Perishable Products)	847
Office Cashier	8 538	Sales Clerk / Officer	775
Call Centre Salesperson	7 065	Sales Representative/Salesman (Industrial Products)	747
Corporate General Manager	6 098	Director (Enterprise / Organisation)	717
Call or Contact Centre Manager	4 554	Retail Supervisor	702
Operations Manager (Non Manufacturing)	4 442	Handyperson	673
Food Service Counter Attendant	4 078	Accounts Clerk	594
Dispatching and Receiving Clerk / Officer	3 946	Commercial Sales Representative	525
Confectionary Baker	3 602	Office Administrator	500
ICT Sales Assistant	3 545	Sales Representative (Personal and Household Goods)	465
Accounts Clerk	3 457	Sales Manager	429
Packer (Non Perishable Products)	3 217	Fire Fighter	379
Retail Buyer	3 125	Sales Representative (Medical and Pharmaceutical Products)	365
Sales and Marketing Manager	3 038	Finance Manager	330
Sales Representative (Personal and Household Goods)	2 784	Shelf Filler	322
Office Administrator	2 733	Warehouse Administrator / Clerk	301
Manufacturers Representative	2 609	First Aid Attendant	293
Credit or Loans Officer	2 445	Dispatching and Receiving Clerk / Officer	289
Sales Manager	2 445	Confectionary Baker	282
Food Trade Assistant	2 242	Forklift Driver	271
Supply and Distribution	2 124	Truck Driver (General)	264

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Manager			
Service Station Attendant	1 889	Receptionist (General)	259

Source: ATR, 2014

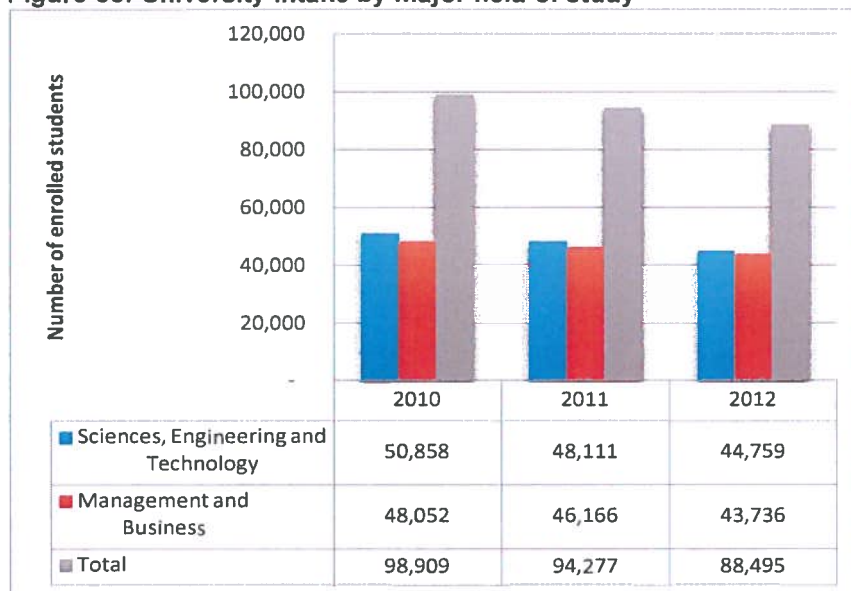
Most of these occupations have been identified as scarce skills. There seems to be minimal difference between large/medium and small companies in relation to whom they train from the above table

4.4.4. Higher education and training

Higher Education and Training, or tertiary education, includes education for undergraduate and postgraduate degrees, certificates and diplomas, up to the level of the doctoral degree. In recent years more school leavers have been getting marks that enable them to enrol for studies at university, which creates bottlenecks in all institutions. In 2013 more than 170 000 learners who wrote grade 12 qualified to study for degree programmes at university. More than 173 000 are eligible to study for diplomas at universities of technology. During the 2012/13 financial year, the W&RSETA awarded 2 166 bursaries to students studying wholesale and retail qualifications in universities (1 100) and universities of technology (1 066).

The figure below shows enrollment in the country's universities for the period 2010-2012. These enrollments are for degree programmes majoring in sciences, engineering and technology and in management and business. Graduates with these majors are potential candidate managers and professionals that can be attracted into the higher occupational categories of the wholesale and retail sector.

Figure 33: University intake by major field of study



Source: Quantec, 2014

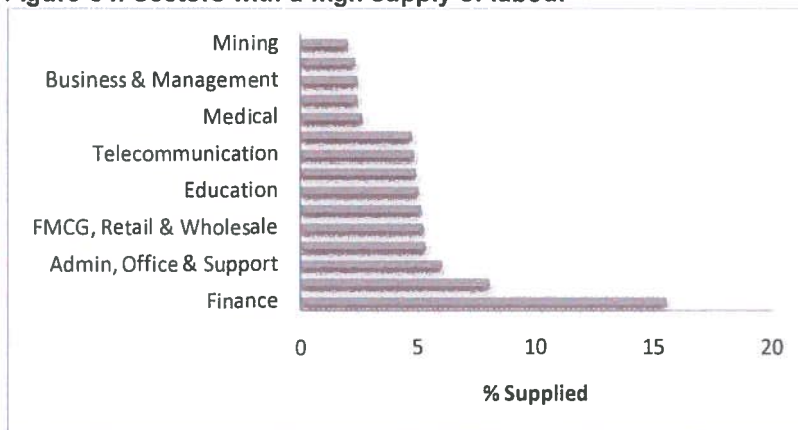
From the table above, there is an adequate pool of potential candidate managers and professionals that can be channeled into specific W&RSETA pivotal programmes although there has been a declining trend in enrollment with 88 000 students in 2012 compared to almost 100 000 students in 2010. It must be noted that there are very few programmes at formal institutions that are dedicated

to preparing students for employment in the retail sector. Graduates from these institutions may therefore exhibit the necessary skills to enter the retail sector, but opt for positions in other industries.

4.4.5. High labour supply

The graph below indicates sectors in which there is a high supply of labour according to the Career Junction Index (2014) online analysis.

Figure 34: Sectors with a high supply of labour



Source: Career Junction Index, 2014

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

4.5. Identification of scarce skills and skills gaps

4.5.1. Scarce skills

The term "scarce skill" refers to those occupations in which there is a shortage of qualified and experienced people – current or anticipated. Scarce skills can involve relative scarcity (suitably skilled people that are available, but do not meet other employment criteria) or absolute scarcity (suitably skilled people are not available in the labour market). The following table shows the 10 most frequently cited occupations for the large, medium and small companies in the wholesale & retail sector.

Table 17: National scarce occupations list (Top 10)

Occupation*	OFO code
Retail Manager	142103
Sales Assistant	522301
Baker	681201
Supervisor	522201
Butcher	681103
Sales Manager	122102
Retail Buyer/Planner	332301
Chef	343401
Supply and Distribution (Logistics) Manager	132401
Accounts Clerk	431101

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*Listed in order from highest to 1st - 10th highest number of references during qualitative and quantitative research

4.5.2. Critical skills

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

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

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

The following critical skills were identified from WSP/ATR 2014, interviews, workshops and the literature:

Table 18: National critical skills list (Top 10)

Critical skills
Selling
Customer service
Management
Product knowledge
Analytical thinking / problem-solving
Financial acumen
Supervisory
Computer (basic & advanced)
Numeracy & literacy
Leadership

Customer service skills are highlighted in the table below as a top critical skill for the large, medium and small companies. Other skills that cut across all the organizations are product knowledge, management selling and analytical thinking/problem solving skills. Communication skills are common to large and medium companies whilst financial acumen, health & safety and supervisory skills are common to medium and small companies.

Table 19: Critical skills list by company size (Top 10)

Critical skills for large companies	Critical skills for medium companies	Critical skills for small companies
Selling	Customer service	Customer service
Customer service	Product knowledge	Supervisory
Product knowledge	Selling	Management

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Leadership	Management	HR
Management	Supervisory	Analytical thinking / problem-solving
Analytical thinking / problem-solving	Health & safety	Selling
Financial management	Financial acumen	Numeracy & literacy
Negotiation	Communication	Financial acumen
Strategic thinking	Analytical thinking / Problem-solving	Life skills (including hygiene & safety, HIV/AIDS awareness)
Communication	Computer (basic & advanced)	Product knowledge

*Listed in order from highest to 10th highest number of references during qualitative and quantitative research

4.5.2.1. Common critical skills

Table 20: Common critical skills by company size

Regional overlaps	Critical skills
Common to large, medium and small companies	Analytical thinking / problem-solving, customer service, management, product knowledge, selling
Common to large and medium companies	Communication
Common to medium and small companies	Financial acumen, health & safety, supervisory

From the above table critical skills common to large, medium and small companies are analytical thinking / problem-solving, customer service, management, product knowledge, selling skills. Training needs have to focus on these skills as they are also common across the country's 9 regions as shown in Table 21 below.

Table 21: Common critical skills by province

Regional overlaps	Critical skills
Common to 9 regions	Analytical thinking / problem-solving, financial acumen, management, product knowledge, selling, customer service
Common to 7 regions	Computer (basic), numeracy & literacy
Common to 6 regions	Communication, financial management, product knowledge
Common to 5 regions	Health & safety, strategic thinking
Common to 3 regions	Cashiering, HR, leadership, people skills, risk management (operations)

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4.6. e-Retail

e-Retail has emerged as a new and growing sector within the wholesale & retail sector, and has been afforded individual attention in this report.

The table below describes the scarce occupations (clustered) for e-Retail, as advised and unpacked by 5 large retailers who are focusing on e-Retail. This was undertaken during an e-Retail Workshop held in Cape Town on 31st July 2013.

The occupation clusters have been categorised into 4 categories:

- Technical
- Marketing
- Operations
- Business Intelligence

Table 22: Scarce occupations for the e-Retail sector

Scarce occupations	Does OFO code exist for occupation?
Technical	
e-Retail Web Developer	No – must be created as per title provided here
Marketing	
e-Retail Sales & Marketing Manager	No – must be created as per title provided here
e-Retail Marketing Manager	No – must be created as per title provided here
e-Retail Marketing Assistant	No – must be created as per title provided here
e-Retail Analyst	No – must be created as per title provided here
Operations	
e-Retail Operations Manager	No – must be created as per title provided here
Business Intelligence	
Business Analyst	No – must be created as per title provided here

In all cases, there are no OFO codes that adequately reflect the nature of these occupations – new OFO codes will therefore need to be created for each one, as per the titles provided in the first columns.

Table 23: Critical skills for the e-Retail sector

Critical skills
Analytical thinking/ Problem-solving
Communication
Computer (advanced Excel)
Customer relationship management
Customer service
Digital awareness
Entrepreneurially-minded
Networking
Web coding

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4.7. Fuel retail

As the fuel retail sector recently joined W&RSETA, individual attention has been afforded to it in this report.

The table below describes the specific scarce occupations for fuel retail sector, as advised by stakeholders within the sector, including the Fuel Retailers Association, the South African Petroleum Retailers Association, service station owners and training providers.

Table 24: Scarce occupations for the fuel retail sector

Scarce occupations	OFO code
Service Station Manager	142103 (same code as Retail Manager)
Service Station Site Supervisor	522201 (same code as Retail Supervisor)
Administration Manager	121

The table below lists the specific critical skills for the fuel retail sector, as advised by stakeholders within the fuel retail sector.

Table 25: Critical skills for the fuel retail sector

Critical skills	Critical skills
Analytical	Food preparation
Back office administration	Fraud management and prevention
Baking	Health & safety ((First Aid, fire-fighting, spillage, marshalling, risk management)
Car washing	Human resources management
Cashiering	Interpersonal skills
Cleaning	Merchandising
Customer service	Payments handling
Data/report analysis	Product knowledge
Entrepreneurship	Site standards operations
Food handling	Supervisory

4.8. Synthesised findings

Table 26: Synthesis of findings on common scarce and priority occupations

Occupations common to both scarce and priority Top 10 lists	Occupation linked to critical skills Top 10 list?	Suggested interventions by stakeholders during regional meetings and one-on-one consultations
Retail Manager	Yes – management, leadership, customer service, analytical thinking / problem-solving	Management courses need to be introduced at lower NQF levels, ie. levels 4 and 5, to prepare employees and to develop leadership and strategic thinking capabilities as early as possible.
Sales Assistant	Yes – selling, product knowledge, customer service, analytical thinking / problem-solving	Qualifications to develop selling skills are in huge demand, with sector-specific modules to provide the required product knowledge. Sub sectors highlighted during stakeholder

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		consultations where this need was emphasised included sport equipment, hardware, interior design, electrical, lighting, pharmaceutical, furniture, fuel retail. Additionally, product knowledge training should be ongoing, as technology changes quickly. Programmes to develop customer service abilities in employees should be funded.
Retail Supervisor	Yes – supervisory, customer service, analytical thinking / problem-solving, financial acumen, numeracy & literacy	Supervisors need to be skilled early on with basic skills such as numeracy & literacy, people skills, customer service and financial acumen, so that they can be further developed
Accounts Clerk	Yes – financial acumen, analytical thinking / problem-solving, numeracy & literacy	A finance course provided on NQF level 2 would help to develop basic financial acumen.

Table 27a: Synthesis of findings on the remaining 6 priority skills on Top 10 list

Scarce occupations		Suggested interventions by stakeholders during regional meetings and one-on-one consultations
Scarce occupation	Linked to critical skills Top 10 list?	
Baker	Yes – customer service, product knowledge, financial acumen, supervisory, analytical thinking / problem-solving	<ul style="list-style-type: none"> Qualifications and training providers are needed for Bakers. They need to be developed from NQF level 2. The current Baker learnership focuses on teaching the science of baking. As some retail baking uses pre-mixes, an understanding of the science is not always necessary, so a learnership which incorporates relevant retail-focused subjects as well would be useful.
Butcher	Yes – customer service, product knowledge, financial acumen, supervisory, analytical thinking / problem-solving	<ul style="list-style-type: none"> Qualifications and training providers are needed for Blockmen and Butchers. They need to be developed from NQF level 2.
Sales Manager	Yes – selling, customer service, management, leadership, product knowledge, analytical thinking / problem-solving, computer (advanced)	<ul style="list-style-type: none"> As per the recommendation for Retail Manager, management courses need to be introduced at lower NQF levels, ie. levels 4 and 5, to prepare employees and to develop leadership and strategic thinking capabilities as early as possible, with ongoing sector-specific modules to ensure the required product knowledge is current and in place.
Retail Buyer/Planner	Yes – financial acumen, product knowledge, analytical thinking / problem-solving,	<ul style="list-style-type: none"> For large (and some medium) companies, Buyers and Planners are completely

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	computer (advanced)	<p>different roles and should therefore be separated by 2 OFO codes.</p> <ul style="list-style-type: none"> The 2 roles need separate qualifications for those companies where different people look after the roles. These qualifications must be at NQF 6, and possibly 7 too owing to the levels of complexity inherent in the roles, which should include sponsored workplace experience. There is a skills gap between junior and senior Buyers and Planners. The juniors need as much work exposure as possible to prepare them for the complexities of the more senior levels. A trainee buyer programme would assist in developing buyers at earlier stages. The existing combined Buyer/Planner qualification should remain in place and on offer for those smaller companies where 1 person assumes both roles. Colleges specialising in buying and planning are required.
Chef	Yes – customer service, product knowledge, financial acumen, supervisory, analytical thinking / problem-solving	<ul style="list-style-type: none"> Qualifications and training providers are needed for Chefs. They need to be developed from NQF level 2.
Supply and Distribution (Logistics) Manager	Yes – management, financial acumen, analytical thinking / problem-solving, computer (advanced)	<ul style="list-style-type: none"> As per the recommendation for Retail Manager, management courses need to be introduced at lower NQF levels, that is, levels 4 and 5, to prepare employees and to develop leadership and strategic thinking capabilities as early as possible, with ongoing sector-specific modules to ensure the required product knowledge is current and in place.

Table 27b: Synthesis of findings on the remaining 6 priority skills on Top 10 list

Priority occupations		Suggested interventions by stakeholders during regional meetings and one-on-one consultations
Priority occupation	Linked to critical skills Top 10 list?	
Sales Representative	Yes – selling, product knowledge, customer service, analytical thinking / problem-solving, computer (basic & advanced), numeracy & literacy, financial acumen	<ul style="list-style-type: none"> Qualifications to develop selling skills are in huge demand, with sector-specific modules to provide the required product knowledge. Sub sectors highlighted during stakeholder consultations where this need was emphasised include building & plumbing supplies, business services, chemical, commerce, education, ICT, industrial goods, medical & pharmaceutical, personal & household goods, photographic and printing &

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		<p>publishing). Additionally, product knowledge training should be ongoing as technology changes quickly.</p> <ul style="list-style-type: none"> • Skills such as identification of opportunities, taking initiative, achieving an understanding of customer needs, analytical thinking, financial acumen, computer literacy, negotiation and closing deals are crucial for Sales Representatives to be effective.
Store Person	Yes – supply and distribution, product knowledge, analytical thinking / problem-solving, computer (basic & advanced), numeracy & literacy, financial acumen	Skills in warehousing, supply, distribution and logistics need to be developed from NQF level 2. Additionally, skills such as time management, multi-tasking, planning, anticipating and problem-solving are crucial for this occupation.
Service Station Attendant	Yes –product knowledge, customer service, analytical thinking / problem-solving, numeracy & literacy, financial acumen	<ul style="list-style-type: none"> • There is quite a high turnover of Service Station Attendants. • Programmes to develop customer service abilities in employees, and related to fuel retail, should be funded. These should include: <ul style="list-style-type: none"> ○ The importance of a friendly, helpful attitude ○ Service sells, not price ○ Product knowledge and general car mechanics
Checkout Operator	Yes – numeracy & literacy, financial acumen, customer service, analytical thinking / problem-solving, computer (basic)	This occupation needs to be developed from NQF level 2. Skills such as numeracy & literacy, customer service, time management, financial acumen, multi-tasking, payments handling and problem-solving are crucial for this occupation.
General Clerk	Yes – numeracy & literacy, financial acumen, analytical thinking / problem-solving, computer (basic & advanced)	This occupation needs to be developed from NQF level 2. Skills such as numeracy & literacy, administration, time management, scheduling, financial acumen, multi-tasking, planning, organising and problem-solving are crucial for this occupation.
Visual Merchandiser	Yes –product knowledge, customer service, analytical thinking / problem-solving, numeracy & literacy	A course on merchandising principles is needed, which should include nesting tables, window displays and hero bays.

4.9. Skills challenges

During the research process, stakeholders reported facing a number of challenges where skills are concerned. These challenges are tabled below.

Table 28: Skills challenges

Occupation	Skills challenge
Sales assistants	<ul style="list-style-type: none"> Finding a person with a good combination of selling abilities, customer service and excellent product knowledge was cited frequently by stakeholders as being very difficult to find. Sub sectors highlighted during stakeholder consultations included sport equipment, hardware, interior design, electrical, lighting, pharmaceutical, furniture, fuel retail. It is difficult to develop low level staff to become supervisors unless they have developed basic skills such as numeracy, people skills and financial acumen.
Retail Managers	<ul style="list-style-type: none"> There is a lack of Managers with retail-specific experience. Retail Managers with leadership abilities are particularly scarce.
HR Managers	<ul style="list-style-type: none"> HR Managers are difficult to find because of a lack of retail-specific experience.
Software Developers	<ul style="list-style-type: none"> Software Developers are no longer just technical people – they now need to be both technical- and business-minded. This combination is difficult to find, and when they are found they are very expensive.
Senior Buyers and Planners	<ul style="list-style-type: none"> Senior Buyers and Planners are scarce because a combination of vast experience in the field plus management skills is very rare to find. These people normally have to be imported.
Blockmen and Butchers	<ul style="list-style-type: none"> Blockmen and Butchers are scarce because of a lack of qualifications. In the Eastern Cape, for example, there are no providers training Blockmen and Butchers.
Bakers	<ul style="list-style-type: none"> Bakers are scarce because of a lack of qualifications. They need to be developed from NQF level 2.

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Stakeholders further reported facing the following challenges where skills are concerned.

- Exports- and imports-related qualifications are an urgent need in Mpumalanga. These skills are very scarce to find as well as expensive for a company to train internally owing to a lack of knowledge in the field.
- With regards to the new QCTO qualifications, comments and concerns from stakeholders included:
 - Stakeholders are concerned that 20% customisation will not be possible in the new QCTO qualifications.
 - Regarding the existing unit standards, some stakeholders stated that they agree with the current structure because it allows employees to develop skills which are lacking to perform their jobs well, and in a fairly inexpensive way as it doesn't require full and lengthy qualifications.
 - Stakeholders would therefore like to understand whether skills programmes will continue to be funded when the QCTO qualifications are implemented.
- Many stakeholders commented that the removal of funding for NQF level 2 qualifications is unfortunate for the following reasons:
 - It is the entry-level qualification for the W&R sector, which means it is aligned to government's priority to focus on developing the youth.
 - NQF 3 is too advanced for school-leavers and some graduates, therefore a bridging programme is required.
 - NQF2 provides exposure to many different areas such as admin, sales, management, marketing, so it provides learners with exposure to different areas of the sector and therefore the opportunity to choose appropriate career paths which are aligned to core interests and strengths.
 - As the new BBBEE codes which will be implemented in 2015 stipulate that extra points will be awarded for employing "unemployed" learners, NQF 2 is an ideal learnership to run to bring in unemployed people into the business as well as for the business to earn points.
 - NQF 2 learnerships are an opportunity to create employment, thereby aligning to government's priority where addressing unemployment in youth is concerned.
 - Very high turnover of shop floor staff so it's expensive to train these entry-levels employees.
- Some small companies struggle to retain staff.
- It is difficult to train in rural areas as critical mass to justify the costs of running training programmes there is tough to achieve..

4.10. Green skills

Across the board, green skills are not highly prioritised in the sector. However, in order to increase awareness and develop green skills, the following suggestions were made by numerous stakeholders:

4.10.1. Traditional stakeholders

- W&RSETA could fund awareness programmes incorporating:
 - Waste management
 - Energy-saving methods and resource efficiency
 - Environmental legislative requirements
 - Carbon literacy for procurement
 - Impact on local communities

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- Skills within certain occupations could be developed to focus on greener processes with the whole & retail sector:
 - Architects and Property Managers : building for energy efficiency and low carbon buildings
 - Supply Chain Analysts: analysis of supply chain impacts in terms of energy, waste, people, biodiversity and how to minimize this impact.
 - Packaging Technologists: skills focusing on recyclability, reduction of packaging and innovation
 - Marketing Managers: sustainability marketing and communication skills
 - Food Technologists: skills relating to traceability of food supply systems and food labelling
 - Carbon footprint analysts: skills to map carbon footprints and the ability to develop strategies to reduce carbon footprints
- New Property Development Managers need exposure to renewable energy and energy efficiency interventions.

4.10.2. e-Retail

- W&RSETA could fund awareness programmes incorporating:
 - Green packaging
 - Understanding of how to educate customers through communication materials on how to be more eco-friendly

4.10.3. Fuel retail

- W&RSETA could fund awareness programmes incorporating:
Waste management, energy-saving initiatives, including water harvesting, LED lighting, cooling curtains in fridges/freezers, recycling initiatives, motion sensors for reduced electricity consumption.

4.11. Preferred training method

4.11.1. Traditional stakeholders

- Blended
- e-Learning - it is believed that e-Learning needs to be introduced and made available on a much larger scale, but is currently necessary for the more senior employees, as well as specialists
- Classroom
- Distance
- Mobile apps – which must also be interactive, and not contain too much info. However, books would still be required to complement these apps

Some stakeholders stated that on-the-job practical elements for action learning need to be incorporated into all methods of training.

4.11.2. e-Retail stakeholders

- e-Learning
- Classroom

4.11.3. Fuel retail stakeholders

- On site at the service stations.

The fuel retail sector is not going to be adequately served if they are going to be expected to send their employees to classrooms, especially if they are not situated in close proximity to training areas. A training voucher programme may help to mitigate this issue as service providers would more likely be able to train on site.

4.12. Reasons for skills gap existence

Below are the major reasons highlighted in trying to ascertain the causes of the identified skills gap:

4.12.1. Recruitment

Wholesale and Retail is not preserved as a profession hence it does not attract professionally skilled resources. Degree holders or ambitious people want to work for a company that will provide a career path and not just a job. In some instances there is placement of degree holders instead of looking at the work experience (e.g. 5 years' work experience is equivalent to a Degree); often these individuals have the theory but not the skills required to perform the job, too much emphasis is placed on degrees.

4.12.2. Skills

The majority of the workforce is computer illiterate. There is an aging workforce within the sector which is not inspired to learn new technologies. Most of the current available workforce does not have basic education. Poor communication skills as English is not read, written and spoken by all communities. Technical skills are in great demand with a corresponding shortage. Rapid growth of new industries has resulted in a skills gap i.e. new technology (software/hardware).

4.12.3. Human capital investments

Middle and Senior Management lack the skills required to motivate, encourage and grow their team. People are employed at a junior level and promoted to middle and senior management without the required training or experience.

4.12.4. Education system

The level and standard of the education system in the country does not produce quality learners that have excellent maths and science outcomes. Students who pass Grade 12 are not being ready to progress and succeed in higher institutions; these students get recruited by retail organisations. Wholesale and retail organisations then provide on the job training and subsequently promote these individuals to lead and develop others. Given the ever changing wholesale and retail landscape, these individuals do not cope to fully train and develop others.

4.13. Bridging the skills gap

To address the issues plaguing the skills gap it is necessary to understand how the industry collectively perceives potential solutions to the problem. As such stakeholders were requested to provide insight into how they feel the issue could be addressed.

4.13.1. Remuneration

There is a need to revise and re-structure remuneration packages, implementation of share options and incentive schemes to attract professional skills resources and wholesale retail employees.

4.13.2. Human capital investment

- Train and invest in people
- Focus training brand awareness, customer awareness and how to upsell products.
- Utilising opportunities through learnerships, an agile approach to training, gap analysis and promoting a performance management culture to enhance overall capacities.
- Middle and Senior Management placements should only happen after the attainment of an agreed tertiary qualification or equivalent.
- Implementation of a Retail Foundation School, to provide the minimum requirements for entry into retail, more links with TVETs.
- Training must be customised according to the job profile and skills required.
- Develop an effective workforce planning framework that support business growth and needs with proactive recruitment.
- Put plans in place to up skill the existing workforce, through a skill benchmarking exercise. Implement individual training plans in underperforming areas.
- The implementation of yearly skills audits to ensure compliance.

4.13.3. Career marketing

It should be promoted and marketed as a field of study at primary, secondary and tertiary levels. Provide career guidance, and counselling to school leavers to assist them in pursuing wholesale and retail as a career.

4.14. Conclusion

The purpose of this chapter was to assess the supply and demand of skills in the sector. This necessitated a thorough examination of WSP/ATR (2014) data to determine workplace skills planning and actual training undertaken against. It is interesting to note that the majority of companies in the sector are small (3 838), compared to medium (936), and large (405) companies. This trend is consistent across all provinces. This means that the W&RSETA should be focusing more on SMMEs in the sector.

Priority occupations, scarce occupations, scarce skills and critical skills lists were formulated from WSP/ATR data; online line recruitment data; workshops; and literature sources. The analysis of this data showed the existence of a skills gap. And it was evident that the underlying foundation to solving the skills gap is one of collaboration, engagement and innovative ways of training the workforce (future and current). The research conducted in this chapter laid the foundation for creating a valid and reliable Scarce Skills Report (2014).

5. SECTOR PARTNERSHIPS

5.1. Introduction

The purpose of this chapter is to assess the effectiveness of existing W&RSETA partnerships in the sector with particular reference to TVET college partnerships. The chapter identifies problems to maintaining and creating partnerships and proposes measures for deepening TVET college partnerships.

5.2. Existing partnerships

The W&RSETA has established the following collaborative partnerships listed in the table below:

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Table 29: Partnerships established

No	STRATEGIC PARTNER(S)	OBJECTIVES OF PARTNERSHIP	SUCCESS AND OUTPUT OF PARTNERSHIP	PROBLEMS EXPERIENCED WITH PARTNERSHIP	MEASURES TO STRENGTHEN PARTNERSHIPS
1	Durban University of Technology	Qualifications Development & Establishment of Schools of Excellence	<ul style="list-style-type: none"> Formation of a learning programme working group comprised of the identified TVETs, DUT and employers participating in this initiative. The ETQA approved Learning Programme ETQA approved learning material developed. Printed copies of the learning material. Recruitment and selection of learners to be enrolled in 2014. Establishment of branded simulation / practicum rooms in all four TVET's and DUT The copy right of all Learning Programmes will become the property of the W&RSETA 100 Graduates Interns placed at retail companies for workplace experience to the tune of R4.5million. A further 700 Graduates Interns placed at various Government departments to the tune of R31.5million. 	<ul style="list-style-type: none"> Lack of technical experience to develop material. Lack of knowledge on latest transformation on qualifications development and related aspects e.g. QCTO, New SAQA Policies etc. Lack of synergy between CHE, UMALUSI and QCTO which results in tension hindering the process of skills development. Some TVETs do not have a business unit which allows them to implement Learning programmes that are occupationally based. 	<ul style="list-style-type: none"> Capacity building sessions are held to enhance the knowledge in TVETs and HETs. QCTO Consultants contracted to ensure transfer of knowledge and capacity building on the process of qualifications development.
2	TVET colleges <ul style="list-style-type: none"> Mthashana Majuba Esayidi Thekwini Maluti Motheo Slaves Mareka Goldfieds 	Establishment of Schools of Excellence			
3	Wholesalers and	Establishment of	<ul style="list-style-type: none"> Establishment of branded simulation 	<ul style="list-style-type: none"> Lack of commitment 	<ul style="list-style-type: none"> Stakeholder

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	Retailers <ul style="list-style-type: none">DecorlandBoxer SuperstoresFG KnightsMass discountersMass cash	Schools of Excellence	/ practicum rooms in all four TVET's and DUT <ul style="list-style-type: none">Provide retail stock for the simulation room. This stock will be utilised for visual merchandising in the Practicum room.	from stakeholders is a hindrance. <ul style="list-style-type: none">Weak links between business and TVET colleges is a hindrance to effecting WIL and other workplace related aspects of learning e.g. workplace assessment. Learner rotation in store etc.	workshops conducted by the SETA staff and board in various provinces.
4	Cape Peninsula University of Technology (CPUT)	Qualifications Development and Research	<ul style="list-style-type: none">The main purpose of the establishment of Wholesale & Retail Leadership Chair is to contribute towards Research and Qualifications development at higher level (NQF 5 -10) through collaboration between the industry and universities and most importantly to establish Retail Centres of Excellence.	<ul style="list-style-type: none">There is still a noticeable gap between employers (Industry) and HETs.Lack of participation in HETs on SETA initiatives is still evident.	<ul style="list-style-type: none">An HET Forum has been established as part of the Qualifications development process.
No	STRATEGIC PARTNER(S)	OBJECTIVES OF PARTNERSHIP	SUCCESS AND OUTPUT OF PARTNERSHIP	PROBLEMS EXPERIENCED WITH PARTNERSHIP	MEASURES TO STRENGTHEN PARTNERSHIPS
5	The DTI	Informal Trader Development	<ul style="list-style-type: none">To provide support to informal traders across the country. The support is in the form of skills development and training as well as infrastructural support.As this is a partnership between the SETA and DTI; SETA contributes R10m which will be largely expended on skills	<ul style="list-style-type: none">Lack of participation by SMME makes it difficult to enhance their knowledge base.Low skills level observed in SME Sector.Lack of capacity to implement learnerships and skills programmes.	<ul style="list-style-type: none">The W&RSETA Board has approved a R10 million project to address the challenges of SME.

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			development initiatives, the DTI also contributes R10m which will be mainly directed at infrastructural needs	<ul style="list-style-type: none"> Lack of infrastructure and resources. Vast distances travelled to access skills development initiatives discourage SMME from participation. 	
6	FP&M SETA	Funding of Training Layoff Scheme	<ul style="list-style-type: none"> W&RSETA Funds the FP&M Employees participating in the Training Lay off Scheme. Employers in distress and contemplating retrenchment are encouraged to apply for this funding to train the potential retrenchees. 	<ul style="list-style-type: none"> Low uptake from employers who are experiencing financial distress due to recession. 	<ul style="list-style-type: none"> R10 million was approved by the W&RSETA Board to provide funding for employers in distress for W&R and FP&M Sectors.
7	FEDCRAW, SACCAWU, NUMSA, ECCAWUSA, SACTU	Union Capacitation	<ul style="list-style-type: none"> Ensure sustained capacity and ability to organize and service workers, especially those in precarious working environment. Reduce levels of dependency to service providers and build internal capabilities and capacity as well as efficiency in all spheres 	<ul style="list-style-type: none"> Lack of knowledge on skills development within Unions. It is essential for Unions to be knowledgeable in skills development to enable them to play their role in the approval and endorsement of skills initiatives being proposed in the organisation. 	<ul style="list-style-type: none"> The W&RSETA approved a project to capacitate Unions on various skills development needs.
8	Universities <ul style="list-style-type: none"> University of Johannesburg Tshwane University of 	Qualifications Development	<ul style="list-style-type: none"> Relevant qualifications for occupations from Level 5 to Level 10 are developed and registered on the NQF. Qualifications are maintained to 	<ul style="list-style-type: none"> Limited HET implementing Retail related subjects that are occupationally based. 	<ul style="list-style-type: none"> An HET Forum has been established as part of the qualifications development

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	Technology • Vaal University of Technology		ensure relevancy in a changing environment • Curricula for the qualifications are developed and maintained.		process • Accreditation system has been put in place to ensure that HETs are accredited to implement W&R qualifications.
No	STRATEGIC PARTNER(S)	OBJECTIVES OF PARTNERSHIP	SUCCESS AND OUTPUT OF PARTNERSHIP	PROBLEMS EXPERIENCED WITH PARTNERSHIP	MEASURES TO STRENGTHEN PARTNERSHIPS
9	Universities • University of South Africa • University of Stellenbosch	Market Research	<ul style="list-style-type: none"> W&RSETA is subscribed to the BER and BMR for the purpose of accessing research materials, report, tools and other related resources for the purpose of updating the W&RSETA SSP. This access to research is formalised through a subscription between the two institutions. 	<ul style="list-style-type: none"> Research reports containing un-updated information. 	<ul style="list-style-type: none"> Provide guidance to the Institution on the relevant retail topics to undertake research on.

Source: W&RSETA reports, 2013

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5.3. New partnerships

The following new partnerships have been identified as needed for the wholesale and retail sector.

Table 30: W&RSETA interventions 2014 -2016

PARTNERSHIPS	INTERVENTIONS	BENEFICIARIES
W&R Employers	<ul style="list-style-type: none"> Unemployed Learnerships Employed Learnerships Employers Skills Programmes Unemployed Skills Programmes Unemployed Internships AET Programmes (NQF1) 	<ul style="list-style-type: none"> Learners Interns Employers
Universities and TVETs	<ul style="list-style-type: none"> Employed Bursaries Unemployed Bursaries TVET Graduate Placement Work Integrated Learning TVET College Partnerships 	<ul style="list-style-type: none"> Employers Learners Graduates TVETs Universities
Employers and TVETs	<ul style="list-style-type: none"> Artisans 	<ul style="list-style-type: none"> Learners Employers
Co-operatives	<ul style="list-style-type: none"> Co-operatives supported 	<ul style="list-style-type: none"> Co-operations
SME and Department of Trade and Industry (DTI)	<ul style="list-style-type: none"> Small Business Supported (Small Levy Paying) 	<ul style="list-style-type: none"> SMEs
NGOs	<ul style="list-style-type: none"> NGO's 	<ul style="list-style-type: none"> NGOs
NLPE	<ul style="list-style-type: none"> NLPE (Small and Micro Non Levy Paying) 	<ul style="list-style-type: none"> SME
SAQA, Basic Education Dept, Schools and Communities	<ul style="list-style-type: none"> Career Guidance Provided in schools 	<ul style="list-style-type: none"> School learners Schools Department of Education

Source: W&RSETA reports, 2014

5.4. Conclusion

The W&RSETA is engaged in a number of partnerships with several organisations. The purpose of establishing these partnerships is to ensure that learners on the various programmes are made better off. Most of the existing partnerships are effective and have tangible positive results. The W&RSETA has come up with various measures to maintain and deepen these existing partnerships. There are more collaborations and partnerships planned by the W&RSETA for the period 2014-2016 aimed at further addressing the issue of scarce and critical skills within the sector.

6. SKILLS PRIORITY ACTIONS

6.1. Introduction

This chapter consolidates and presents the findings from previous chapters and reflects on priority actions for the W&R 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. This Chapter provides a set of priority actions and is not a detailed strategic or operational plan. Consideration is also given to national strategies and plans to thus ensure alignment with government's priorities.

6.2. Findings from previous chapters

Table 32: Findings from previous chapters

Chapter	Key findings
Chapter 1	<ul style="list-style-type: none"> • Global growth rate to improve in 2014 to 2015. • Global retail sales are projected to be better than 2013 sales. • South Africa's economy is expected to marginally grow by 3.7%, inflation to marginally decline to 5.3% and the R/US\$ exchange rate to be at 11.4 in 2018. • Unemployment rate is projected to marginally decline to 23.8%. Youth unemployment rate for the 15-24years group is double the national rate. • Negative consumer confidence index in 2013. • There is growth in the W&R informal sector. • There is growth in online retail sales. • Northern Cape employs the least number of people in the sector. • Africans, Coloureds and Indians (including those with disabilities) are marginally represented at top level management in the sector. • Most workers in the sector have informal skills.
Chapter 2	<p>Major change drivers</p> <ul style="list-style-type: none"> • National Credit Act • Consumer protection Act • Employment equity • Projected growth in TVET colleges • QCTO qualifications • Other regulatory burdens • Speed to market • Black diamonds • Growth into Africa • Digital revolution • e-Retailing • International retailing • Supply chain efficiencies • Skills shortage • High unemployment • Non-Levy Paying Companies • Growth of the informal sector • Small enterprise development • Foreign direct investment • Consumer Power • Environmental issues

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Chapter 3	<p>Demand for skills</p> <ul style="list-style-type: none"> • Priority occupations list • Hard-to-fill vacancies list <p>Supply for skills</p> <ul style="list-style-type: none"> • 12,4 million learners in ordinary schools • A target of 4 million students at TVET colleges by 2030 • There is an adequate pool of potential candidate managers and professionals that can be channeled into specific W&RSETA pivotal programmes. <p>Identification of scarce skills and skills gaps</p> <ul style="list-style-type: none"> • Scarce skills list • Scarce occupations list • Critical skills list <p>Major causes of skills gaps</p> <ul style="list-style-type: none"> • Recruitment • Skills shortage • Human capital investment • Education system <p>Solutions to closing the skills gaps</p> <ul style="list-style-type: none"> • Remuneration • Human capital investment • Career marketing
Chapter 4	<p>Existing partnerships</p> <ul style="list-style-type: none"> • Existing partnerships are working well. • More collaborations are however needed and are planned for 2014-2016

6.3. Sector Priorities/Recommendations

6.3.1. Common suggestions

Below are the common suggestions that were put across by stakeholders in all the provinces.

- Qualifications to develop selling skills are in huge demand, with sector-specific modules to provide the required product knowledge. Sub sectors highlighted during stakeholder consultations where this need was highlighted included sport equipment, hardware, interior design, electrical, lighting, pharmaceutical, furniture, fuel retail. Additionally, product knowledge training should be ongoing, as technology changes quickly.
- Management courses need to be introduced at lower NQF levels, that is, levels 4 and 5, to prepare employees and to develop leadership and strategic thinking capabilities as early as possible.
- Supervisors need to be upskilled early on with basic skills such as numeracy & literacy, people skills, customer service and financial acumen, so that they can be further developed with the potential to become Managers.
- HR Managers need to remain up-to-date with legislative and regulatory changes, including where SETA mandates are concerned. It is recommended that W&RSETA introduces an informative newsletter which is emailed to their entire database of stakeholders as soon as a change is made which will impact the sector.
- Suggestions regarding Buyers and Planners are as follows:

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- For large (and some medium) companies, Buyers and Planners are completely different roles and should therefore be separated by 2 OFO codes.
- The 2 roles need separate qualifications for those companies where different people look after the roles. These qualifications must be at NQF 6, and possibly 7 too owing to the levels of complexity inherent in the roles, which should include sponsored workplace experience.
- There is a skills gap between junior and senior Buyers and Planners. The juniors need as much work exposure as possible to prepare them for the complexities of the more senior levels.
- A trainee buyer programme would assist in developing buyers at earlier stages.
- The existing combined Buyer/Planner qualification should remain in place and on offer for those smaller companies where 1 person assumes both roles.
- Colleges specialising in buying and planning are required.
- Qualifications and training providers are needed for Bakers, Chefs, Blockmen and Butchers. They need to be developed from NQF level 2.
- A finance course provided on NQF level 2 would help to develop basic financial acumen.
- Programmes to develop customer service abilities in employees should be funded. These should include:
 - The importance of a friendly, helpful attitude
 - Service sells, not price
 - Email etiquette
 - Body language
- Work-readiness programmes are very important for school-leavers and graduates. This should include legislative elements of the wholesale & retail sector, for example food safety, general operational risk management, the Consumer Protection Act.
- Related to the above point, bridging programmes in the form of a more advanced sector awareness programme would aim to reinforce key aspects of the sector and prepare an employee for career progression, especially for those who could become Supervisors and Managers. This is especially important for companies where there is an absence of in-store coaching. This programme could also incorporate the benchmarking of international companies to give employees a better context of the sector. New employers to the sector need some core basics first in order to progress to other roles.
- Training programmes must be practice-orientated and incorporate action learning elements.
- Retail-specific specialisations need to be provided by training institutions, for example retail logistics, procurement and merchandising.
- Improved engagement from industry is needed to offer more workplace experience for learners (possibly through the use of incentives).
- For people with disabilities, short non-accredited courses for people with disabilities are needed as well as discretionary grant funding for learnerships.
- There is an impression, particularly among school-leavers and graduates, that the sector is just a store-based one, which makes it unattractive, especially for its typically long hours. W&RSETA should think of ways to make it more attractive, and ensure awareness is created that the sector requires not just store-based people, but professionals as well where much career progression is possible. Career guidance interventions at high school level should be informative on this aspect.
- Training providers and lecturers at TVET Colleges need to be exposed to workplace experience in order to stay current in the classroom and thereby be enabled to provide better quality training to students.

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- RPL is important as there are a large number of employees who have many years of industry experience (especially in small companies) but lack recognition and/or qualifications. These employees should be able to access training if a qualification is desired as well.
- Drivers need experiential training (for example, a 12-month programme at a workplace).

6.3.2. Province-specific suggestions

Western Cape

- Programmes for call centre agents are scarce but very important as these employees require excellent customer service skills.
- Short accredited course required for visual management.
- In-store coaching, executive coaching and shadowing are required.
- Sector-specific incubators focused on providing interventions for the wholesale & retail sector.
- For unemployed people, full learnerships at NQF 2 are needed. A possible consideration is that skills on the critical skills list could be filled by unemployed people through learnerships.
- Courses targeted specifically at small companies eg. a retail bootcamp, sales skills, are needed.
- The current Baker learnership focuses on teaching the science of baking. As some retail baking uses pre-mixes, an understanding of the science is not always necessary, so a learnership which incorporates relevant retail-focused subjects as well would be useful.
- Food Technologists require exposure to international interventions to enable local retailers to adapt to new demands of consumers.
- Funding should be opened up for critical skills for which there are very few credit-bearing courses (and are therefore also scarce), that does not come out of PIVOTAL funding.

Gauteng

- The retail sector tends to be very operationally focused, but strategic thinking is nevertheless crucial, especially from middle management upwards. However, it is rare to find an individual who can think both operationally and strategically. Interventions focusing on developing strategic thinking are therefore important.
- Courses on finance for non-financial people are required so that basic financial acumen among employees is developed.
- Due to an increasing emphasis on service departments (butchery, bakery, deli/hot foods, fruit & veg) in a retail store, Food Trade Assistants need skills programmes on the specifics of food preparation, food safety/hygiene, use of equipment, production and merchandising.
- SYSPRO (stock movement programme) courses are currently very expensive, so there is a need for a cheaper option, especially since there's a high turnover of staff at lower levels.
- HIV/AIDS awareness programmes need to be more advanced than they currently are.
- Ongoing mentorship programmes are needed, rather than once-off coaching programmes.
- Simulation retail stores at TVET Colleges are required as training institutions need to include more practical elements to their courses.
- W&RSETA should consider the development of a database for employers, which includes retail-focused job-seekers.
- Awareness programmes on the impact that "small things" have on the business should be developed, for example:
 - Labelling incorrectly
 - Prices changes done late
 - Stock loss
- A course on merchandising principles is needed, which should include:

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- Nesting tables
- Window displays
- Hero bays

KwaZulu-Natal

- Scenario planning – a lot of employees need to be involved in this in order to develop analytical skills. It should be done in the form of workshops so that teams can problem-solve together (as is done on the ILDP).
- An autocratic style of leadership and management is pervasive in the W&R sector. Awareness programmes focusing on this, as well as the provision of training to HR staff in change management, is needed to reverse this.
- Diversity awareness & tolerance programmes are required to mitigate cultural and tribal conflicts which occur in KwaZulu-Natal.
- W&RSETA could consider teaming up with other SETAs to roll out workshops and/or blended learning interventions where generic skills are concerned.

Free State

- Street vendors should be able to access skills development programmes.
- Cooperatives require support and development.

Mpumalanga

- Skills in cross-border logistics, legislation and administration are extremely scarce in the province and therefore qualifications and skills programmes in exports and imports are a very urgent need and should be developed as soon as possible.

North West

- A database of candidates with management experience should be created by W&RSETA which could be accessed by employers.

e-Retail

- As the occupations for this new sub-sector were unpacked and named by 5 large retailers in July 2013 during the 2013-14 SSP Update process, it is now necessary for W&RSETA to develop new OFO codes for these 7 new occupations.
- An Honours or other qualification to develop people with Business Intelligence skills is required, as degrees are too general and do not train a person in the software.
- A Diploma in Marketing studies with a focus on Digital Marketing is required (at least an NQF level 6 – National Diploma). Similarly, an Honours in Digital Marketing is needed.
- In order to develop Web Analytics Managers, employees who understand the technical aspect of a website as well as the people who use it and the business that operates it, 2 options are required:
 - Honours students are given the option to complete NQF level 7/8 programmes that take them into the career path of IT/Web, for example an MIT/MSc in Information Technology (which should include web development in CSS and HTML), development in Python (a good base to learn other development languages), Databases (SQL), Human Computer Interaction (psychology of how humans interact with computers) is a great base for UX (User Experience) and Web Analytics Managers as they are about making the site more efficient and user-friendly for people and how to enable the site to engage people better.

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- A minimum of an NQF level 5 (national certificate) as an entry level for UX and basic web analytics is required. However, this could perhaps be included in a Digital Marketing course/degree.
- To develop Business Intelligence Managers, qualifications/accredited courses/programmes involving database design and management at minimum NQF 5 are required.
- Currently, Web Developers teach themselves therefore a learnership which teaches all the basic web development languages should be developed. This should be made accessible to:
 - Computer Science / Information Systems degree graduates. However, an Honours / Master programmes will help tailor the skill and career path towards web development.
 - School-leavers who have demonstrated very strong numerical and analytical abilities (as web development requires complex numerical and analytical skills) should have access to an NQF level 4 in development languages (for example, a certificate in Web Development). Learners should then have the option of a level 5 (Diploma in Web Development) which could include outcomes of back-end and front-end functionality/understanding. The NQF level 4 could start as a learnership, with a second level learnership at NQF level 5.
- Credit-bearing courses for e-Retail should be developed, or funding provided for those programmes which already exist in the market-place but are not accredited, especially for those occupations that are particularly scarce (outlined in section 3.4).
- Funding for companies with a primary/strong focus on e-Retail needs to be made available for the occupations listed in iSeta, as many of those are critical for e-Retail-focused companies.
- An e-Retail work-readiness programme should be developed for new employees to the sector, and should incorporate the following elements:
 - Advanced computer skills (particularly Excel)
 - The importance of:
 - customer service
 - entrepreneurial mindset (including initiative, risk-taking, innovative thinking and proactive behaviour)
 - The complexities of the e-Retail sector, including its fast-paced and fast-changing nature
- e-Retail work-readiness programme should be developed to create awareness and interest among high school kids and graduates.
- An e-Retail module should be added to Retail Buying / Procurement and Planning qualifications that already exist, for example in the National Certificate, as well as fashion design qualifications.
- Owing to the skills required for e-Retail being very scarce and highly critical, it will be important to ensure that the qualifications developed can be done part time, owing to the importance of needing to up-skill existing employees as soon as possible.

Fuel retail

- Work-readiness programmes with a fuel sector focus are required for new employees.
- Qualifications at NQF 5 for back office admin staff and Managers are required.
- Back office staff need to be developed to analyse and interpret data from a system, financial and operational data or a report and then be able to either advise management or act on any issues detected. The types of technology used for this by some of the fuel companies are as follows:
 - TOTAL: ISIS, PEC and NAMOS
 - BP: NAMOS, PEC and NETPOS
 - CALTEX: PEC and Symphony
 - SASOL: Retalix

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- Managerial development programmes are required for existing Managers as well as Supervisors who have the potential to become Managers (for internal career progression). The development and introduction of fuel retail-specific programmes up to NQF level 5 is critical. Service Station Managers and Supervisors need to be able to manage a diverse range of offerings (eg. forecourt, convenience store, bakery, workshop, car wash etc). An immediate need exists for the development of interventions for supervisory and management, as well as administrative, occupations.
- Training programmes need to be directed at the right employees/roles. Some programmes appear to be directed at Managers, but are too junior/basic in nature.
- Training providers need to have fuel sector-specific knowledge.
- Entrepreneurship development for owners of service stations is needed, but also for Managers running company-owned stations that need to manage it like an owner. Of particular importance are financial management, risk management and strategy. Long-term mentoring would also assist in this area.
- The vast majority of Service Station Owners and Managers have very little or no knowledge about skills development and training available to themselves and their employees, nor about the role of a SETA. A large-scale, nationwide awareness and skills development induction programme is required (1-day workshops in numerous locations across the country), which aims to educate service station owners, managers and staff on the following:
 - Role of skills development at a national level (NSDS)
 - Role of W&RSETA
 - Role of employers in the initiation and coordination of training for employees and themselves
 - NQF levels and their significance to the sector, training and career paths
 - Training programmes on offer through W&RSETA, including learnerships, short courses, unit standards and full qualifications
 - The benefits of training to both employers and employees through the WSP/ATR/pivotal grant process
 - Process to access training and funding
 - Moderation and recognition of training
- Stakeholders feel that there are too few employers in the fuel retail sector who believe in the value of training. An autocratic style of leadership is pervasive in this sector, which impedes growth for employees and lowers confidence levels and sense of worth. This work culture needs to be overhauled completely. A large-scale blanket campaign could be undertaken during the awareness and induction workshops mentioned in the previous point to address the value of an inclusive and democratic style of leadership.
- It is necessary to develop a skills matrix for the fuel retail sector, as well as numerous career trajectories for employees, supported by the various skills programmes available to assist in career progression.

6.4. Conclusion

One key to thriving in the W&R sector is to have a properly skilled workforce, which has the required skills to successfully embrace the opportunities of the ever changing W&R landscape. Wholesalers and retailers need to position the right people with the right skills, in the right jobs; therefore it is necessary to understand in which areas critical skills are lacking. Key areas of concern were identified regarding the skills gaps associated with wholesale and retail employees from the point of view of the relevant stakeholders through a series of consultations. It is evident that the underlying premise to solving the skills gap is one of collaboration and engagement across and within the sector. Initiatives to address the skills challenge need to be reviewed by all parties to ensure complete commitment and therefore successful implementations. This must be supported through effective communication within organizations to engage staff as well as between government and the private sector to ensure alignment.

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