SECTOR SKILLS PLAN 2011–2016:
2012 update
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ABET</td>
<td>ADULT BASIC EDUCATION AND TRAINING</td>
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<td>AET</td>
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<td>AGRISSETA</td>
<td>AGRICULTURAL SECTOR EDUCATION AND TRAINING AUTHORITY</td>
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<tr>
<td>ASSA</td>
<td>ACTUARIAL SOCIETY OF SOUTH AFRICA</td>
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<td>ATR</td>
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<tr>
<td>B-BBEE</td>
<td>BROAD-BASED BLACK ECONOMIC EMPOWERMENT</td>
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<td>BEE</td>
<td>BLACK ECONOMIC EMPOWERMENT</td>
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<tr>
<td>CEP</td>
<td>COMMUNITY OF EXPERT PRACTITIONERS</td>
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<td>CJI</td>
<td>CAREER JUNCTION INDEX</td>
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<td>COFESA</td>
<td>CONFEDERATION OF EMPLOYERS OF SOUTH AFRICA</td>
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<tr>
<td>CSIR</td>
<td>COUNCIL FOR SCIENTIFIC AND INDUSTRIAL RESEARCH</td>
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<tr>
<td>DHET</td>
<td>DEPARTMENT OF HIGHER EDUCATION AND TRAINING</td>
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<tr>
<td>EEA</td>
<td>EUROPEAN ECONOMIC AREA</td>
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<td>EPWP</td>
<td>EXPANDED PUBLIC WORKS PROGRAMME</td>
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<td>ESETA</td>
<td>ENERGY SECTOR EDUCATION AND TRAINING AUTHORITY</td>
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<td>ETDP</td>
<td>EDUCATION, TRAINING AND DEVELOPMENT PRACTICES</td>
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<td>ETQA</td>
<td>EDUCATION AND TRAINING QUALITY ASSURANCE</td>
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<td>FAIS (ACT)</td>
<td>FINANCIAL ADVISORY AND INTERMEDIARY SERVICES</td>
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<td>FDI</td>
<td>FOREIGN DIRECT INVESTMENT</td>
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<tr>
<td>FET</td>
<td>FURTHER EDUCATION AND TRAINING</td>
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<tr>
<td>FMCG</td>
<td>FAST-MOVING CONSUMER GOODS</td>
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<td>GAIN</td>
<td>GLOBAL AGRICULTURAL INFORMATION NETWORK</td>
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<td>GCSE</td>
<td>GENERAL CERTIFICATE OF SECONDARY EDUCATION</td>
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<td>HEI</td>
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<td>ILO</td>
<td>INTERNATIONAL LABOUR ORGANISATION</td>
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<td>IPAP</td>
<td>INDUSTRIAL POLICY ACTION PLAN</td>
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<td>ISDF</td>
<td>INDEPENDENT SKILLS DEVELOPMENT FACILITATOR</td>
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<td>LSM</td>
<td>LIVING STANDARDS MEASURE</td>
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<td>MPC</td>
<td>MONETARY POLICY COMMITTEE</td>
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<tr>
<td>MTSF</td>
<td>MEDIUM-TERM STRATEGIC FRAMEWORK</td>
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<td>NCA</td>
<td>NATIONAL CREDIT ACT</td>
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EXECUTIVE SUMMARY

Wholesale and retail in South Africa is regarded as a growth sector of the economy and a major employer. Skills development in the sector is therefore of critical importance. Statistically, it is a sector that is more volatile with respect to cyclical changes and global economic conditions than many other sectors. The Sector Skills Plan (SSP) is presented in five chapters and can be summarised as follows:

CHAPTER 1: SECTOR PROFILE

Wholesale and retail is the fourth largest contributor to gross domestic product (GDP) with a contribution of around 13.3%. It employs around 19% of the total active workforce of the country. Recent trends indicate that employment in the wholesale and retail sector as a percentage of the total workforce has been decreasing – from a high of 27% in 2001 to its current 22% in 2010.

The highest densities of enterprises are found in Gauteng, KwaZulu-Natal and the Western Cape. Collectively, these provinces make up more than 70% of the workforce of the sector. About 86% of the sector is made up of small enterprises, 9.5% medium and 4.5% large enterprises.

South Africa has moved increasingly towards mall-based retailing. The number of retail space in malls has grown faster than the number of retail stores, to a point that malls can no longer guarantee that they will attract major anchor tenants.

Unlike the trend in the USA or Europe, online shopping is an ever decreasing component of retailing. Franchising is also a growing industry in South Africa. Most major food retailers boast significant holdings in franchise divisions. In marked contrast to this trend, Woolworths is currently in the process of repurchasing its franchised stores, ostensibly to cut costs and enhance efficiencies.

Traditionally, wholesalers in South Africa acted as intermediaries between manufacturers and retailers. Today retailers source goods directly from manufacturers, thus reducing the function of wholesalers in the value chain. Wholesalers are now mainly transacting with small businesses and informal traders, who buy directly from them.

CHAPTER 2: DRIVERS OF CHANGE

Considerable efforts were made to update the drivers of change in this updated 2011–2016 SSP. 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.

The 2020 landscape was used as point of reference since the 2011–2016 SSP should start delivering skills over a longer term. Based on a careful study of various credible sources, it is clear that by 2020 the retail landscape will really be challenging. Key questions that arise and should be addressed from a future planning point of view are the following:
• What will the wholesale and retail landscape be like in 2020?
• What challenges will the changes imply?
• What skills will be required?

At the focus group sessions, consultation with stakeholders resulted in the formulation of an additional priority, focusing on the 2020 landscape that will be addressed in Chapter 5. In understanding the challenges of the 2020 landscape, the following contradictions between global forces and the South African policy imperative have been detected:

<table>
<thead>
<tr>
<th>Global forces</th>
<th>South African policy imperatives</th>
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<tr>
<td>Reduced employment in various industries as a result of technological developments</td>
<td>Increased employment levels are required</td>
</tr>
<tr>
<td>Fewer people required due to technological advances</td>
<td>Job creation is required</td>
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<tr>
<td>Market forces</td>
<td>Historically inequalities need to be addressed</td>
</tr>
<tr>
<td>Labour market forces dictate</td>
<td>Equity needs to be accelerated</td>
</tr>
<tr>
<td>Political transformation does not always affect the sector</td>
<td>Imperative political transformation directly affects the sector</td>
</tr>
<tr>
<td>Legislation focuses largely on industry regulations</td>
<td>Regulation focuses on industry regulation as well as challenging political transformation</td>
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All policies that have an impact on the SSP, such as the New Growth Path, the Skills Accord and the National Skills Development Strategy (NSDS), are discussed in detail to further contextualise future challenges and opportunities. Drivers of change that were significantly updated include the following:

• Industry convergence will have a major impact on technology, especially information technology.
• The growing middle class, with sufficient income, should be viewed as an opportunity for the wholesale and retail market.
• An ageing population will also have an impact on the wholesale and retail industry.
• Social media has never been included in previous SSPs, but ample evidence exists to indicate the growing importance of these media on the wholesale and retail industry. Social networks are a huge source of consumer data that can be used effectively, but these sources have been underutilised so far.
• The growing importance of the green agenda should be carefully monitored from a wholesale and retail perspective. Greater emphasis will be placed on sustainability and environmental protection.

There are numerous other drivers of change in the wholesale and retail sector that impact on skills development. The most significant are the following:

Technological

• **Changing technology:** Technological changes are introduced primarily to enhance the experience of customers and to increase efficiency. With all retailers striving to increase margins, the introduction of technology often results in more efficient operations with reduced staff. This will require increased training for a workforce that requires a completely different skill set.
• **Internet-based retailing:** Although internet-based shopping is in its infancy in South Africa, crime levels, the increase in the number of dual-income families and convenience, together with increasing economies of scale make internet-based retail more viable. International experience shows that there is enormous growth potential in this area of retail.

**Legislative**

• **National Credit Act:** The act has tightened lending regulations, ensuring that consumers pass the “affordability test”. The act aims to improve and increase access to credit, offer debt counselling, improve consumer understanding and protect consumers from reckless lending. This has had a major impact, especially on motor vehicles, homes, furniture and semi-durable goods sold on credit.

• **Consumer Protection Act:** The act introduces a bill of rights, granting consumers wide-ranging powers to cancel contracts within “cooling-off” periods, 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 will have a significant impact on the way business is conducted in South Africa. Given the extent of liability, extensive training will need to be implemented.

• **Employment equity:** The sector is also 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. As far as black empowerment is concerned it should be noted that the retail sector has been identified as one of the least transformed sectors in the economy. There are political imperatives that would seek to address this imbalance. It is imperative that skills development includes measures to address the representivity of black people in senior management positions. Due to the fact that 57% of senior and top management positions are still filled with white people, the empowerment of historically disadvantaged South African should also be accelerated.

**Social**

• **Unemployment:** An unemployment rate above 20% is deemed to pose excessive political and social risks for most economies, but especially for South Africa, with an unemployment rate close to 25% and an expectant populace waiting for the situation to improve.

• **Decent work for all:** Government has placed the creation of decent work at the centre of economic and social policies. Its actualisation depends on the restructuring of the economy. The skills development initiatives required to effect improvement in the unemployment rate and the actualisation of the concept of “decent work for all” is substantial and Government has targeted these areas as future priority areas for skills development.
The extent of the small, medium and micro sector: The very high concentration of small enterprises in the wholesale and retail sector points to the need to support entrepreneurship and management training for small enterprises on a far greater scale than is presently the case. Governments elsewhere have tried to encourage the formalisation of enterprises by lowering the cost of compliance and bureaucracy. The non-compliance, low participation rate and exempt status of many of its members in this sector present skills development challenges for the W&RSETA.

Casualisation: The most serious practical implication of casualisation with regard to skills development is the fact that casual workers receive little if any skills development. In many instances, where permanent positions are replaced by casual ones, the concept has a very obvious and serious negative influence on the working environment as a whole. In an effort to increase margins and circumvent labour union demands and the costs of formal employment, casualisation – as a worldwide phenomenon – is increasing, with dire consequences for skills development.

CHAPTER 3: SKILLS DEMAND AND SUPPLY

Given that supply and demand for skills is well integrated, the supply and demand for skills has been jointly investigated in this chapter. Extensive use has been made of research by Career Junction into the supply and demand for skills in the wholesale and retail sector. The services of a labour economist have been secured. Current activity in this new field includes the development of a labour model, which will be applied in the final SSP update in three to five months' time.

The following conclusions can be drawn from the chapter:

The fact that entrants to the industry that are supplied by institutions are not practically ready for the work environment required further proactive work by the W&RSETA and the industry.

The occupational structure of the W&R sector is consistent with the historical legacies of the apartheid era, with a high concentration of Africans at the bottom end of occupations and, conversely, a high proportion of whites in the higher wage earning occupational levels.

The SETA has made significant gains in encouraging companies to apply for mandatory grants, with the majority of large, medium and small companies doing so.

Employee uptake for mandatory grants has dropped below 300 000 from above 500 000 in the previous year. This might suggest that companies are focusing more on their core business, as well as implementing cost-cutting measures in order to survive the recession.

There are real challenges facing the SETAs in areas such as qualification and curriculum development, employee retention and opportunities, research capacity and business compliance. The SETAs should hopefully engage stakeholders in future skills planning exercises.

Stakeholder consolation, as prescribed by the NSDS and followed with the compilation of this updated SSP, adds further value and should be used more regularly to update the quantitative database.
• Unless the sector invests in infrastructure for research, decision-making will be speculative if it is not supported by appropriate statistics.
• There are no prerequisite entry requirements in the sector and this might contribute to low job status and consequently low wages.
• The Western Cape regions works directly with the FET Colleges as well as the University of Technology in providing funded work placement for graduates. Colleges were also contracted to facilitate the work-readiness component. Such collaborations greatly improve the SETA’s capacity to deliver on its mandate.

CHAPTER 4: SCARCE AND CRITICAL SKILLS

Basic skills needs identified at stakeholder workshops included, but was not limited to the following: life skills (including adult education and training, especially basic life skills beyond literacy and numeracy in the rural areas), succession planning, generic business management skills for SMMEs, legislative skills and HIV/AIDS awareness for management and supervisory personnel.

Scarce skills identified through quantitative analysis included management at all levels, supervisory personnel, IT professionals, supply chain and distribution managers, logistics managers and importantly, buyers. It is felt that there are not sufficient trainers or assessors for specialist skills such as buyers.

There are certain occupations that, although not regarded as core, are crucial to the functioning of the business. A prime example is a cashier. For every cashier position advertised there are multiple applicants, and yet the occupation is not regarded as scarce. However, insufficient or incorrect training could be detrimental to a business. The most pertinent critical skills identified were financial, industrial safety, interpersonal and communication skills, negotiating and conflict resolution skills and life skills. It should be noted that the number of applicants for vacancy do not indicate the scarcity of a skill or occupation.

There is widespread lack of information and understanding regarding the recognition of prior learning.

Of particular interest is the shortage of training providers servicing the rural areas. It is deemed expensive for service providers to service rural areas as the numbers are too small. In the rural areas, literacy courses are required for a large section of the workforce.

Participants felt that training course levels are too high and are not addressing the needs of the people. In addition, courses should be modularised to make them more accessible, particularly to participants from SMMEs who experience time and availability constraints because of the nature of their businesses.

During most recent focus group sessions with stakeholders, a need for the multiskilling of senior staff was identified. For example, a retail manager should have skills in areas identified by the drivers of change, such as the green agenda, social media and addressing the needs of the middle class.
CHAPTER 5: SKILLS DEVELOPMENT STRATEGY

Chapter 5 presents a strategic plan that sets out skills development priorities for the W&R sector. These priorities are drawn from the research findings of preceding chapters and take cognisance of a number of government policy initiatives.

The proposed targets contained in the strategic plan are informed and underpinned by this strategic framework, which was developed by the Board. At the Board’s strategic session, the following key issues were identified as critical to the implementation of the NSDS III in wholesale and retail sector:

- Increase access to programmes leading to intermediate and high-level learning in terms of the W&RSETA intervention at NQF Level 1 to Level 4
- Education training at NQF Level 1 is to be delivered with a focus on the W&R sector requirements
- School engagement: career guidance
- Capacitate FETs to deliver W&R sector programmes
- Increase access to occupationally directed programmes through W&RSETA’s interventions in needed areas at NQF Level 5 to Level 7/8
- Address the present demand from business for qualifications at this level
- Construct the needed occupationally-directed qualifications
- Establish retail business schools with HEIs
- Increase access to high-level occupationally directed programmes in needed areas through W&RSETA’s interventions at NQF Level 8 to Level 10
- The role of research in the emerging W&RSETA landscape
- Serving the interests of the sector as a whole by W&RSETA activity at this level
- The role of the W&R sector business schools at this level of the NQF
- Expand on the success of the International Leadership Development Programme (ILDP)
- Develop a comprehensive e-learning system supported by the W&RSETA
- Deepen the absorptive capacity of the W&R sector

The following challenges are outlined in Chapter 5:

- High cash reserves
- High learner dropout rate
- Implementation of RPL
- Rural development
- Retail business school
- Implementation of current Government initiatives
- Difficulty in establishing the credibility of the SSP
- Development strategy for small and micro enterprises (informal)
- The absence of a W&R professional body to recognise retail as a career

Sufficient proactive action to manage these challenges has been incorporated into the strategy, with the following deliverables over the planning period 2011–2016:
• The SSP is professionally researched.
• W&SETA is to research and identify middle-level skills in its sectors and to put in place strategies to address them.
• W&RSETA is to establish projects and partnerships to enable the relevant number of artisans for the sector to be trained to qualify and become work ready.
• SSPs are to identify the supply challenges in relation to high-level scarce skills gaps and are to set out strategies for addressing them.
• Agreements are to be entered into between W&RSETA, university faculties and other stakeholders on appropriate interventions to support improved entry into priority programmes.
• Sector plans are to identify the focal areas for research, innovation and development.
• W&RSETA is to identify FET colleges with relevant programmes to put in place partnerships to offer vocational courses and work experience for college learners.
• A national database must be put in place to track training and work opportunities, and to report on implementation.
• W&RSETA stakeholders are to agree on the provision of substantial quality programmes for employed workers and to report on the impact of training.
• Sector projects are to be put in place to address specific sector skills gaps.
• Cross-sectoral projects are to be established to address skills needs along local supply chains that are aimed at supporting local economic development.
• In their skills planning research, SETAs are to identify established and emergent cooperatives and their skills needs.
• Sector projects are to be developed that are piloted by W&RSETA and expanded through partnership funding.
• SMME learning material must be improved/streamlined in accordance with future requirements.
• An SMME toolkit is to be developed.
• The SMME model that was developed based on a W&R research project is to be implemented.
• W&RSETA is to engage with trade unions, NGOs and community-based organisations in its sectors and to identify skills needs and strategies to address these needs.
• W&RSETA is to establish quality pilot projects.
• Career guides are to be developed with labour market information, addressing subsectors within the sector.
• Sector stakeholders are to be engaged and programmes are to be adjusted to meet the skills and qualification needs to promote comprehensive career development.
• Alignment with the 2020 landscape.

It can be concluded that the W&RSETA is well positioned and prepared for the challenges and opportunities during the planning period.
# TABLE OF CONTENTS

**ABBREVIATIONS AND ACRONYMS** ................................................................. 1

**EXECUTIVE SUMMARY** ................................................................................. 3

1.1 INTRODUCTION .......................................................................................... 18

1.1.1 Purpose of the chapter ........................................................................... 18

1.1.2 Introduction to the updated SSP ................................................................. 18

1.2 KEY PLANNING PRIORITIES ...................................................................... 20

1.2.1 The Medium-term Strategic Framework (2009–2014) ............................ 20

1.2.2 The Human Resource Development Strategy for South Africa (HRDSA) 21

1.2.3 National Skills Development Strategy III ................................................. 21

1.2.4 Policies and strategies for relevant government departments ................. 22

1.2.5 Provincial and local government growth and development strategies .... 22

1.2.6 Environmental strategies ....................................................................... 23

1.2.7 Industrial Policy Action Plan II ................................................................. 23

1.2.8 The New Growth Path ............................................................................ 23

1.2.9 The Skills Accord .................................................................................... 24

1.3 METHODOLOGY ......................................................................................... 24

1.4 BACKGROUND TO THE SECTOR ............................................................... 25

1.5 INDUSTRIAL COVERAGE .......................................................................... 27

1.6 PROFILE OF THE WHOLESALE AND RETAIL LANDSCAPE .............. 29

1.6.1 Hypermarkets ......................................................................................... 30

1.6.2 Supermarkets .......................................................................................... 31

1.6.3 Discounters .............................................................................................. 32

1.6.4 Convenience stores ................................................................................ 32

1.6.5 Forecourt retailers ................................................................................... 33

1.6.6 Mixed retailers ........................................................................................ 33

1.6.7 Health and beauty specialists ................................................................. 33

1.6.8 Clothing and footwear specialists ............................................................ 34

1.6.9 Furniture and furnishing stores ............................................................... 34

1.6.10 DIY, home improvement and garden centres ........................................ 34

1.6.11 Electronics and appliance specialist retailers ....................................... 34

1.6.12 Leisure and personal goods specialist retailers .................................... 35

1.6.13 Vending .................................................................................................. 35

1.6.14 Home shopping ....................................................................................... 36

1.6.15 Internet retailing ..................................................................................... 36

1.6.16 Direct selling .......................................................................................... 36

1.6.17 Fuel retailers .......................................................................................... 36

1.7 PROFILE OF OCCUPATIONAL FIELDS .................................................. 37

1.7.1 Production and manufacturing ................................................................. 38

1.7.2 Operations (control and planning) ............................................................. 38

1.7.3 Procurement, supply chain and logistics .................................................. 38

1.7.4 Warehousing and stock control ............................................................... 39

1.7.5 Sales ......................................................................................................... 39

1.7.6 Branch and store management ................................................................. 39

1.7.7 Client services ........................................................................................ 39

1.7.8 General management ............................................................................. 39

1.8 ECONOMIC PERFORMANCE AND OUTLOOK ...................................... 40

1.8.1 Pre-recession .......................................................................................... 40

1.8.2 Recession ................................................................................................ 40

1.8.3 Post-recession ......................................................................................... 40

1.8.4 Gross domestic product ........................................................................ 41

1.8.5 Environmental ......................................................................................... 43
CHAPTER 2: DRIVERS OF CHANGE .......................................................... 73
2.1 INTRODUCTION .................................................................. 73
2.2 THE 2020 RETAIL LANDSCAPE .............................................. 73
2.3 THE NATIONAL POLICY AGENDA VS GLOBAL FORCES .......... 74
  2.3.1 Overview ................................................................... 74
  2.3.2 The Medium-term Strategic Framework’s strategic priorities ...... 74
  2.3.3 The New Growth Path .................................................. 76
  2.3.4 The National Skills Accords .......................................... 76
  2.3.5 National Skills Development Strategy III .......................... 76
  2.3.6 Other related policies .................................................. 78
2.4 DRIVERS OF CHANGE UP TO 2020 ....................................... 79
  2.4.1 Overview ................................................................... 79
  2.4.2 Industry convergence ................................................... 79
  2.4.3 Technology ................................................................. 80
  2.4.4 Growing middle class .................................................. 81
  2.4.5 Declining birth rates and ageing population ................. 82
  2.4.6 The growing importance of the green agenda .............. 82
  2.4.7 Social media ............................................................... 83
  2.4.8 Legislative drivers of change ........................................ 84
  2.4.9 Black empowerment and affirmative action ................... 85
  2.4.10 SMME development .................................................. 86
CHAPTER 4: SCARCE AND CRITICAL SKILLS

4.1 DEMAND FOR SKILLS

4.1.1 Skills needs identified at stakeholder workshops

4.1.2 Skills needs identified through quantitative analysis

4.1.3 Skills needs identified through other research

4.2 SUPPLY OF SKILLS

4.2.1 Skills supply issues identified at stakeholder workshops

4.2.2 Availability of training courses

4.2.3 Learning outcomes

4.2.4 Training provider accessibility

4.2.5 Skills supply identified through quantitative analysis

4.2.6 Skills supply identified through an analysis of the WSP/ATR

4.2.7 Main skills needs identified through the W&RSETA’s stakeholder survey

4.3 SCARCE SKILLS LIST

4.3.1 Scarce skills list

4.3.2 Provincial breakdown

4.4 PRIORITY OCCUPATIONS LIST

4.5 CRITICAL SKILLS

4.6 STAKEHOLDER CONSULTATION

4.7 SCARCE SKILLS UPDATE

4.8 CRITICAL SKILLS UPDATE

4.9 ANTICIPATED CRITICAL SKILLS REQUIRED FOR 2020

4.10 PRIORITISED CRITICAL AND SCARCE SKILLS

5.1 INTRODUCTION

5.2 GUIDING PRINCIPLES

5.3 SITUATIONAL ANALYSIS

5.4 DRIVERS OF CHANGE

5.4.1 Implications for skills development

5.5 SUPPLY AND DEMAND OF SKILLS

5.5.1 Supply of skills: education and training provision

5.5.2 PIVOTAL occupational programmes

5.5.3 FETs

5.5.4 Higher education

5.5.5 RPL

5.5.6 Learnerships

5.6 SKILLS DEMAND

5.6.1 Employees to be trained in the sector

5.6.2 Fuel retailers

5.6.3 Recruitment conditions

5.6.4 Stakeholder concerns

5.6.5 Implications for training

5.7 GOVERNMENT STRATEGIC GOALS

5.8 INSTITUTIONAL STRATEGIC GOALS

5.9 STRATEGIC CHALLENGES

5.10 INSTITUTIONAL STRATEGIC RISKS

5.11 FIVE-YEAR INSTITUTIONAL STRATEGIC GOALS AND OUTCOMES

5.12 RESOURCE ALLOCATION TO ACHIEVE INSTITUTIONAL GOALS AND OUTCOMES
5.12.1 Governance and Management Structures .............................................. 202
5.13 PERSONNEL TRENDS ................................................................................. 205
5.14 INCOME AND EXPENDITURE TRENDS ..................................................... 205
5.10 CONCLUSION ...................................................................................... 208
REFERENCES .............................................................................................. 209
LIST OF FIGURES

Figure 1-1: Retail decomposition .......................................................... 29
Figure 1-2: Wholesale decomposition .................................................. 30
Figure 1-3: Retail market share ............................................................ 32
Figure 1-4: Recruitment and occupational groups ............................... 40
Figure 1-5: Robust GDP growth expected in 2011 ............................... 42
Figure 1-6: Percentage change (quarter-on-quarter) seasonally adjusted at an annualised rate .................................................. 42
Figure 1-7: Job losses/gains from Quarter 4 of 2010 to Quarter 2 of 2011 .......................... 44
Figure 1-8: Exchange rate of the euro vs rand: 2008–2011 .................. 45
Figure 1-9: Fuel production, consumption and reserves ...................... 49
Figure 1-10: Fuel taxes ........................................................................ 49
Figure 1-11: Percentage change 2006 - 2011 .................................... 50
Figure 1-12: W&R earnings ................................................................. 51
Figure 1-13: Monthly earnings in various sectors ............................... 51
Figure 1-14: Shoplifting and commercial crime .................................. 52
Figure 1-15: HIV prevalence among the 15–49 age group (2008) .......... 53
Figure 1-16: AIDS research per sector .............................................. 53
Figure 1-17: Impact of AIDS ............................................................... 54
Figure 1-18: Provincial distribution of employees (excluding SMMEs) .... 55
Figure 1-19: Provincial distribution by race ....................................... 56
Figure 1-20: Retail as a proportion of the total employment .................. 57
Figure 1-21: Formal and informal employment employees (’000) ....... 58
Figure 1-22: Percentage employee distribution by population group ....... 59
Figure 1-23: Distribution of occupations across race ......................... 60
Figure 1-24: Comparison of racial occupational levels in retail versus government .... 61
Figure 1-25: W&R educational levels ................................................. 62
Figure 1-26: Disabled........................................................................... 63
Figure 1-27: Trade union membership in 2011 .................................... 63
Figure 1-28: Size distribution in the W&R sector (excluding SMMEs) .... 64
Figure 1-29: Wholesale and retail market share ................................. 66
Figure 1-30: Location of workers in enterprises ................................. 67
Figure 3-1: Education levels between Quarter 1, 2010 and Quarter 2, 2011 .......................................................... 95
Figure 3-2: Enrolments in public HEIs by major field of study, 2009 .... 98
Figure 3-3: Distribution of employees in SMMEs ................................ 100
Figure 3-4: Total employees to be trained in the sector ...................... 101
Figure 3-5: Employees to be trained according to race and occupational class .... 101
Figure 3-6: Employees to be trained according to age ...................... 102
Figure 3-7: Training programmes in fuel retail .................................. 104
Figure 3-8: Distribution of providers, assessors and moderators by region .... 106
Figure 3-9: Adcorp Employment Index ............................................. 107
Figure 3-10: Recruitment activity ....................................................... 108
Figure 3-11: Recruitment activity – temporary workers ..................... 109
Figure 3-12: Net employment outlook .............................................. 111
Figure 3-13: Difficulty of recruitment ................................................. 112
Figure 3-14: Jobs in most demand (October 2011) ............................. 114
Figure 3-15: Job opportunities per region (October 2011) ................. 117
Figure 3-16: Supply and demand trends from October 2009 to March 2010 .......................... 117
Figure 3-17: Supply and demand of skills for the period January 2010 to March 2010 .... 118
Figure 3-18: Supply and demand trends in the occupational field of operations (control and planning) .................................................. 119
Figure 3-19: Most demanded operations (control and planning) skills .......................................................... 120
Figure 3-20: Demand trends in the occupational field of operations (control and planning) 120
Figure 3-1: Supply and demand trends in the occupational field of procurement, supply chain and logistics .................................................. 121
Figure 3-2: Most demanded procurement, supply chain and logistics’ skills .................................. 122
Figure 3-3: Demand trends in the occupational field of procurement, supply chain and logistics .................................................. 122
Figure 3-4: Supply and demand trends in the occupational field of warehousing and stock control .................................................. 123
Figure 3-5: Potential career seekers per job advert .................................................. 124
Figure 3-6: Supply and demand trends in the occupational field of sales .................................................. 124
Figure 3-7: Potential career seekers per job advert .................................................. 125
Figure 3-8: Supply and demand trends in the occupational field of branch and store management .................................................. 126
Figure 3-9: Supply and demand trends in the occupational field of client services .................................................. 127
Figure 3-10: Potential career seekers per job advert .................................................. 128
Figure 3-11: Supply and demand trends in the occupational field of general management .................................................. 129
Figure 3-12: Potential career seekers per job advert .................................................. 130
Figure 3-13: Most demanded management skills .................................................. 131
Figure 3-14: Demand trends in the occupational category of general management .................................................. 131
Figure 3-15: Supply and demand trends in the occupational field of quality control and assurance .................................................. 132
Figure 3-16: Potential career seekers per job advert .................................................. 133
Figure 3-17: Supply and demand trends in the occupational fields of training and development .................................................. 134
Figure 3-18: Potential career seekers per job advert .................................................. 135
Figure 3-19: Supply and demand trends in the occupational field of accounting .................................................. 136
Figure 3-20: Potential career seekers per job advert .................................................. 137
Figure 3-21: Supply and demand trends in the occupational field of credit control .................................................. 138
Figure 3-22: Potential career seekers per job advert .................................................. 139
Figure 3-23: Supply and demand trends in the occupational field of purchasing and procurement .................................................. 139
Figure 3-24: Potential career seekers per job advert .................................................. 140
Figure 3-25: Supply and demand trends in the occupational field of financial management .................................................. 141
Figure 3-26: Potential career seekers per job advert .................................................. 142
Figure 3-27: Supply and demand trends in the occupational field of employee and industrial relations .................................................. 142
Figure 3-28: Potential career seekers per job advert .................................................. 143
Figure 3-29: Categories employed .................................................. 147
Figure 3-30: Motivation for employing casual employees .................................................. 147
Figure 3-31: Training provided .................................................. 148
Figure 4-1: Critical skills according to percentage demand .................................................. 171
Figure 4-2: Occupations most being demanded – June to October 2011 .................................................. 182
Figure 4-3: Top ten occupations in demand .................................................. 183
Figure 4-4: Provincial distribution of job opportunities .................................................. 184
Figure 4-5: Job contract types and trends .................................................. 185
Figure 5-1: Education levels within the sector .................................................. 193
Figure 5-2: Corporate governance structure .................................................. 203
Figure 5-3: Management structure .................................................. 204
LIST OF TABLES

Table 1-1: Focus groups in the various provinces .......................................................... 24
Table 1-2: Businesses in the W&R sector ........................................................................ 27
Table 1-3: Activities not in the W&R sector .................................................................... 28
Table 1-4: Hypermarket data for 2009 ............................................................................. 31
Table 1-5: Supermarket sales data for 2009 .................................................................... 31
Table 1.6: Number of people trained according to region .................................................. 37
Table 1-7: South Africa: economic activity 2009–2016 ...................................................... 41
Table 1-8: Government net debt as percentage of GDP ...................................................... 47
Table 1-9: Employment by industry 2011 ('000) ................................................................. 56
Table 1-10: Racial profile ................................................................................................ 60
Table 1-11: Percentage employee distribution by gender ................................................... 61
Table 1-12: Small businesses by size in the SMME category in the W&R sector .............. 65
Table 2-1: Global forces vs South African policy imperatives ............................................ 74
Table 2-2: Impact of the MTSF on skills development in the wholesale and retail sector .................................................................................................................. 75
Table 2-3: W&RSETA mandatory grant inputs .................................................................. 77
Table 2-4: Assumptions, their impact on skills development and possible solutions ........ 88
Table 3-1: Training required per occupational category in the fuel retailers sector .......... 103
Table 3-2: Training programmes required in the fuel retailers subsector ......................... 104
Table 3-3: Employment and growth by industry (July 2011) ............................................. 107
Table 3-4: Occupational employment by industry ............................................................ 108
Table 3-5: Supply and demand trends .............................................................................. 110
Table 3-6: Recruitment conditions for skills on W&RSETA’s scarce skills list ............... 115
Table 3-7: Employment trends (October 2011) ................................................................ 116
Table 3-8: Output variables ............................................................................................. 146
Table 3-9: Categories employed by employers ................................................................. 147
Table 3-10: Motivation for employing casual employees .................................................. 147
Table 3-11: Training provided ......................................................................................... 148
Table 3-12: Occupational requirements (October 2011) .................................................. 149
Table 4-1: Scarce skills list .............................................................................................. 163
Table 4-2: Educational levels per scarce skills identified in the WSP ............................... 165
Table 4-3: Scarce skills identified at workshops ............................................................... 166
Table 4-4: Priority occupations list .................................................................................. 167
Table 4-5: Critical skills .................................................................................................. 168
Table 4-6: Skills list per occupation .................................................................................. 169
Table 4-7: Soft, technical and other skills ....................................................................... 170
Table 4-8: Anticipated critical skills required for 2020 ..................................................... 175
Table 4-9: Comparing the scarce skills list identified during the W&RSETA survey and the most demanded occupations – June to October 2011 ........................................... 186
Table 4-10: Comparing the top 10 scarce skills list and the top 10 most demanded occupations – June to October 2011 ............................................................................ 187
Table 4-11: Proposed research projects .......................................................................... 187
CHAPTER 1: SECTOR PROFILE

1.1 INTRODUCTION

1.1.1 Purpose of the chapter

The purpose of this chapter is to profile the wholesale and retail sector (hereunder referred to as the W&R sector) within the context of the South African economy. It outlines the scope of industrial and occupational coverage and discusses sector and non-sector drivers of change that impact on the sector. Revised and updated drivers of change based on extensive desktop research and consultation with W&RSETA stakeholders are presented in Chapter 2.

1.1.2 Introduction to the updated SSP

W&RSETA plays a critical role in the development of skills in the wholesale and retail sector. In accordance with the requirements of NSDS III the services of an external advisor specialising in Higher Education and advisory services (Business Enterprises at the University of Pretoria were procured following a procurement process. The scope and terms of reference of the appointment can be summarised as follows:

- A professional relationship for to continuously update the SSP and render support services where required
- Doing quantitative and qualitative research on all aspects of the SSP as required by the Department of Higher Education and Training (DHET)
- To add further value to the skills planning imperative, it was agreed that the assumptions up to 2020 be made and taken into account to identify longer term interventions that should commence during the SSP planning period 2011–2016.

To ensure an understanding of the entire Sector Skills Plan (SSP), it was decided to give a bird’s eye view of the content in Chapter 1 as basis for the remaining chapters. This SSP is based on a reasoning logic that is set out in this section.

This SSP is an updated one, based on the requirements of the DHET. Since the first SSP for 2011 to 2016, published in January 2011, the following additional actions were taken to ensure that the updated document is as complete and accurate as possible:

- Through a process of data analysis from workplace skills plans, existing figures and graphs on the industry profile, skills demand and supply and other industry parameters were updated.
- It was agreed that the focus of the SSP should be beyond 2016, since actions to address future skills requirements will have to be taken before 2016. It was agreed that 2020 would be a much better time horizon to guide the planning process. The year 2020 is also very popular from a publication perspective and quality research material is therefore available.
- Other quantitative resources were extensively optimised to update the required information in Chapter 1 to Chapter 4.
Through desktop research, the drivers of change were extensively updated. Various new themes not completely covered in the previous SSP were introduced, such as the green agenda, the ageing of the population and the impact of social networks on the wholesale and retail industry.

To add further value to a substantial quantitative database, qualitative research methods were used. Various focus groups were held in the provinces, where stakeholders were consulted. The drivers of change were shared with the focus group participants and they added further value. A number of new skills requirements, based on the future landscape, have been identified. Participants also provided various solutions to address the development of skills needs.

Due to shortcomings in the previous and earlier SSPs, the focus of this SSP was also on the following key issues:

- Alignment of global drivers of change with the specific South African business environment – key economic drivers, challenges and emerging trends emerged from this analysis in consultation with stakeholders
- Formulation of strategies to deal with the legal and regulatory requirements
- Linking SETA management decisions with operational dynamics of the sector
- Focusing more on the big picture based on real challenges facing the wholesale and retail sector
- Prioritising, strategising and positioning for the future
- Examining existing and future skills profiles within occupations (the drivers of change and consultation with stakeholders resulted in the identification of emerging future skills clusters in key areas such as legal requirements and technology)
- The adequacy of current skill levels and output from education and training institutions
- Occupation skills absorption rates
- Existing and future skills shortages for occupations
- Prioritisation of critical and scarce skills
- Sector-specific objectives and goals for the planning period
- Strategies and tactics to address the goals, objectives and needs, and activities to support these strategies
- Developing scenarios pertaining to skills demand for the next five years
- Proposing a high-level strategic approach to meet the sector’s skills needs
- Incorporating the Workplace Skills Plan (WSP) and Annual Training Report (ATR) data of fuel retailers
- Focusing on National Skills Development Strategy III (NSDS III) priorities, especially in terms of race, gender, class, HIV/AIDS and rural areas

This SSP is the result of an integration of quantitative and qualitative data. Quantitative data was generated through an analysis of latest WSP and related information, incorporation of additional sector data from purchased publications. Qualitative information was generated through additional desktop research on drivers of change and extensive stakeholder consultation through focus groups and questionnaires. Further refinement will be done in the March 2012 update.
Stakeholder consultation was conducted at the regional focus areas. Further areas for refinement have been identified by the W&RSETA Board and key stakeholders at a SSP review meeting held on 27 September 2011.

1.2 KEY PLANNING PRIORITIES

These are important policy frameworks that are relevant to the Sector Skills Plan:

1. The Medium-term Strategic Framework (MTSF)
3. The Draft National Skills Development Strategy III
4. Policies and strategies of relevant government departments
5. Provincial and local government growth and development strategies
6. Environmental strategies
7. The Industrial Policy Action Plan (IPAP II)
8. The New Growth Path
9. The Skills Accords

The Sector Skills Plan also needs to consider provincial and local growth and development strategies, and policies and strategies from other relevant government departments. All policy requirements and provincial requirements have been incorporated into this SSP. These policy documents are briefly discussed below. In Chapter 2, they are further contextualised in terms of the drivers of change.

1.2.1 The Medium-term Strategic Framework (2009–2014)

The MTSF is a statement of intent identifying the development challenges facing South Africa and outlining the medium-term strategies for improvements in the living conditions of South Africans and for our enhanced contribution to the cause of building a better world.

The MTSF has identified the following key imperatives that need to be considered for government delivery:

- Speeding up growth and transforming the economy to create decent work and sustainable livelihoods
- Undertaking massive programmes to build economic and social infrastructure
- Establishing a comprehensive rural development strategy linked to land and agrarian reform and food security
- Strengthening the skills and human resource base
- Improving the health profile of all South Africans
- Intensifying the fight against crime and corruption
- Building cohesive, caring and sustainable communities
- Pursuing African advancement and enhanced international cooperation
- Ensuring sustainable resource management and use
- Building a developmental state, including the improvement of public services and the strengthening of democratic institutions
These MTSF priorities should be the priorities around which skills planning take place. The extent to which these priorities are met is an indicator of the success of the skills planning exercise.

1.2.2 The Human Resource Development Strategy for South Africa (HRDSA)

The HRDSA includes the following set of important goals:

- Universal access to quality early childhood development, commencing from birth up to the age of four
- Eradicating adult illiteracy in the population
- Ensuring that all people remain in education and training up to the age of 18
- Ensuring that all new entrants to the labour market have access to employment-focused education and training opportunities
- Levels of investment that are above global averages for all areas of education and training
- Ensuring that inequality in education and training outcomes is significantly less than the prevailing income inequality
- Equitable education and training outcomes in terms of race, gender, disability and geographic location
- Ensuring that the balance between emigration and immigration reflects a net positive inflow of people with priority skills for economic development
- Access to education and training opportunities for all adults in the labour market to enable them to achieve a minimum of NQF Level 4 qualifications
- Progressive improvements in the external efficiency and effectiveness of higher education, further education and the occupational learning system

Although the above are national government imperatives, they have implications for the SSP.

The strategy requires an integrated and coherent whole, yet differentiated and diverse approach. It must be far-sighted and focused on skills for a sustainable future for all, expanding comprehensive strategies for a knowledge society and rooted in research and knowledge production for inclusive development. By addressing the listed priorities, the strategy promotes a more equitable and socially inclusive society. This goal is seen as consistent with social justice.

The strategy seeks to create an environment within which the occupational learning and the further and higher education systems can focus on continuous improvement in the quality of educational inputs and outputs and increase the level of throughput. This is necessary to develop a skilled and capable workforce to support our inclusive growth path and will require the support of a diverse set of higher education and training institutions and programmes.

1.2.3 National Skills Development Strategy III

The goals of the NSDS III are as follows:
• Establishing a credible institutional mechanism for skills planning
• Increasing access to occupationally directed programmes
• Promoting the growth of the public Further Education and Training (FET) college system that is responsive to sector, local, regional and national skills needs and priorities
• Addressing the low level of youth and adult language and numeracy skills to enable additional training
• Encouraging better use of workplace-based skills development
• Encouraging and supporting cooperatives, small enterprises, worker-initiated, non-governmental organisation (NGO) and community training initiatives
• Increasing public sector capacity for improved service delivery and supporting the building of a developmental state
• Building career and vocational guidance

The NSDS III should be read as a companion to the Human Resource Development Strategy of South Africa (HRDSA), together with the Medium-term Strategic Framework.

The SSP, as required by the NSDS III, analyses the sector and its associated skills requirements. The analysis of economic development and employment trends includes a consideration of national and sector growth and development strategies, particularly those related to the national economic and development strategy, the HRDSA and those related to the Industrial Policy Framework, innovation and technology, and rural development.

1.2.4 Policies and strategies for relevant government departments

The national Department for Higher Education and Training requires SSPs to be signed off by the directors-general of relevant government departments, including the following:

• **Department of Trade and Industry**: This implies that W&RSETA would have to align the SSP with that of the Industrial Policy Action Plan II.

• **Department of Environmental Affairs**: This will include the need to ensure alignment with imperatives associated with the “green” agenda in terms of the extent to which the plan enables the country to meet its obligations to international climate change agreements.

1.2.5 Provincial and local government growth and development strategies

There is a need to integrate sector skills planning with provincial skills planning. It has been found that skills requirements vary from province to province, mainly because of demographic considerations.

There are numerous training agencies that feed into all sectors, including government. There is therefore a need for streamlining and simplification so that the skills requirements can be addressed at minimum cost.
1.2.6 Environmental strategies

The emphasis on environmental protection also influences the type of skills needed in the sector. This influence takes different forms:

- As consumer awareness of and pressures regarding environmental conservation grow internationally, there will be a greater emphasis on green branding.
- The development of an understanding of and the skills to utilise green branding potential will be important to organisations in the sector.
- Sustainable management practices will become increasingly important, as companies will take environmental sustainability into consideration more earnestly.

1.2.7 Industrial Policy Action Plan II

The Industrial Policy Action Plan II (IPAP II) 2010/11–2012/13 was launched in March 2010. Government viewed it as a quantum leap forward in efforts to help build South Africa’s industrial base in critical sectors of production and value-added manufacturing and to contribute to the reduction of chronic unemployment. IPAP II is a three-year rolling industrial development road map that is the product of the Economic Cluster (of ministers and departments). Both in terms of the breadth of the interventions outlined and the requirement of intergovernmental coordination and multistakeholder involvement, IPAP II is a first of its kind in South Africa (the dti, 2011).

As a major industry, wholesale and retail is fully committed to the opportunities and challenges of IPAP II.

1.2.8 The New Growth Path

In the document The New Growth Path: The Framework, the essence of this policy initiative can be summarised as follows:

There is growing consensus that creating decent work, reducing inequality and defeating poverty can only happen through a new growth path founded on a restructuring of the South African economy to improve its performance in terms of labour absorption, as well as the composition and rate of growth. To achieve that step, change in growth and transformation of economic conditions requires hard choices and a shared determination as South Africans to see it through. Government is committed to forging such a consensus and leading the way by doing the following:

1. Identifying areas where employment creation is possible on a large scale as a result of substantial changes in conditions in South Africa and globally.

2. Developing a policy package to facilitate employment creation in these areas, above all through the following:

   a. A comprehensive drive to enhance both social equity and competitiveness
   b. Systemic changes to mobilise domestic investment around activities that can create sustainable employment
c. Strong social dialogue to focus all stakeholders on encouraging growth in employment creation activities.

The New Growth Path must provide bold, imaginative and effective strategies to create the millions of new jobs South Africa needs.

The implications for skills development are clear. New jobs would require a considerable amount of focused people empowerment.

1.2.9 The Skills Accord

The Skills Accord between business, organised labour, the community constituency and Government has the following eight commitments that are significant from a skills development perspective:

- Expand the level of training using existing facilities more fully
- Make 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 the level of training
- Improve the funding of training and the use of funds available for training and 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 FET colleges

1.3 METHODOLOGY

The methodology should be read in conjunction with paragraph 1.1.2 (Introduction to the updated SSP).

Stakeholder participation is integral to the compilation of the SSP (refer to the section on stakeholder participation under References). Exceptional value was added through the incorporation of focus group and questionnaire data from stakeholders.

A total of 239 stakeholders participated in focus groups in the following provinces:

Table 1-1: Focus groups in the various provinces

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gauteng</td>
<td>85</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>23</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>28</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>48</td>
</tr>
<tr>
<td>Free State</td>
<td>26</td>
</tr>
<tr>
<td>Western Cape</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>239</strong></td>
</tr>
</tbody>
</table>
In addition to the above information, 20 stakeholders completed a questionnaire.

The major steps in the research process that were followed are as follows:

- Review existing data and information sources:
  A large section of the retail and wholesale sector is not reported on. This study therefore uses a number of sources (Euromonitor, which relies on company reports for a large section of its data, Datamonitor, Businessmonitor, Statistics SA and the South African Reserve Bank). The data from each of these sources is no more accurate than any other and the agglomeration gives a better sense of the extent of the sector.

- Incorporation of the inputs by a professional labour economist

- A literature study of the W&R sector nationally and internationally

- A review of workplace skills plans and annual training reports:
  The WSP represents the input of companies who have submitted documentation. A large number of companies, especially smaller businesses, do not submit documentation and are therefore excluded from the WSP data set. A large difference will exist between WSP data and that from Statistics SA, since WSP data represents a much smaller sample and is not an extrapolation of the population.

- A scarce and critical skills survey of active levy-paying firms

- Annual reports of employer associations and information provided by the national bargaining councils

- Qualitative integration of all available information and compilation of a detailed strategy in Chapter 5.

- Redevelopment of the SSP in concert with guidelines issued by the Department of Labour and the National Skills Development Strategy 2005

- Discussion of the SSP at the strategic planning meeting with W&R managers

- Final approval of the SSP by the W&RSETA Board

1.4 BACKGROUND TO THE SECTOR

Wholesaling and retailing in South Africa is generally regarded as a growth sector of the economy. It is the fourth largest contributor to gross domestic product (GDP), with a contribution in the region of 13.3% (Statistics SA, 2011).

Total wholesale and retail trade sales for the first quarter of 2011 is R389 051 million, of which R138 227 million is retail sales and R250 824 million is wholesale sales (Statistics SA, March 2011).

Until recently, the W&R sector fared better than other economic sectors aided by growing domestic demand, buoyant consumer confidence, steady economic growth and an emerging black middle class. The current economic downturn, together with rising inflation and commodity prices, dampened sales volumes in the sector.

Expansion into foreign markets is a popular strategy to increase earnings, gain access to rand-hedged earnings, mitigate saturated markets and leverage local expertise in new locations. The sector has expanded beyond South Africa’s borders into sub-Saharan Africa, the Middle East and Australia. A number of leading companies (Metro Cash & Carry, Pick n
Pay, Spar, Edcon, Woolworths, Nandos, Shoprite Checkers and so forth) have operations in foreign countries and are thus able to increase earnings through foreign revenue.

South Africa has moved increasingly towards mall-based retailing. The number of retail spaces in malls has grown faster than the number of retail stores to a point that malls can no longer guarantee that they will attract the major anchor tenants.

Franchising is a growing industry in South Africa. All major food retailers boast significant holdings in franchise divisions. This model is popular because it affords companies a low risk and a faster store rollout. Large retail chains are franchising smaller formats in residential areas. The convenience store format continues to register the highest growth in comparison to other retail formats, as the markets for other formats have already reached saturation. Consumer confidence in this market is increasing, with people willing to pay premium prices for shorter travelling distances and easier shopping experiences. Franchising will necessarily entail training and improved standards.

Traditionally, wholesalers in South Africa acted as intermediaries between manufacturers and retailers. Today, large and medium retailers source goods directly from manufacturers and thus reduce the function of wholesalers in the value chain. Wholesalers are now mainly transacting with small businesses and informal traders who buy directly from them.

The South African market is brand conscious. In food retailing, where the market is highly concentrated, there is a balance of power within the supply chain. However, in the more fragmented apparel market, it has become more difficult for retailers to push price increases without having an effect on trade volumes.

A number of mid- to high-income retailers have been purchasing store networks that target the lower end of the market. These networks provide them with an established base and brand, as well as expertise in a far more basic retail environment, targeting consumers with different shopping expectations in malls being developed in previously disadvantaged areas.

The W&R sector is also a major source of formal employment. It employs in the region of 1,950,000 people, which constitutes 19.93% of the total active workforce in the formal employment sector of the country (Quarterly Labour Force Survey (QLFS), 2nd Quarter, Statistics SA).

In the current tough economic climate costs are rising faster than revenues, particularly costs associated with goods, wages, transport and lease agreements. Retailers are thus looking to improve margins through greater efficiencies and reductions in operating costs. The result is an investment in state-of-the-art technology at both the back (supplier/warehousing) and front (point of sale) of the value chain.

About 81% of employees work in the formal sector. As primary and secondary sectors shed jobs, the W&R sector has compensated for these losses by creating jobs. However, the expansion of employment in the sector is problematic because of the increased casualisation of permanent employment.

The W&R sector is characterised by high levels of informalisation (casualisation, outsourcing, labour-broking and subcontracting) aimed at reducing operating costs, with
negative consequences in the form of poor work conditions, exploitation and low wages, discouragement of unionisation and removal of social benefits, such as medical aid, pension and UIF.

Although informalisation is seen in some quarters as having the potential to create jobs, the nature of informal work is survivalist and not conducive to job creation (Rasool, 2007). The trade union movement in South Africa argues that informalisation perpetuates inequalities that exist in society. A major problem with non-permanent employment is that it discourages investment in skills development and training infrastructure.

The major challenges affecting the growth of the sector at this juncture are inflationary pressures, high levels of household debt, rising fuel prices, increasing casualisation and unemployment. Other challenges include skills shortages, regulatory burdens, HIV/AIDS, a lack of capacity in the manufacturing industry and pressure on exports from a strong currency.

### 1.5 INDUSTRIAL COVERAGE

W&RSETA is associated with Economic Sector 27: Wholesale and Retail. The fifth edition of the Standard Industrial Classification of All Economic Activities (SIC), published by the Statistical Office of the United Nations, is used for classifying the activities of the various wholesale and retail business types.

The businesses included in the W&R sector are as follows:

**Table 1-2: Businesses in the W&R sector**

<table>
<thead>
<tr>
<th>SIC code</th>
<th>Trade category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wholesale</strong></td>
<td></td>
</tr>
<tr>
<td>61000</td>
<td>Wholesale and commission trade, except for motor vehicles and motorcycles</td>
</tr>
<tr>
<td>61100</td>
<td>Wholesale trade on a fee or contract basis</td>
</tr>
<tr>
<td>61220</td>
<td>Wholesale trade in food, beverages and tobacco</td>
</tr>
<tr>
<td>61310</td>
<td>Wholesale trade in textiles, clothing and footwear</td>
</tr>
<tr>
<td>61391</td>
<td>Wholesale trade in household furniture requisites and appliances</td>
</tr>
<tr>
<td>61392</td>
<td>Wholesale trade in books and stationery</td>
</tr>
<tr>
<td>61393</td>
<td>Wholesale trade in precious stones, jewellery and silverware</td>
</tr>
<tr>
<td>61394</td>
<td>Wholesale trade in pharmaceuticals, toiletries and medical equipment</td>
</tr>
<tr>
<td>61420</td>
<td>Wholesale trade in metal and metal ores</td>
</tr>
<tr>
<td>61430</td>
<td>Wholesale trade in construction materials, hardware, plumbing and heating equipment</td>
</tr>
<tr>
<td>61501</td>
<td>Office machinery and equipment, including computers</td>
</tr>
<tr>
<td>61509</td>
<td>Other machinery</td>
</tr>
<tr>
<td>61901</td>
<td>General wholesale trade</td>
</tr>
<tr>
<td>61909</td>
<td>Other wholesale trade not elsewhere classified (nec)</td>
</tr>
</tbody>
</table>
### Retail

<table>
<thead>
<tr>
<th>SIC code</th>
<th>Trade category</th>
</tr>
</thead>
<tbody>
<tr>
<td>62000</td>
<td>Retail trade, except for motor vehicles and motor cycles; repair of personal and household goods</td>
</tr>
<tr>
<td>62110</td>
<td>Retail trade in non-specialised stores with food, beverages and tobacco dominating</td>
</tr>
<tr>
<td>62190</td>
<td>Other retail trade non-specialised stores</td>
</tr>
<tr>
<td>62201</td>
<td>Retail trade in fresh fruit and vegetables</td>
</tr>
<tr>
<td>62202</td>
<td>Retail trade in meat and meat products</td>
</tr>
<tr>
<td>62203</td>
<td>Retail trade in bakery products</td>
</tr>
<tr>
<td>62204</td>
<td>Retail trade in beverages (bottle stores)</td>
</tr>
<tr>
<td>62209</td>
<td>Other retail trade in food, beverages and tobacco nec</td>
</tr>
<tr>
<td>62311</td>
<td>Retail of non-prescribed medicine and pharmaceutical products other than by pharmacists</td>
</tr>
<tr>
<td>62321</td>
<td>Retail trade in men’s and boys’ clothing</td>
</tr>
<tr>
<td>62322</td>
<td>Retail trade in ladies’ and girls’ clothing</td>
</tr>
<tr>
<td>62323</td>
<td>Retail trade by general outfitters and by dealers in piece goods, textiles, leather and travel accessories</td>
</tr>
<tr>
<td>62324</td>
<td>Retail trade in shoes</td>
</tr>
<tr>
<td>62330</td>
<td>Retail trade in household furniture appliances, articles and equipment</td>
</tr>
<tr>
<td>62340</td>
<td>Retail trade in hardware, paints and glass</td>
</tr>
<tr>
<td>62391</td>
<td>Retail trade in reading matter and stationery</td>
</tr>
<tr>
<td>62392</td>
<td>Retail trade in jewellery, watches and clocks</td>
</tr>
<tr>
<td>62393</td>
<td>Retail trade in sports goods and entertainment requisites</td>
</tr>
<tr>
<td>62399</td>
<td>Retail trade by other specified stores</td>
</tr>
<tr>
<td>62400</td>
<td>Retail trade in second-hand goods in stores</td>
</tr>
<tr>
<td>63122</td>
<td>Retail sale of used motor vehicles</td>
</tr>
<tr>
<td>63311</td>
<td>Sale of tyres</td>
</tr>
<tr>
<td>63500</td>
<td>Retail sale of automotive fuel</td>
</tr>
</tbody>
</table>

The following activities, included under wholesale and retail in the Standard Classification of All Economic Activities do not form part of the W&R sector:

**Table 1-3: Activities not in the W&R sector**

<table>
<thead>
<tr>
<th>SIC code</th>
<th>Trade category</th>
</tr>
</thead>
<tbody>
<tr>
<td>61210</td>
<td>Wholesale trade in agricultural raw materials and livestock</td>
</tr>
<tr>
<td>61410</td>
<td>Wholesale trade in solid, liquid and gaseous fuels and related products</td>
</tr>
<tr>
<td>62310</td>
<td>Specialised retail trade in prescribed pharmaceutical, medical and orthopaedic goods</td>
</tr>
<tr>
<td>62510</td>
<td>Retail trade via mail-order houses</td>
</tr>
<tr>
<td>62520</td>
<td>Retail trade via stalls and markets</td>
</tr>
<tr>
<td>62590</td>
<td>Other retail trade not in stores</td>
</tr>
<tr>
<td>62600</td>
<td>Repair of personal and household goods</td>
</tr>
</tbody>
</table>
### 1.6 PROFILE OF THE WHOLESALE AND RETAIL LANDSCAPE

Figure 1-1: Retail decomposition

<table>
<thead>
<tr>
<th>SIC code</th>
<th>Trade category</th>
</tr>
</thead>
<tbody>
<tr>
<td>63100</td>
<td>Sale of motor vehicles other than used motor vehicles</td>
</tr>
<tr>
<td>63200</td>
<td>Maintenance and repair of motor vehicles</td>
</tr>
<tr>
<td>63300</td>
<td>Sale of motor vehicle parts and accessories other than tyres</td>
</tr>
<tr>
<td>63400</td>
<td>Sale, maintenance and repair of motorcycles and related parts and accessories</td>
</tr>
<tr>
<td>64100</td>
<td>Hotels, camping sites and other provision of short-stay accommodation</td>
</tr>
<tr>
<td>64200</td>
<td>Restaurants, bars and canteens</td>
</tr>
</tbody>
</table>

Figure 1-1 shows the retail breakdown by total sales. Fuel sales (forecourt sales) are added to the W&R sector. Given the total turnover of fuel retail of around R100 billion, total turnover in the W&R sector is now around R1.1 trillion. The increase in motor trade (of new vehicles) is noticeable.
Figure 1-2: Wholesale decomposition

Source: Author’s own calculations (Statistics SA, 2011)
Figure 1-2 shows the decomposition of the wholesale sector. The total turnover for 2009 is just over R1 trillion, but is significantly down from 2008. The figure shows the impact of the global recession on retail from 2008 to 2009. The increase in fuel sales is noticeable and correlates with the increase in motor trade outlined in Figure 1-1.

The document now examines the profile of retail in greater detail.

1.6.1 Hypermarkets

South African hypermarkets grew by 13% in 2009 to reach just over R15 billion. Pick n Pay Retailers and Shoprite Holdings are the only players in the hypermarkets environment, with their respective Pick n Pay Hyper and Checkers Hypermarket outlets.

Hypermarkets enjoy an equal split between grocery and non-grocery items. The number of white goods and homeware products on offer, as well as the large trading space, enables these outlets to compete directly with wholesale outlets such as Makro.

These one-stop shopping outlets need to be accessible from the middle- to upper-LSM consumers. Since most are located in outlying areas, these stores are inaccessible to many lower-LSM consumers (Euromonitor, 2010).
Table 1-4: Hypermarket data for 2009

<table>
<thead>
<tr>
<th>Hypermarkets</th>
<th>Value of total sales: Rm</th>
<th>Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pick n Pay</td>
<td>9 729</td>
<td>21</td>
</tr>
<tr>
<td>Shoprite</td>
<td>5 496</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Company annual reports, Euromonitor

1.6.2 Supermarkets

South African supermarkets grew by 11% in 2009 to reach R106 billion across 3 595 outlets (Euromonitor, 2010).

An increasing number of non-grocery items are sold through supermarkets, with 32% of products sold being non-grocery items. However, leading retailers are focusing on introducing a wider array of fresh food and deli items in their outlets, which cater to upper-LSM consumers. These serve to meet the demand for high-quality convenience food products.

Shoprite Holdings held a value share of nearly 42% in 2009, thus leading the category. Pick n Pay Holdings (Pty) Ltd held second place with a value share of 35%, while Spar Group was third with just over 20%. However, Spar Group held the largest share in terms of the number of outlets, with 23% in 2009.

Traditionally, Shoprite Holdings’ Shoprite brand serves lower-LSM groups and the company is currently focusing on changing the target consumer group for its Checkers supermarkets from lower-LSM consumers to middle- to upper-LSM groups. Pick n Pay traditionally serves middle- to upper-income consumers. Spar Group has also successfully focused on changing its target segment to more affluent consumers.

Table 1-5: Supermarket sales data for 2009

<table>
<thead>
<tr>
<th>Supermarkets</th>
<th>Value of sales: R million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shoprite</td>
<td>44 087</td>
</tr>
<tr>
<td>Pick n Pay</td>
<td>36 668</td>
</tr>
<tr>
<td>Spar Group</td>
<td>21 619</td>
</tr>
<tr>
<td>Others</td>
<td>3 603</td>
</tr>
</tbody>
</table>

Source: Company annual reports, Euromonitor
1.6.3 Discounters

The discounters’ environment sees growth of 12% in 2009 to reach R1.3 billion. Discounters are large stores, with an average size of approximately 1 000 square metres. Due to their large size, as well as proximity to their target consumers, discounters are located on the edges of towns and in more rural areas.

Shoprite Holdings' U-Save is the only brand present in the South African discounters’ environment. The company has focused on expanding its presence in South Africa and the strong growth experienced by the category is due to U-Save expanding its number of outlets from 110 in 2008 to 129 in 2009.

Figure 1-3: Retail market share

As can be seen from Figure 1-3, supermarkets dominate the retail landscape, with sales increasing by a larger margin over the period 2005–2009 than any of the other players in the sector.

1.6.4 Convenience stores

Conveniences stores experienced marginal growth in 2009, with sales worth R6.4 billion. Woolworths Holdings continue to lead South African convenience stores with a value share of 34%.

South African convenience stores are dominated by leading supermarket retailers. Woolworths Holdings dominates with its Woolworths Food outlets and Woolworths outlets located at Engen forecourts.
1.6.5 Forecourt retailers

Forecourt retailers grew by 9% in 2009 to reach R7.3 billion. Extended opening hours and convenient locations have resulted in greater consumer support and increased sales.

Leading supermarket retailers are aligning themselves with petroleum brands in order to increase brand reach. Woolworths has been affiliated with Engen Petroleum for approximately six years and the success of its stores has resulted in ongoing expansion.

Sasol Ltd opened 51 new Sasol forecourt retailers over 2008–2009, followed by Engen with 40 new Quickshop outlets and Shell with 20 new Select outlets. Only two more BP Express stores opened and Star Mart saw four outlet closures as stores were rebranded to Fresh Stop.

1.6.6 Mixed retailers

Mixed retailers experienced a growth of 2% in 2009 to reach over R35 billion. Mixed retailers such as Massmart’s Game focus on high volume, narrow margin sales. The upper-LSM consumers tend to flock to department stores, which carry higher unit prices than variety stores. The growth in auxiliary products such as financial products, mobile phones and even spas and coffee shops has been prevalent across all urban retail outlets in South Africa.

Woolworths was the leading brand with a value share of almost 33%, followed by Edgars with 22%, while Game was third with just over 18%.

The major players include Edgars, Discom, JetMart (in the Edcon group), Game (Massmart), Stuttafords, New Clicks and Woolworths.

1.6.7 Health and beauty specialists

Health and beauty retailers grew by 9% to reach R28 billion in 2009, with Clicks consolidating its dominance of health and beauty retailers.

Leading supermarkets place increasing pressure on parapharmacies/drugstores since legislation preventing such operations eased.

Not only is Dis-Chem Pharmacies providing competition to the company, but leading supermarket retailers are also entering this category. Shoprite Holding’s MEDI-Rite in-store pharmacy is present in 53 supermarket outlets, 10 of which serve poorer communities. Woolworths has recently entered this niche by opening three in-store Woolworths Pharmacies.

Health and beauty specialist retailers, such as Edgars Red Square, were among the few outlets to stock premium international cosmetics and fragrance brands, but are seeing increased competition from retailers such as Woolworths and Truworths. These players have broadened their ranges of imported cosmetics and toiletries brands in their larger stores.
1.6.8 Clothing and footwear specialists

Clothing and footwear specialist retailers grew by 7% in 2009 to reach R74.7 billion, with Pep and Ackermans (Pepkor Ltd) continuing to dominate the sector. These brands target the lower-LSM groups.

Overall, chain South African clothing and footwear specialist retailers saw the opening of 408 outlets to reach a total of 17 840 in 2009.

International penetration has been limited, with the introduction of Country Road (Woolworths) and Ralph Lauren’s Polo and GAP (Stuttafords).

1.6.9 Furniture and furnishing stores

In 2009, furniture and furnishing stores grew by 10% to reach R28 billion.

The impact of the global recession is felt in South Africa. Increasing food and fuel prices have resulted in drastic reductions in disposable income, particularly among the middle-income group, which serves to boost this category. This, combined with the National Credit Act, which hinders consumers from obtaining credit, should result in a slowdown of sales of furniture and furnishings. However, massive unit price increases resulted in a strong value growth continuing at the end of the review period.

JD Group continued to dominate furniture and furnishing stores with a market share of 25% in 2009. This is largely due to the large number of brands in its stable, servicing the lower-LSM consumers. Mr Price Group (Pty) Ltd held second place, with a value share of just over 11%, while Lewis Group Ltd was third with just over 9%.

1.6.10 DIY, home improvement and garden centres

DIY, home improvement and garden centres grew by 4% in 2009 to reach R14.7 billion.

Spar Group, with outlets totalling 270, dominated DIY, home improvement and garden centres with a market share of over 38% in 2009. It was followed by Massmart with 32% and Supergroup Ltd with a market share of 11%.

Tight credit conditions and a reduction in building activity proved challenging for this segment of the retail sector.

1.6.11 Electronics and appliance specialist retailers

Electronics and appliance specialist retailers experienced value growth of 31% to reach R7.5 billion in 2009.

JD Group dominates the electronics and appliance specialist retailers with a 75% value share. Hi-Fi Corporation and Incredible Connection outlets were the only brands to see outlet growth, with the introduction of four and seven new outlets respectively over the 2008–2009 period.
Competition between manufacturers has been severe as players struggled to increase sales during tough economic conditions. Mixed retailers provided increased competition as they discounted the prices of their appliances and home entertainment products in order to drive sales. Sales of directly imported products performed well due to the strengthening rand and the higher margins importers can impose.

1.6.12 Leisure and personal goods specialist retailers

Leisure and personal goods specialist retailers saw value growth of 8% in 2009 to reach just over R20 billion.

The Foschini Group dominates the leisure and personal goods specialist retailers with an 11% market share.

Leisure and personal goods specialist retailers largely saw new outlet openings of between two and 10 outlets per brand over 2008–2009. Foschini’s Total Sports brand opened 53 new outlets in 2009 and its American Swiss brand opened 15 new stores.

Edcon Group’s CNA and Avusa Ltd’s Exclusive Books continue to dominate the chain booksellers’ environment in South Africa with market shares in 2009 of 20% and 3% respectively.

Foschini Group dominates other leisure and personal goods specialist retailers in South Africa with its jewellery division. Despite the current economic climate curbing consumer spending, the company opened nine new Sterns outlets and five new Matrix stores, as well as 15 American Swiss outlets over 2008–2009.

1.6.13 Vending

Vending experienced value growth of 9% in 2009 to exceed R2 billion.

ABI (Pty) Ltd continues to dominate South African vending sales.

A growing number of large corporations are introducing cashless vending machines to dispense hot beverages to employees. Companies have control over usage by loading up employees’ key cards with a set number of “free sales” per day. This is convenient for employees as well as the company and increases the opportunity for vending growth in South Africa.

Generally the machines are located in areas that take advantage of impulse purchases, such as vehicle repair premises or large wholesalers. Many operators are purchasing combination machines, as they can take the place of a small canteen and their convenience and access allow continual sales.

ABI (Pty) Ltd is the largest player in the vending environment with a value share of 27%. Owned by South African Breweries (Pty) Ltd, the company has a variety of packaged drinks brands. Its links with Cadbury, Schweppes and Coca Cola ensure that it has the largest spread of packaged food and drink products. Nestlé South Africa (Pty) Ltd rents out its own branded vending machines and had a 23% value share at the end of the period under review.
1.6.14 Home shopping

Home shopping grew by 7% to reach just over R4 billion in 2009.

Verimark continued to dominate home shopping with a 39% value share in 2009.

The bulk of sales turnover is generated through store-based sales, be they franchised outlets such as Verimark or affiliated with retailers ranging from Pick n Pay to Game. Internet sales of home shopping items remain negligible.

1.6.15 Internet retailing

Internet retailing experienced growth of 7% to reach just over R4.8 billion in 2009.

Kalahari.net remained the leader of Internet retailing in South Africa in 2009, with cosmetics, toiletries, toys, games and books, recording double-digit growth. Amazon.com has blacklisted South Africa and no longer directly supplies the country, leaving Kalahari.net to dominate the sector unchallenged.

While large retailers such as Pick n Pay and Woolworths have tapped into the Internet retailing environment in South Africa, their market shares remain low in comparison with the more established players.

1.6.16 Direct selling

Direct selling grew by 7% in 2009 to reach just over R5 billion.

The direct selling environment is fragmented, but given its low start-up costs, provides employment opportunities despite the economic downturn.

Many of the larger direct selling companies in South Africa follow a multi-level marketing compensation scheme. Team leaders manage a group of sales consultants, who in turn sell directly to consumers. Support and incentives are provided by the marketing companies. Smaller players follow the single-level compensation scheme, by which distributors sell products directly to consumers.

Toys and games continued to experience strong growth from a low base in 2009. This was followed by cosmetics and toiletries, a niche in which large brands such as Avon have a major consumer base.

1.6.17 Fuel retailers

Fuel retailers have been included in the W&RSETA landscape.

According to Statistics SA (2010), retail fuel sales are about R90 billion for the country as a whole. This is primarily in the form of forecourt fuel sales.
In South Africa, fuel prices and margins, with the exception of diesel, are regulated. This setup has resulted in employment being regulated and standardised across the industry.

Most outlets are open 24 hours a day, requiring two or three shifts. Most forecourt staff work around 60 hours a week.

The industry employs predominantly male workers, especially during the night shifts, but there is a tendency towards employing more female forecourt staff. The WSP (2010) data reveals that there are a total of 79 151 females and 400 720 males employed in the sector. Surprisingly, the data also indicates that there are no Indian females employed in any of the occupational categories.

Training is mandated by the oil companies and outlets are required to send certain key personnel for training.

South Africa is one of the few countries with such stringent regulation of its fuel retailing industry. The major risk for fuel retailers is the eventual deregulation. When this happens, there will be major retrenchments in the industry.

The convenience shop outlets at most garages add significantly to the total retail output. No data related to the value of the contribution is available.

1.7 PROFILE OF OCCUPATIONAL FIELDS

The fast-moving consumer goods (FMCG) retail and wholesale sector is one of South Africa’s largest and most diverse industries. It is also an important contributor to employment, especially among the less skilled. The years 2008 and 2009 have seen recruitment in this sector negatively affected by the economic downturn. Signs of employment stability in the first half of 2010 are now evident. The increased economic activity and its consequent increase in employment reveal the threat posed by a lack of skills.

Various skills development programmes have been put in place as long- and short-term strategies in an attempt to improve the current skills crisis. As quoted in W&RSETA’s annual report for 2010 to 2011, the total training activity can be summarised as follows:

Table 1.6: Number of people trained according to region

<table>
<thead>
<tr>
<th>Province</th>
<th>Number of people trained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>7 344</td>
</tr>
<tr>
<td>Free State</td>
<td>3 665</td>
</tr>
<tr>
<td>Gauteng</td>
<td>126 718</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>47 809</td>
</tr>
<tr>
<td>Limpopo</td>
<td>3 635</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>3 251</td>
</tr>
<tr>
<td>North West</td>
<td>2 402</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>1 055</td>
</tr>
<tr>
<td>Western Cape</td>
<td>127 466</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>323 347</strong></td>
</tr>
</tbody>
</table>
The number of people trained decreased from 390 044 in 2009/10 to 323 347 in 2010/11. Of this number, 181 434 completed training, while 141 913 were still in the process of training. The training ranged from short courses to technical qualifications.

Recruitment remains moderate in the FMCG retail and wholesale sector, but is difficult in certain occupational fields, as there is a high demand for labour, but there are a limited number of qualified professionals on the job market. A steady increase in online labour demand is evident for the previous three months, while the workforce remains unchanged. The Career Junction Index (CJI) for the FMCG retail and wholesale sector is currently positioned at 113 index points, signalling weakening recruitment conditions and possible market recovery (Career Junction Index Job Report, Quarter 1, 2010).

The limited workforce of available labour in certain retail and wholesale occupational fields is a cause for concern, particularly during the time of market recovery. Further growth in labour demand will have a negative impact on recruitment in this sector and could possibly leave recruiters with severe skills shortages across a large part of the retail and wholesale sector. Therefore, it is vital for businesses to invest in strategic long-term planning in order to combat a possible skills crisis and ensure the profitability of businesses.

While analysing jobs/occupations in the retail and wholesale profession, it is valuable to distinguish between the various occupational fields. CareerJunction classifies scarcity according to the following occupational fields:

1.7.1 Production and manufacturing

Production and manufacturing is the process of transforming raw materials into finished products. Such finished products are sold on a large scale to wholesalers, who in turn sell them to retailers, who then sell them to consumers. Manufactured products can also be sold to other manufacturers who use them to make more complex products. A large number of people or cross-functional teams are involved in the various stages of production or manufacturing. Today, a lot of these processes are automated or computer aided.

1.7.2 Operations (control and planning)

Operations management is the process of optimising manufacturing processes by reducing the lead time of product launching and work in progress inventories to allow for rapid response to product changes. Process and operations specialists use a collection of technologies and methods to define how products are manufactured. A professional working in this field is responsible for defining production processes, overseeing quality and compliance of products, ordering materials, compiling cost data, setting manufacturing schedules and managing industrial and process control machinery.

1.7.3 Procurement, supply chain and logistics

Procurement and logistics form part of the supply chain, which is described as the movement of products from supplier to consumer through multifaceted procedures. The supply chain process involves purchasing materials and products, transforming raw materials into finished products, storing materials and products and finally delivering material
or products to consumers. A large number of persons or cross-functional teams are involved in the various stages of the supply chain. A well-developed supply chain can greatly improve product quality, reduce spending and time, and optimise manufacturing flow.

1.7.4 Warehousing and stock control

Warehousing and stock control involves the ordering, putting away and picking of products, as well as inventory management and stock rotation. Today, many warehousing processes are automated by computerised systems and machinery. With a proper slotting plan, a warehouse can improve its inventory rotation requirements. This is particularly important when dealing with fast-moving consumer goods.

1.7.5 Sales

Sales personnel are responsible for the selling of consumer goods. Retailing differs from wholesaling due to the dissimilar quantities of products sold, as well as the point of sale. Retail products are generally sold in small quantities from a fixed location that is accessible by the public. Wholesalers, on the other hand, sell products in large quantities and, in most cases, lengthy distances are travelled from warehouses to retail stores, therefore wholesaling requires thorough planning. Furthermore, as opposed to selling products to individuals, wholesalers generally possess a large and loyal client base with whom they partner on a long-term basis by way of contractual agreements.

1.7.6 Branch and store management

Branch and store managers are responsible for running and overseeing a division of a large organisation. A branch or store manager generally manages other employees who work in the same division. His or her duties generally include structuring working hours, as well as overseeing payment processes, leave requests, and the general safety and satisfaction of employees.

1.7.7 Client services

Client service professionals deal directly with clients before, during and after a purchase to ensure that they are satisfied with the product or service at all times. In the retail field, stores will have a desk or counter devoted to dealing with customer dissatisfaction. In the wholesale field, customer service professionals stay in constant contact with loyal clients and are always available to them in order to resolve product or service complaints. In wholesaling, client service professionals are also responsible for informing clients of special offers that might be taking place in the organisation.

1.7.8 General management

General management includes all management-level professionals across all occupational fields in the retail and wholesale profession.
Set out below are recruitment conditions experienced by each retail and wholesale occupational field by measuring the number of potential career-seekers available for every job advertisement posted:

**Figure 1-4: Recruitment and occupational groups**

Source: Euromonitor, 2010

### 1.8 ECONOMIC PERFORMANCE AND OUTLOOK

This section reviews the economic performance and outlook of the wholesale and retail sector within the context of national economic activities and international developments.

#### 1.8.1 Pre-recession

Prior to the economic downturn in 2009, South Africa’s rate of economic expansion had been spurred by domestic consumption, investment growth and international demand for commodities, particularly from China. These resulted in strong demand for retail services. Domestic consumer spending was high, with positive effects on the sector.

#### 1.8.2 Recession

South Africa did not escape the global downturn unscathed, considering the openness of the economy, the composition of the export basket and a heavy reliance on certain traditional export markets. The longest upswing in South Africa’s recorded history came to an abrupt end in the second half of 2008 with the economy entering its first recession in 17 years.

The severity of the downturn was broad-based, and most sectors were affected. The economy contracted by 1.8% in 2009. Weak consumer spending, job losses and large-scale contraction in Europe, the USA and Asia resulted in a declining sector.

#### 1.8.3 Post-recession

Data on the demand side reveals that the South African economy is on the road to recovery. Five successive cuts in interest rates have seen the repo rate drop to 6%. This, together with an expected world recovery, augurs well for the economy as a whole and for retail in particular. This positive sentiment may, however, be dampened by the high indebtedness of the South African consumer.
1.8.4 Gross domestic product

Table 1-7 shows that South Africa is expected to achieve real GDP growth of 3.5% in 2011, with the projected increases up to 2016. A key factor behind the relatively muted outlook is an expected contraction in private investment. The economy is emerging from the recession with real GDP growth of 0.9% quarter-on-quarter, or -2.1% year-on-year on a seasonally adjusted annualised (SAA) basis in Quarter 3, 2009, following a 2.8% quarter-on-quarter contraction in Quarter 2, 2009 (Business Monitor International, 2010: 19).

Table 1-7 suggests that real GDP is expected to hover in the 3.5–4.5% range up to 2016. Per capita GDP is expected to reach US$8 548 (R59 836) in 2014 from a base of US$7 158 (R50 106) in 2010. Unemployment for the same period would decrease from 24.8% to 23.2%.

Table 1-7: South Africa: economic activity 2009–2016

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP (R billion)</td>
<td>2 395.97</td>
<td>2 615.14</td>
<td>2 796.81</td>
<td>3 087.99</td>
<td>3 407.68</td>
<td>3 741.47</td>
<td>4 096.44</td>
<td>4 472.89</td>
</tr>
<tr>
<td>Nominal GDP (US$ billion)</td>
<td>283.98</td>
<td>357.26</td>
<td>383.12</td>
<td>402.49</td>
<td>423.78</td>
<td>447.48</td>
<td>473.36</td>
<td>500.99</td>
</tr>
<tr>
<td>Real GDP growth (% year-on-year)</td>
<td>-1.68</td>
<td>2.78</td>
<td>3.52</td>
<td>3.85</td>
<td>4.17</td>
<td>4.41</td>
<td>4.50</td>
<td>4.50</td>
</tr>
<tr>
<td>Nominal GDP per capita (US$)</td>
<td>5 758</td>
<td>7 158</td>
<td>7 585</td>
<td>7 874</td>
<td>8 192</td>
<td>8 548</td>
<td>8 935</td>
<td>9 344</td>
</tr>
<tr>
<td>Population (million)</td>
<td>49.3</td>
<td>49.9</td>
<td>50.5</td>
<td>51.1</td>
<td>51.7</td>
<td>52.4</td>
<td>53.0</td>
<td>53.6</td>
</tr>
<tr>
<td>Unemployment (% of labour force)</td>
<td>24.3</td>
<td>24.8</td>
<td>24.4</td>
<td>23.7</td>
<td>23.5</td>
<td>23.2</td>
<td>22.7</td>
<td>22.2</td>
</tr>
</tbody>
</table>

Source: IMF World Economic Outlook, 2011
Despite a political focus on the “new” mandate of the South African Reserve Bank (SARB), rates reached their cyclical low following the 50 basis point interest rate cut in March 2010 (ABSA Capital SA Quarterly Perspectives, Quarter 2, 2010:1).

Figure 1-6: Percentage change (quarter-on-quarter) seasonally adjusted at an annualised rate

Figure 1-6 illustrates the growth rates for the various sectors in the economy. It is evident from the graph that only the agricultural sector showed a decline over the last reporting quarter. Trade is used as a proxy for the wholesale and retail sector.
1.8.5 Environmental

Oil price volatility is a significant risk for the sector, but soaring oil prices are unlikely to be the primary driver for fundamental change. A major energy turnaround will not be achieved before 2030. New regulations and ambitious targets being set in a growing number of countries around the globe may provide the foundation necessary to drive significant technological change in this area, although there is substantial controversy around the direction developments will take and how rapidly advances can be achieved.

Reducing emissions is a greater challenge to transport companies over the next 20 years than obtaining a sufficient supply of energy. Our panel anticipates that by 2030, systems will be in place to ensure that the cost of carbon emission is allocated to the source. Whether or not they see it as a business opportunity, logistics providers will in future most likely need to track, document and disclose the CO₂ emissions for which they are responsible. However, tracking carbon emissions may only be the first step. In the more distant future, logistics service providers will need to document all types of emissions (such as noise and nitrogen oxide) in order to measure the full environmental impact of their activities over the long term. The need for a sustainable supply chain, which tracks and documents emissions, has numerous ramifications.

On the company level, introducing mobility accounts may provide one way to reduce the carbon footprint of employees. Companies may also be able to monitor total emissions and eventually manage these so as to reduce the carbon footprint of the organisation – and by extension that of its customers. They may also be able to offer customers “green credits” for more sustainable transportation options, or share their own expertise as eco-consultants. This would have a major impact on all sectors of the economy.

1.8.6 Unemployment

Government’s target to create 4.5 million work opportunities by 2014 appears ambitious in the context of the sluggish economic recovery that South Africa is likely to see over coming years. Although the Ministry of Public Works stated that nearly 224 000 “job opportunities” had been created since April 2009, it is unlikely that targets will be met. Data from Statistics SA’s QLFS indicates that the official unemployment level increased to 25.7% in Quarter 2 of 2011, up from 25.3% in Quarter 2 of 2010, with the total number of unemployed people at 4.538 million in the quarter ending June 2011 (Stats SA, QLFS, 2nd Quarter 2011).

The progressive deterioration of economic conditions has had a profound impact on employment levels. Approximately 960 000 people lost their jobs during the first nine months of 2009, reversing a substantial portion of the employment gains registered in prior years. The trade sector has been hardest hit, with some 312 000 jobs lost thus far in the year as retailers and vehicle dealerships felt the adversity of trading conditions.
Employment levels in manufacturing continued to decline, albeit at a more moderate rate. Retrenchments in the manufacturing sector totalled 50 800 over the first two quarters of 2011, on the back of a sharp contraction in production volumes. Construction sector employment was affected by the property market downturn, especially the residential segment, with 132 000 job losses in the private household sector also reflecting a difficult environment (Industrial Development Corporation (IDC) Key Trends in the SA Economy, Quarter 4 2009:7). According to the 2011 IDC database, 910 000 jobs have been lost since the start of 2009.

1.8.6.1 Implications for skills development

W&RSETA should incentivise the training of unemployed youth. Government has championed entrepreneurship among the unemployed, which may not be the most effective method to grow small businesses. International experience shows that there would be more money invested if older and experienced people, who are laid off, work to achieve a more desired impact on small business and employment growth.

1.8.6.2 The rand and current account

The rand strengthened by more than 30% against the US dollar between March and November 2009, posing a risk to the competitiveness of manufacturing. The rand has moved up the policy agenda over time to become a major bone of contention and the Congress of South African Trade Unions (COSATU) has called for the authorities to weaken the currency. Government’s policy on the rand has been less than clear. Confusion was caused
in October 2009 when the Minister of Economic Development, Ebrahim Patel, said he planned to freeze the currency at a fixed exchange rate. The markets reacted negatively to this news, since such a policy would signal a significant shift from previous free-market ideology, and the rand sold off by 4%. Although Minister Patel’s comments were quickly dismissed and the rand recovered its lost ground, some uncertainty remained.

Subsequent statements from the authorities suggest that a change in policy on the rand is unlikely. The medium-term budget policy statement recognised that a strong rand caused pain for exporters, but the authorities would continue with their current approach to rand management (Business Monitor International, SA Insurance Report Quarter 2, 2010:22).

**Figure 1-8: Exchange rate of the euro vs rand: 2008–2011**

![Graph of exchange rate of the euro vs rand: 2008–2011](source: South African Reserve Bank)

The improvement in the current account imbalance, a global economic recovery that remains on track, strong global commodity prices and a domestic economic activity picture that continues to improve all weigh in favour of the rand. On the expectation of further global USD strength in the coming periods, it is projected that the USDZAR is to trade within a 7.40–7.70 range until year-end (ABSA Capital SA Quarterly Perspectives, Quarter 2, 2010:1).

South Africa has continued to see significant portfolio inflows this year and this has helped to keep the rand in a fairly narrow trading range against the USD, even as the dollar has appreciated on a global basis. The decision of the Monetary Policy Committee (MPC) to cut the policy rate possibly raised a question on the currency’s role beyond the observation that a stronger exchange rate helped to improve the inflation outlook.

Much of 2009’s significant improvement in the current account deficit will be retained into 2011 and the deficit is expected to average 4–4.5% of GDP, implying a significantly smaller
current account financing requirement than that witnessed in 2007–2008. This, along with the ongoing improvement in the global economic environment, strong global commodity prices and a domestic economic activity picture that continues to improve, weigh in favour of the ZAR, in our view (ABSA Capital SA Quarterly Perspectives Quarter 2, 2010:1).

1.8.7 Inflation targeting

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% in South Africa’s case – with concerns such as economic growth and job creation not explicitly factored into monetary policy decisions. This approach has drawn criticism, especially during the economic downturn, with COSATU calling for the benchmark repo rate to be slashed from 7.0% to 3.0%, which would lower borrowing costs and thereby boost growth, albeit fuelling inflation. The authorities have managed to silence some of the more radical calls, while still maintaining a market-friendly policy.

The SARB expects inflation to dip to 4.9% in Quarter 3 2010, before rising slightly, and as an annual average, its baseline view is for an average inflation rate of 5.3% in 2010 and 5.4% in 2011 (ABSA Capital SA Quarterly Perspectives, Quarter 2 2010:3).

South Africa’s inflation targeting framework is an important element in macroeconomic coordination. It has assisted in lowering inflation expectations and in preventing inflation from undermining competitiveness (Business Monitor International, Quarter 2, 2010:22).

1.8.8 W&R sector economic outlook

South Africa’s economic recovery has been surprising, with GDP rising 3.2% in the last quarter of 2009. In 2011 growth is expected to reach 3.52%, with estimated growth rising up to 4.5% in 2016. Data from the demand side of the economy revealed that the consumer is also on the road to recovery, where significant interest rate cuts are clearly helping the consumer and a stabilising labour market is another positive factor of 2010.

The South African economy has protected itself from becoming embroiled in the global financial turmoil. The country’s banking sector is strictly regulated by Government and has therefore resisted the rising credit crisis that has affected most emerging economies. Although portfolio investments are volatile, unlike foreign direct investment (FDI), the country’s ability to maintain positive inflows in the midst of a global economic slowdown is a creditable achievement.

South African authorities have been very prudent in addressing the country’s monetary challenges. Conservative measures in the past have resulted in the economy not being as harshly impacted on as that of most developed countries.
<table>
<thead>
<tr>
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</tr>
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<tbody>
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<td>South Africa</td>
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<td>31.8</td>
<td>35.7</td>
<td>38.5</td>
<td>39.9</td>
<td>39.8</td>
<td>39.1</td>
<td>36.5</td>
</tr>
<tr>
<td>Germany</td>
<td>55.9</td>
<td>53.8</td>
<td>54.7</td>
<td>54.7</td>
<td>53.9</td>
<td>52.6</td>
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<tr>
<td>United Kingdom*</td>
<td>60.9</td>
<td>69.4</td>
<td>75.1</td>
<td>78.6</td>
<td>79.5</td>
<td>78.7</td>
<td>76.5</td>
<td>73.5</td>
</tr>
<tr>
<td>Japan*</td>
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<td>117.5</td>
<td>127.8</td>
<td>135.1</td>
<td>142.4</td>
<td>149.6</td>
<td>156.8</td>
<td>163.9</td>
</tr>
<tr>
<td>Greece</td>
<td>126.8</td>
<td>142.0</td>
<td>152.3</td>
<td>157.7</td>
<td>157.0</td>
<td>152.5</td>
<td>149.4</td>
<td>145.5</td>
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<td>United States*</td>
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<td>72.4</td>
<td>76.7</td>
<td>79.3</td>
<td>81.3</td>
<td>83.4</td>
<td>85.7</td>
</tr>
<tr>
<td>Turkey</td>
<td>37.9</td>
<td>35.0</td>
<td>32.7</td>
<td>30.6</td>
<td>29.1</td>
<td>27.8</td>
<td>26.7</td>
<td>25.6</td>
</tr>
<tr>
<td>Spain</td>
<td>41.8</td>
<td>48.8</td>
<td>52.6</td>
<td>55.7</td>
<td>58.5</td>
<td>60.7</td>
<td>62.7</td>
<td>64.6</td>
</tr>
</tbody>
</table>

Source: International Monetary Fund, World Economic Outlook Database, April 2011
Notes: * Estimates for 2010
Table 1-8 shows the healthy South African debt to GDP ratio. A debt ratio of 60% is regarded as normal. With such a low debt ratio, South Africa is able to raise funding at very attractive international rates, as is evident from the recent Eskom bond offering. The low debt ratio also engenders confidence among investors – we have seen the portfolio inflows into our bond and equity markets over the past few months and the resulting strengthening of the South African rand.

Published results from major retailers indicate that there has been strong sales growth for the 2009/2010 financial year, brought about by increased unit prices and to a lesser extent increased volumes. This augurs well for retailer margins. The causes are multifold, but include the following:

- The five successive interest rate cuts
- The strengthening rand, which is especially good for retail
- Lowered inflationary expectations and the consequent lowering of interest rates
- Lessening of the impact of the credit crunch of 2008 and 2009
- Upbeat world economic markets
- Secondary effects of the World Cup

There are threats, however, which would mitigate the positive enthusiasm. They include the following:

- High consumer debt levels
- Increased crime, especially commercial crime and crime committed on business premises (elaborated on later)
- Consumer Protection Act, which comes into effect in October 2010. The act touches on many aspects of supply relationships, including warranties, pricing, standards of service and quality, advertising, labelling, marketing and others.
- Union militancy and increased wage demands
- Expectations of higher fuel prices

The major challenge facing the W&R sector is to see through the tightening economic cycle. The lagged effect of interest rate hikes in 2007/2008, a crunch on consumer credit, high consumer debt, and rising oil and food prices are more pronounced during 2008, resulting in a definite slowdown in consumer demand.

This optimism in the South African economy has spilled over into the impending acquisition of Massmart by Walmart of the USA.

Walmart, which focuses on high-volume, low-margin, low-cost distribution of mainly branded consumer goods for cash, is the largest retailer in the world and a prominent leader in innovation. Its entry into the South African retail sector will undoubtedly have significant ramifications in the industry as other retailers respond to the threat of diminishing market share and margins.

It is believed that Walmart’s presence in South Africa will increase online shopping from its current almost 0%. In addition, Walmart’s operating structure will have huge implications for
labour. Labour unions have already staked their positions against the takeover as they believe it would diminish worker rights.

1.8.9 Implications for skills development

Given the expected growth in GDP in the coming years subsequent to the recent contraction, it is expected that skills development needs will be more urgent.

There have been significant retrenchments in the sector, together with some loss in skills. This, together with the expected increased employment, will require increased skills training.

1.8.10 Risks to economic growth

1.8.10.1 Fuel price

Fuel has a direct impact on the wholesale and retail sector, from increasing the cost of goods sold to limiting the disposable income available for retail.
Figure 1-9 illustrates the impending threat the sector faces from the low fuel reserves and the impact that it would undoubtedly have on future prices.
Figure 1-9: Fuel production, consumption and reserves

Figure 1-9 illustrates the expected tight demand for crude oil in the coming years. It is expected that oil usage will increase by at least an estimated 10% per year. With the oil from the Mexican Gulf, which produces over seven million barrels per day, expected to dry up in around 11 years, and Russia, which produces 10 million barrels of oil per day, expected to dry up in 20 years’ time, it is expected that the oil price will dramatically escalate in the coming years. This will obviously have a negative impact on the South African economy, which imports a large proportion of its oil.

Figure 1-10: Fuel taxes

![Graph showing fuel taxes](image)

Source: Organisation for Economic Cooperation and Development (OECD)/European Economic Area (EEA) database on instruments for environmental policy

Figure 1-10 illustrates the relatively low taxes South African consumers are paying for fuel. Given the financial difficulties faced by the Road Accident Fund (RAF) and the increased cost of building and maintaining road infrastructure, we may see an increase in taxes on fuel, with its resultant negative impact on consumer spending and retail.

1.8.10.2 Inflation

Inflation has been subdued over the past three years and has been on a decreasing trend ever since.

Figure 1-11: Percentage change 2006–2011
Figure 1-11 shows the trend in inflation and inflationary pressures. We see all indications are that inflation will fall well within the target range. This augurs well for further decreases in interest rates, which in turn has a positive effect on retail.

1.8.10.3 Excessive wage demands

Given the wage increases in certain sections of the public sector, South Africa is facing the possibility of an increase in strikes as unions are demanding above-inflation increases in wages due to the global economic slowdown. Given the trend in the W&R sector over the past three years and the fact that the wage rates in the retail sector is lower than that of other sectors, larger than normal increases are expected over the coming few years.

Strikes by workers in crucial sectors, including retail, are likely to be a major risk in the near term.  

Figure 1-12: W&R earnings
Figure 1-12 shows the relationship between earnings and total employment in the W&R sector. It is evident that while employment decreased drastically from the beginning of 2008 to the beginning of 2010 (with a gradual recovery since then), total monthly earnings increased steadily during the same period. This would imply that earnings per worker increased over the period.

Figure 1-13: Monthly earnings in various sectors

Average monthly earnings, including bonuses and overtime, 2011


Figure 1-13 shows that the retail sector wages lag all other sectors with utilities being the best paid sector. It must be borne in mind that many workers are employed in low level
(entry level) jobs such as cashiers and packers. Very often these workers are employed on less than 40 hours per week. There is also a tendency for employers to employ casual workers at lower rates than permanent workers.

1.8.10.4 Crime

Since 2004 there has been a 52% increase in commercial crime. Commercial crime has increased at more than twice the rate of house or business robberies.

It has to be noted that the modern trend in dealing with commercial crime is to handle it internally. It is only reported to police for prosecution purposes. It is therefore the most under-reported crime statistic.

**Figure 1-14: Shoplifting and commercial crime**

![Graph showing shoplifting and commercial crime trends](image)

Source: Institute of Security Studies Report, 2010

Figure 1-14 illustrates that despite the trend that commercial crime is increasingly being under-reported, it is still on an upward trend. This does not augur well for the industry or for South Africa as a whole.

Increasing resources will have to be allocated to protect the sector from crime directed at business.

1.8.10.5 HIV/AIDS pandemic

The HIV/AIDS crisis continues to threaten South Africa’s economic and social progress. The estimated overall HIV prevalence rate is approximately 10.6%. The number of people living with HIV/AIDS is estimated at 5.38 million. Statistics also estimated that for 2011, about 1.1 million people aged 15 and older and nearly 377,000 children would be in need of antiretrovirals. The number of new infections for 2011 is estimated at 316,900 (2011 mid-year population estimates, Statistics SA).

**Figure 1-15: HIV prevalence among the 15–49 age group (2008)**
Figure 1-15 illustrates the prevalence among the vulnerable 15–49 age group with the figure above 25% in KwaZulu-Natal. This is also the most productive section of the population.

Statistics show that 281 404 people died from HIV/AIDS in 2010; that is 11 297 more than in 2009. It is also calculated that there are 2.01 million AIDS orphans in the country (2011 mid-year population estimates, Stats SA).

In 2010, the average life expectancy was recorded at 56.5 years. It is expected to increase to 57.1 in 2011. The number of people dying of AIDS each year continues to increase and is only expected to plateau after 2015. Rough estimates indicate that the cumulative total number of people who have succumbed to the disease reached a staggering 2.53 million by the end of 2008. The 2003 survey of the Actuarial Society of South Africa (ASSA) predicted that if necessary measures were not implemented, the cumulative HIV/AIDS deaths in South Africa might reach 5.35 million by 2015.

**Figure 1-16: AIDS research per sector**

Source: SA National HIV Survey, Human Sciences Research Council (HSRC), 2008

Source: Bureau of Economic Research, 2008
A few major retail companies such as Woolworths have initiated credible and often quoted AIDS programmes. The sector as a whole has not done sufficient research in this area as is shown in Figure 1-16.

**Figure 1-17: Impact of AIDS**

![Impact of AIDS](image)

Source: Bureau of Economic Research, 2005

Figure 1-17 gives the weighted impact of AIDS on various economic sectors. For the wholesale and retail sectors, it contributes a small part of the high staff turnover, but it adds significantly to the higher training costs and the loss of experience. It must be noted, however, that the reported impact on the wholesale and retail sector is among the lowest of the sectors investigated.

### 1.9 LABOUR MARKET CONTEXT

This section analyses the particular labour market context for the sector. It provides vital employer and employee information on the sector. It is important to note that data on the size and shape of the labour market in the retail sector is notoriously scarce for several reasons. Firstly, a significant number of employers are operating in the informal sector. Secondly, a large number of employees are working in the formal sector in atypical forms of employment and go unrecorded. Thirdly, a number of employers are not registered with the South African Revenue Service (SARS) or the national bargaining councils. Fourthly, a number of employees are not registered to pay skills levies because they are exempted or simply do not pay levies. Finally, in some subsectors, employers may be operating illegally.

In addition, employer bodies and trade unions are not compiling reliable employment and employee data in the form of reports. The W&RSETA database is also problematic as a result of poor participation rates in the levy grant system by employers and incorrect information on the SARS database. The WSP and ATR data is supplemented by the data that is contained in the QLFS and Quarterly Employment Survey (QES) published by Statistics SA.
The data for this section is extracted mainly from the South African QLFS, Quarter 2, 2011; Labour Force Survey, Historical Revision, March, Series 2001 to 2010, and Stats SA's Labour Market Dynamics in South Africa, 2008. The QLFS frame has been developed as a general-purpose household survey frame that can be used by all other household surveys, irrespective of the sample size requirement of the survey. The sample size for the QLFS is roughly 30 000 dwellings per quarter. The sample is designed to be representative at provincial level and in provinces at metro/non-metro level. In the metros, the sample is further distributed by geographical type. The four geographical types are urban formal, urban informal, farms and tribal. This implies, for example, that in a metropolitan area the sample is representative of the different geographical types that may exist in that metro.

1.9.1 Provincial employment patterns

Gauteng, the Western Cape and KwaZulu-Natal dominate the sector. Together, they account for more than 70% of the total workforce employed in the W&R sector.

Figure 1-18: Provincial distribution of employees (excluding SMMEs)

![Provincial distribution of employees](image)

Source: WSP 2011

Figure 1-18 shows the number of employees (brown – left axis) employed in the various provinces as indicated on the submitted WSP forms. Gauteng has over 200 000 employees spread over around 870 businesses, with the Western Cape having around 107 000 employees spread over 507 businesses. The Northern Cape has the lowest number of employees (whose data is captured in submitted WSP forms) at around 10 400 spread over 87 businesses. It must be noted that many enterprises do not submit WSPs. The WSP and ATR data presented in this report is size-biased and will differ from the data derived from statutory bodies.

1.9.2 Provincial employment by population group

The Western Cape and Northern Cape have a starkly different racial composition to the other provinces. Coloured workers comprise less than 10% of the total workforce, but they form 38% of the workforce in the Western Cape and 35% of that in the Northern Cape. Africans account for over 74% of the workforce in all provinces except the Western Cape, Eastern Cape and Northern Cape.
Judging from Figure 1-19, the racial profile in the W&R sector mimics the population trend.

### 1.9.3 Employee coverage

The W&R sector is a major generator of employment in the economy. As the primary and secondary sectors shed jobs, the W&R sector has compensated for these losses by absorbing job-seekers.

#### Table 1-9: Employment by industry 2011 (‘000)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Formal sector</th>
<th>Informal sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main industry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, hunting, forestry and fishing</td>
<td>518</td>
<td>86</td>
<td>604</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>281</td>
<td>1</td>
<td>282</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1 526</td>
<td>227</td>
<td>1 753</td>
</tr>
<tr>
<td>Electricity, gas and water supply</td>
<td>90</td>
<td>4</td>
<td>93</td>
</tr>
<tr>
<td>Construction</td>
<td>738</td>
<td>317</td>
<td>1 055</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>1 952</td>
<td>1 015</td>
<td>2 967</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>571</td>
<td>212</td>
<td>784</td>
</tr>
<tr>
<td>Financial intermediation, insurance, real estate and business services</td>
<td>1 565</td>
<td>157</td>
<td>1 723</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>2 550</td>
<td>308</td>
<td>2 858</td>
</tr>
<tr>
<td>Private households</td>
<td></td>
<td></td>
<td>1 131</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9 792</td>
<td>2 330</td>
<td>13 252</td>
</tr>
</tbody>
</table>

Source: Statistics SA Quarterly Labour Force Survey, Quarter 2, 2011
Table 1-9 indicates the following:

There are 13 252 000 people employed in South Africa:

- The wholesale and retail trade sector employs 2 967 000 people, comprising 22.4% of the total labour force.
- About 65.8% of people in the sector are in formal employment, while 34.2% are in informal employment.

Compared with the first version of the 2011–2016 Sector Skills Plan, statistics remain basically the same.

However, the overall proportion hides a subtle and growing trend of informalisation. In 1970, the proportion of formal employees was 88%.

The number of people in informal employment in the retail sector presents the W&RSETA with the following challenges: finding ways to promote skills development for those in informal employment and encouraging formalisation in the sector by supporting the Decent Work Agenda.

**Figure 1-20: Retail as a proportion of the total employment**

Figure 1-20 shows how retail has decreased as a percentage of overall employment, but is still a large 22% of the total employment. It must be borne in mind that a number of people are employed in spaza shops and other informal trade such as hawking, for which no data exists.
The W&R sector contributes 22% of total employment, 20% of formal employment and 44% of informal sector employment to the economy. The critical importance of this sector in augmenting economic growth and employment creation should thus be recognised. Compared with the previous version of the SSP 2011–2016, basically no changes occurred.

A large percentage of people employed in the W&R sector are employed in the informal sector. The high proportion of informal sector workers presents the W&R sector with significant challenges to support informal sector workers through skills development initiatives.
1.9.4 Employee distribution by population group

The percentage breakdown of the workforce in terms of population groups is as follows:

Figure 1-22: Percentage employee distribution by population group

![Employee distribution by population group](chart)

Source: Statistics SA, QLFS, Quarter 2, 2011

Figure 1-22 gives the breakdown of the W&R sector along racial lines. Africans make up 71%, Coloureds 10%, Indians 5% and whites 14% of the W&R sector workforce.

These percentages appear to be in line with the population group trends in the total workforce for all sectors of the country. Given the high proportion of Africans in the sector, there is a need to ensure that programmes, particularly management development programmes, provide for Africans.

The low percentage of African workers in the higher occupational groupings of the sector makes transformation a key imperative for the sector – this will be dealt with below.
1.9.5 Employee distribution by occupation and population groups

Figure 1-23: Distribution of occupations across race

![Bar chart showing employee distribution by occupation and race](chart)

Source: WSP, 2011

Figure 1-23 reveals the racial profile of each occupational group. It can be seen that senior management levels (managers and professionals) are dominated by white persons, while the lower levels are dominated by Africans. It must be noted that the data for the above graph is derived from information supplied on the WSP forms.

Table 1-10: Racial profile

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Black African</td>
</tr>
<tr>
<td>All</td>
<td>12.0%</td>
</tr>
<tr>
<td>Government</td>
<td>37.2%</td>
</tr>
<tr>
<td>Retail</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

Source: CEE annual report 2010/2011
Figure 1-24: Comparison of racial occupational levels in retail versus government

Source: CEE annual report 2010/2011

The data in Figure 1-23 and Figure 1-24 seems contradictory for the manager and professional levels. It must be noted, however, that the WSP data on which Figure 1-23 is based is a much smaller sample of larger businesses and only represents those businesses that have submitted WSPs.
Figure 1-24 shows how much catching up there is to do in the retail sector.

1.9.6 Employee distribution by gender

The percentage breakdown of the workforce in terms of gender groups is as follows:

Table 1-11: Percentage employee distribution by gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>53.3%</td>
</tr>
<tr>
<td>Female</td>
<td>46.7%</td>
</tr>
</tbody>
</table>

Source: Statistics SA QLFS, Quarter 2, 2011

Males constitute 53% and females 47% of the W&R sector. This ratio has remained roughly constant over the past few years.

The high population of females working in the sector necessitates the provision of gender-sensitive programmes, as well as initiatives to fast-track the upward movement of women into management positions.

1.9.7 Educational levels

Given the low barriers to entry, the relatively low capital required to set up a business and the seeming ease of conducting a retail business, it is expected that the educational levels in the sector are not high.

Figure 1-25: W&R educational levels

Source: Author's own calculations, compiled from QLFS, Quarter 2, 2011, Statistics SA
Figure 1-25 reveals that a very small percentage of employees in the sector have a degree or higher. This has important skills development implications for W&RSETA. The fact that 21% of workers have an educational level below ABET Level 2 will become increasingly important. Only 10.7% of the workforce has a degree or higher.

1.9.8 Disability

The NSDS III addresses the need to enhance the workplace to accommodate the disabled and to enable them to fulfil a meaningful role in society.
Figure 1-26: Disabled

![Bar chart showing the percentage of disabled individuals in various occupations.]

- Skilled Agricultural, Forestry, etc.
- Technicians and Associate Professions
- Service and Sales Workers
- Elementary Occupations
- Plant and Machine Operators
- Managers
- Clerical Support Workers
- Professionals
Figure 1-26 illustrates the low rate of employment in the W&R sector. Among managers, professionals, technicians and trades and sales workers, the percentage of the disabled in relation to the workforce is less than 0.2%.

The percentage of disabled persons in the sector is very low despite it often being a low-risk environment.

The retail sector in the USA has shown more willingness to employ disabled people on the shop floor.

1.9.9 Trade union membership

Trade union membership is an important indicator of adherence to the Basic Conditions of Employment and sound industrial relations.

Figure 1-27: Trade union membership in 2011

Source: QLFS, Quarter 2, 2011, Statistics SA

Figure 1-27 reveals that 76% of the W&R workforce is non-unionised, while the comparable figure for all sectors is 68%.

Industrial relations training is particularly important for workers and managers in the sector. The W&RSETA should allocate funds to improve industrial relations training in the workplace.

The need to organise workers in this sector is an imperative to ensure decent jobs and the protection of worker rights. Awareness programmes to support unionisation should be promoted.

1.10 EMPLOYER COVERAGE

1.10.1 Company size

The industry is very diverse: small companies with less than 10 employees share the landscape with companies with more than 10 000 employees.
Figure 1-28: Size distribution in the W&R sector (excluding SMMEs)

Figure 1-28 shows that 729 small businesses employ between 1 and 99 workers each and that 52 large business employ 1 000 and more workers. Figure 1-28 reveals that 86% of the sector is made up of small enterprises, 9.5% medium and 4.5% large enterprises.

1.10.2 The SMME sector

The very high concentration of small enterprises points to the need to support entrepreneurship and management training for small enterprises on a far greater scale than is presently the case.

Consultation with key stakeholders confirmed the need for increased SMME empowerment, which will be addressed in Chapter 5.

Low participation by SMMEs is widespread. Very often, participation is seen as cumbersome and time-intensive. Furthermore, small businesses don’t have capacity for participation. The SMME typically has a key person, who takes control of all activities, and SETA participation is seen as secondary and something for which there is minimal benefit.

In addition, there is a widespread perception that once staff is trained, they are poached. The W&RSETA faces the following challenges:

- The need for enterprise development for SMMEs

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1 Large employers are categorised as companies with 150+ employees, small employers are categorised as companies with 1–49 employees, and medium employers are those with 50–149 employees.
The need for innovative programmes, including mentorships and learnerships, to empower entrepreneurs.

The need for considerable research in the SMME sector, particularly as it relates to the informal sector.

An increase the participation rate by SMMEs.

Development of a better marketing strategy to access the SMMEs.

A need to obtain accurate data related to SMMEs (There has always been a problem related to data submitted by this category. Many businesses remain unregistered, and thus no data on them is available.)

Of the total of 544 650 employees recorded on the W&RSETA WSP database, only 26 458 were from small businesses.

Table 1-12: Small businesses by size in the SMME category in the W&R sector

<table>
<thead>
<tr>
<th>Educational level</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below Grade 9/Std 7/Form 2/Abet 4</td>
<td>1 119</td>
</tr>
<tr>
<td>Grade 9/Std 7/Form 2/Abet 4</td>
<td>889</td>
</tr>
<tr>
<td>Grade 10/Std 8/Form 3/NTC I</td>
<td>2 806</td>
</tr>
<tr>
<td>Grade 11/Std 9/Form 4/NTC II</td>
<td>2 038</td>
</tr>
<tr>
<td>Grade 12/Std 10/NTC III/Matric</td>
<td>16 494</td>
</tr>
<tr>
<td>Certificate/diploma/NTC IV, V, VI</td>
<td>2 374</td>
</tr>
<tr>
<td>First degree/higher diploma</td>
<td>1 191</td>
</tr>
<tr>
<td>Honours/master’s degree</td>
<td>278</td>
</tr>
<tr>
<td>Doctoral degree</td>
<td>9</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>27 198</strong></td>
</tr>
</tbody>
</table>

Source: W&RSETA WSP 2011

The provincial distribution of the SMME category follows the provincial distribution of the larger companies in the W&R sector.

It must be mentioned that these are the smaller companies that have submitted WSPs – there are many who are exempted from having to complete WSPs and there are many who do not comply with completing the documentation.

1.10.2.1 Educational levels among the SMME category in W&R sector

There is no significant difference between the educational spread in the SMME category and larger companies. However, it is clear that there is a need for targeted training in this area.

Anecdotal evidence indicates that the need for training in the SMME sector where businesses are unregistered, exempt or non-compliant is even greater.

1.10.3 Number and types of enterprises
This section provides information on the size and shape of the W&R sector in South Africa according to Statistics SA (2009).

Figure 1-29: Wholesale and retail market share

As can be seen from Figure 1-29, the number of wholesale businesses is much lower than those of retail. Since the beginning of the 1990s, there is very little to distinguish wholesale from retail outlets, as most of the large retailers source products directly from the manufacturers or suppliers. Wholesalers, on the other hand, have been selling their products directly to customers. Figure 1-29 also shows the concentration of wholesale and retail in the three major provinces.

This section provides information about employers in the sector. The W&R sector displays two-tier characteristics with distinct formal and informal sectors. There are 80 353 retailers and 33 427 economically active wholesalers in South Africa, of which 56 680 are registered with the W&RSETA. The total economically active population is 113 780.

Retailers make up 70% and wholesalers 30% of economically active enterprises. The highest densities of enterprises are found in Gauteng, KwaZulu-Natal and the Western Cape. Collectively, these provinces make up 76% of the population of the sector.

1.10.4 Location of workers in enterprises

Figure 1-30: Location of workers in enterprises
Figure 1-30 indicates that 94% of workers in the formal sector are employed at formal business premises such as factories, offices or service outlets such as shops, compared to 8% in the informal sector. About 5% of workers in the formal sector work from home, compared to 61% in the informal sector. About 1% of the formal sector has no fixed location, compared to 31% of the informal sector.

The high number of survivalist informal sector workers located in homes, footpaths, streets, street corners and open spaces points to the need to pay serious attention to skills development, particularly with a view to improving their economic prospects.

1.10.5 Workers in registered and unregistered enterprises

This section deals with whether workers are employed/self-employed in enterprises that are registered or unregistered.

Only 65% of businesses in the W&R sector are registered. High levels of non-compliance in the sector are a cause for concern. Awareness and skills development interventions in this area are needed.

Training programmes and SMME toolkits to support enterprises in complying with legal requirements for conducting business would help unregistered enterprises in the sector.

1.11 CHANGING THE RETAIL LANDSCAPE

The changing landscape forces businesses to adapt to ever-changing skills demands. The W&RSETA needs to develop programmes to prevent these changes not being inhibited by a shortage of skills.

1.11.1 Convenience stores
There is a significant, though gradual shift in the retailing landscape in South Africa. There is a growing demand for convenience. Leading South African retailers are addressing these needs by introducing new outlet formats. Some retailers have partnered with oil companies to introduce branded forecourt outlets. The success of this rollout since its implementation in 2001 has exceeded expectations. The initiative has been adopted by many retailers.

Convenience stores tend to offer their products at higher margins than supermarkets. This should boost value sales considerably for this format and for retailing as a whole.

1.11.2 Informal sector market

The informal sector continues to play a role in the economy in terms of contribution to GDP and employment creation. It is estimated to contribute about 11% to GDP. It absorbs around 22% of the employed labour force of 12 million and is the fastest growing sector in South Africa (Department of Labour, 2009).

The informal sector market has an estimated value of R20 to R30 billion a year. This is an important contribution to the modern grocery distribution sector.

The Global Agricultural Information Network (GAIN) of the United States Department of Agriculture (USDA) estimated that there are over 100 000 “spaza” shops (tuck shops operating from home) in South Africa. This sector of the national economy could be providing between 230 000 to 300 000 jobs and supporting more than a million people (Rasool, 2008).

This sector is recognised by many people as a safety net, due to shrinking formal job opportunities, lack of skills, demographics pressures and retrenchments. The informal sector also serves as an incubator for entrepreneurship, poverty alleviation and job creation.

The W&RSETA should intensify efforts to support people working in this sector.

1.11.3 Store-based retailing

Due to the dropping of internet costs and the increased penetration of personal computers, internet shopping has taken off in a meaningful way. Growth rates of non-store-based retailing, however still lag behind that of store-based retailing.

The majority of South Africans prefer to purchase items from traditional brick-and-mortar stores. Mistrust of the postal system and the possibility of lost payments must also be overcome if non-store retailing is to experience significant growth in coming years.

1.11.4 Expansion of services

Leading retailers are ever expanding their offerings to capture market share. A case in point is the pharmacy concept first introduced in 2002. All major food retailers are engaged in this market. This trend, although still in its infancy, has great room for growth. The success of these pharmacies, both in themselves and in terms of attracting consumers into stores, will result in the further introduction of in-store pharmacies in coming years.
The lower-LSM consumers will be able to obtain pharmaceutical services at lower prices as supermarkets increase their penetration into rural areas.

The introduction of these in-store pharmacies will have a detrimental impact on private chemists/pharmacies. However, the expansion of in-store pharmacies will provide employment opportunities for pharmacists in South Africa.

1.11.5 Shifting supply chain power

In any supply chain, there is a point where the most power resides. Over time, that point can shift as concentration or fragmentation takes place and as the value of different processes shifts.

In the past, power resided with manufacturers. In the 1990s, power shifted to the retailers as the industry became more concentrated and as players became far more efficient and ultimately branded. Today, power is shifting towards the ultimate consumer. This reflects the high value of information, which has become far cheaper and more readily available to consumers. Through the internet and through more fragmented shopping behaviour, consumers are utilising information on products and prices to force both retailers and suppliers to respond more quickly to their changing needs. Due to their increased price sensitivity, consumers are forcing retailers and suppliers to relentlessly push down costs.

Competing effectively on the basis of things other than price enables a retailer or supplier to engender consumer loyalty and, therefore, shift power back up the supply chain.

1.11.6 Price and quality

Consumers are more price-sensitive than in the past. There are several reasons for this. First, low inflation has made consumers more aware of price differences. Second, global sourcing of merchandise has enabled retailers to offer items at much lower prices than in the past. Finally, price consciousness is due, in part, to the demonstration effect of discount retailing. Discounters have demonstrated to consumers that they can obtain good quality merchandise for lower prices.

At the same time, consumers all over the world are seeking better quality and more consumers are concerned about the quality of merchandise. For retailers and suppliers, the implication is clear: success mandates price competitiveness without sacrificing quality.

The Consumer Protection Act, discussed in section 0 below, places responsibility on wholesale and retail businesses. Retailers, wholesalers and manufacturers would need to take steps to minimise potential losses and lawsuits for poor service and defective products. Management would need to take a more active role in addressing these issues.

1.11.7 Information management
Consumer businesses collect vast quantities of information, both about products and inventory flow, and about consumer behaviour. This information must be processed in order to drive an efficient supply chain, as well as to quickly respond to changes in consumer behaviour. Thus, managing information has become one of the core competencies of retailers, along with the traditional competencies of selecting merchandise and selecting store locations. For suppliers, managing information that is exchanged with retailers is critical.

In the future, the best and most successful consumer companies will be those that are highly skilled at using information to drive change in the business.

1.11.8 Retail innovation

The need to innovate in the wholesale and retail industry was confirmed during stakeholder consultations in all provinces. Retailers must innovate in order to stay ahead of competitors. Innovation entails not only technology, but also merchandising, store design, customer interaction, supplier relations, product specifications and branding. The most successful consumer businesses have been those that have been most innovative. Not only must consumer businesses be innovative, they must do so in a way that focuses on a better notion of value.

The growth and development of the wholesale and retail sector is also shaped by technological developments. For instance, the introduction of a bar-coding system has contributed enormously to centralised stock control and management. It has also provided opportunities for big retailers and suppliers to enter into collaborative projects that enable them to monitor the movement of goods using a bar-coding system. Thus, information concerning consumer preferences is collected at the point of sale and transmitted to the supplier. In this way, stock is replaced on a just-in-time basis.

Another technological advancement relates to the introduction of e-commerce, which allows for the electronic procurement of goods. Among the advantages offered by this internet-based programme (e-commerce) is the potential to bypass the middleman. In this way, the cost of bringing goods to the consumer market is markedly reduced.

1.11.9 Revenue enhancement

Consumer businesses often face slow growth, market saturation and declining prices. Obtaining more revenue is a difficult challenge. Thus, retailers and suppliers must look for opportunities to reach new consumers, as well as to obtain more revenue from existing consumers. Reaching new customers can entail going to new locations, selling different products or brands and operating new formats. The world’s largest retailers are doing this by expanding globally, especially in emerging markets. They are also developing multiple formats to reach a wider range of consumers.

1.11.10 Consumer and lifestyle influences

Working women today have tremendous financial power. They make more household spending decisions. This also means that retailers selling traditionally male products
(automobiles, electronics and home improvements) will have to learn to market these products to a female audience.

At the same time, people are living longer. Demographic trends could offer opportunities. For example, older consumers tend to be more loyal to particular brands, stores and retail formats, while younger consumers tend to be more fickle and disloyal. Thus, older consumers could represent an annuity for retailers willing to invest in their loyalty.

Consumers are focused on price, quality, speed and convenience. In their search for these attributes, they are willing to experiment with new concepts and are willing to switch venues if there is a better value proposition. The result is a disloyal consumer and a highly fragmented shopping experience. For both retailers and suppliers, the solution to this conundrum lies in clear differentiation and successful branding.

1.12 CONCLUSION

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

- Since the previous SSP was published in early 2011, no substantial differences were detected in terms of the industry profile.
- South Africa has a sophisticated wholesale and retail sector with very high levels of concentration and a very unsophisticated retail sector dominating the small and informal sectors.
- At least a quarter of employees in the sector are in informal employment. These employees are employed as casual, temporary and fixed-term employees without social benefits or the full protection of the law. There is a growing trend towards informalisation in the sector, with negative consequences for labour peace, worker morale and productivity, and investments in skills development. There is a need for the W&RSETA to actively support the concept of decent work and implement a sector programme to improve conditions of employment.
- Major retail chains have ventured beyond the borders, but there is room for further growth in various parts of the world. National retail chains are not established in lucrative high-growth markets such as China and India because they appear to lack the competitive appetite to compete with global giants such as Walmart, Carrefour and Tesco. Businesses with cross-border operations require a significant larger pool of highly skilled and capable managers from South Africa to work in foreign markets.
- Growing prosperity among the majority of the black population provides tremendous opportunities for local businesses to meet growing consumer demand. Businesses require a good understanding of changing retail markets, which has implications for skills development at firm level.
- The Achilles heel of the domestic W&R sector is high levels of non-compliance with sectoral agreements, growing casualisation of the workforce and exploitation of workers. Income inequalities in the sector are high, which exposes it to labour relations problems.
- There is potential to improve the skills base of the sector, particularly at the lower end of the occupational structure.
A large number of retail companies are either exempted from paying skills levies or operate informally. There is a need to find alternative sources of funding to widen participation in the levy grant system.

The sector is particularly sensitive to economic instability in the wider economy. The economic outlook for the sector between 2010 and 2014 is positive. The sector is expected to grow, thus increasing the demand for skilled labour. Therefore W&RSETA should make training investments in scarce and critical skills areas to meet the demands of the sector.

The sector contributes around 22% of national employment. The job creation opportunities in the sector, ranging from low level to advanced skills, are enormous. The sector requires workers who have the skills to create value through their work. It also requires high levels of training and skills to succeed in an increasingly competitive global market. W&RSETA should play a more active role in supporting job creation and skills development efforts.

The challenge for businesses in tough economic times is to enhance revenue streams through greater efficiencies.

Skills development in areas such as the National Credit Act, Consumer Protection Act, labour compliance, labour relations, shop floor stewards' training, supply chain management, market research, total quality management, information management and consumer behaviour appear to be important to improve competitiveness.
CHAPTER 2: DRIVERS OF CHANGE

2.1 INTRODUCTION

This chapter provides an overview of the drivers of change in the business environment that will have an impact on the sector from a skills development perspective. It is firmly believed that the industry should be fully understood from all perspectives to sensibly address skills needs and to create solutions. The drivers of change will add considerable value to understanding the complexities and challenges of the wholesale and retail industry.

Sector Skills Plan research is broadly categorised in five-year periods with annual updates. However, the W&RSETA firmly believes that continuous ongoing research between periods is necessary. Drivers of change should also be assessed beyond the five-year planning period to understand the future skills that will be required. Due to factors such as technology innovations and changes, jobs and skills might be required that do not exist today. It was therefore decided to focus on developments up to 2020, since mechanisms need to be in place during the existing planning period to deliver skills over a longer period.

In a globalised world with fading boundaries, it is essential to focus on international trends and not just on South Africa. However, the impact of changes in South Africa should be a major focus point.

2.2 THE 2020 RETAIL LANDSCAPE

In the process of looking ahead, it is necessary to look beyond the planning period of 2011–2016. The driving forces up to 2020 that will have an effect on the industry should be taken as a broad framework for long-term planning.

A big picture focusing on 2020 is included in this chapter for the following reasons:

- The big picture should inform the section on the demand for skills. The demand for skills beyond the planning period (2011–2016) should be addressed during the planning period.
- The big picture should inform the supply of skills and efforts that should be made to determine whether syllabi include the critical skills that will be required. Some of the skills required might not exist today, especially in an innovative industry such as wholesale and retail.
- The big picture should inform the final chapter on strategy to outline objectives required to realise the required results.

The retail landscape by 2020 will really be challenging. Key questions that arise from a future planning point of view are as follows:

- What will the wholesale and retail landscape be like in 2020?
- What challenges will the changes imply?
- What skills will be required?
These key issues are addressed in the remainder of this chapter. The drivers of change, both from a national and global perspective, will provide a solid basis to design a skills development strategy that will be set out in Chapter 5.

2.3 THE NATIONAL POLICY AGENDA VS GLOBAL FORCES

2.3.1 Overview

In a rapidly changing industry such as the wholesale and retail sector, global forces have a major impact on the way in which business is done. Through globalisation, factors such as technological developments and competition become more important. Amid the global forces, the wholesale and retail industry in South Africa is also subject to the implementation of the South African policy agenda. The following contradictions between global forces and the South African policy imperatives have been identified:

Table 2-1: Global forces vs South African policy imperatives

<table>
<thead>
<tr>
<th>Global forces</th>
<th>South African policy imperatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced employment in various industries as a result of technological developments</td>
<td>Increased employment levels are required</td>
</tr>
<tr>
<td>Fewer people required due to technological advances</td>
<td>Job creation is required</td>
</tr>
<tr>
<td>Market forces</td>
<td>Historic inequalities need to be addressed</td>
</tr>
<tr>
<td>Labour market forces dictate</td>
<td>The empowerment of historically disadvantaged South Africans is mandatory</td>
</tr>
<tr>
<td>Political transformation is not always affecting the sector</td>
<td>Imperative political transformation directly affects the sector</td>
</tr>
<tr>
<td>Legislation focuses largely on industry regulation</td>
<td>Regulation focuses on industry regulation as well as challenging political transformation</td>
</tr>
</tbody>
</table>

It is therefore essential that a solution should be customised for South Africa and included as a strategy in Chapter 5. It is clear that the realities of South Africa and the policy agenda should not be overlooked.

2.3.2 The Medium-term Strategic Framework’s strategic priorities

The Medium-term Strategic Framework (MTSF) sets the scene for major transformation in South Africa, with specific effects on skills development. Against the forces of the global landscape, it will be very challenging to meet the objectives of the MTSF as set out below:

The impact of the strategic priorities on skills development in the wholesale and retail sector is summarised in Table 2-2:
Table 2-2: Impact of the MTSF on skills development in the wholesale and retail sector

<table>
<thead>
<tr>
<th>Priority</th>
<th>Impact on skills development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Speed up growth and transform the economy to create decent work and sustainable livelihoods.</td>
<td>This priority will be challenging in the current economic climate after the recession, but it should be pursued in the best interest of all stakeholders. Innovative solutions will be required to position the industry to meet this objective. Casualisation trends in the sector should be taken into account and effectively managed, since it has an impact on decent work due to the fact that casual labour does not receive much, if any, training.</td>
</tr>
<tr>
<td>2. Implement a massive programme to build economic and social infrastructure.</td>
<td>This priority is also very challenging in the wholesale and retail environment, but forms part of the skills development plan. Economic and social infrastructure is technically not part of the wholesale and retail industry’s agenda, but it cannot be ignored.</td>
</tr>
<tr>
<td>3. Implement a comprehensive rural development strategy linked to land and agrarian reform and food security.</td>
<td>The wholesale and retail sector’s volume of activity is clearly in the urban areas and expansion of rural activity will be challenging. However, the industry has no option but to pursue the rural agenda of government.</td>
</tr>
<tr>
<td>4. Strengthen the skills and human resource base.</td>
<td>The primary focus of this SSP is aligned to achieving this priority in the sector in accordance with the changing landscape outlined in this chapter. This priority is, in fact, the basic responsibility of all SETAs to provide quality SSPs to guide the skills development process.</td>
</tr>
<tr>
<td>5. Improve the health profile of all South Africans.</td>
<td>Most empowerment efforts should be aligned with focused health initiatives, especially pertaining to pandemics such as HIV/AIDS.</td>
</tr>
<tr>
<td>6. Intensify the fight against crime and corruption.</td>
<td>The wholesale and retail industry is sensitive to crime and corruption. The industry also operates in an electronically driven environment where the utmost care should be taken in terms of corruption.</td>
</tr>
<tr>
<td>7. Build cohesive, caring and sustainable communities.</td>
<td>The industry should also focus on community development through the services it renders. Further contributions can be made through cooperation with NGOs.</td>
</tr>
<tr>
<td>8. Pursue African advancement and enhanced international cooperation.</td>
<td>Managing the contradictions between the South African environment and global forces forms an integral focus point of this SSP. More focus on key drivers such as increased equity should be reflected in the SSP. Since the sector has made insufficient progress with the empowerment of historically disadvantaged South Africans in the senior job categories, the existing effort should be accelerated.</td>
</tr>
<tr>
<td>9. Manage and use resources sustainably.</td>
<td>Resource optimisation is of critical importance in the industry, especially from a technological application</td>
</tr>
<tr>
<td>Priority</td>
<td>Impact on skills development</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>10. Build a developmental state, including the improvement of public services and strengthening of democratic institutions.</td>
<td>The successful implementation of the entire SSP should support the realisation of this priority.</td>
</tr>
</tbody>
</table>

2.3.3 The New Growth Path

A press release, dated 13 July 2011, stated the following: “Government coordinated a process of social dialogue on the New Growth Path (NGP), at the National Economic and Development Labour Council (NEDLAC) to promote implementation of the policy framework. This process brings together government departments, organised labour, organised business and community groups to engage on key areas identified in the NGP. All constituencies have committed to the NGP goal of five million new jobs by 2020.”

2.3.4 The National Skills Accords

Accords 1 and 2 state the following: “Representatives of business, organised labour, the community constituency and government have agreed to partnerships to achieving the New Growth Path of five million new jobs by 2020.” The creation of five million new jobs is indeed challenging, especially in the wholesale and retail industry. Global forces result in more work to be done by fewer people, and this is viewed as a real challenge within the realities of a job creation policy.

Innovation is high on the industry’s agenda internationally and also in South Africa. Innovative solutions to create new jobs, such as SMME development and new venture creation, will be required.

2.3.5 National Skills Development Strategy III

The third version of the National Skills Development Strategy (NSDS III) has changed the focus from top-down to interactive skills planning. The W&R, therefore, follows a more consultative approach to plan future skills. A new performance orientation is viewed as a more practical approach, and the strategy presented in Chapter 5 contains clear deliverables and time frames based on the principles of goal-setting and success indicators.

Specific attention is also paid to funding levers such as professional, vocational, technical and academic learning (PIVOTAL) grants. Considerable effort was therefore made to align this SSP with the specifications and requirements of the NSDS III.

The W&RSETA took proactive action and submitted the following inputs based on research:
### Table 2-3: W&RSETA mandatory grant inputs

<table>
<thead>
<tr>
<th>Regulation</th>
<th>W&amp;RSETA inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Must be equivalent to 40% of the total levies paid by the employer in terms of section 3(1), read with section 6, of the Skills Development Levies Act during each financial year.</td>
<td>• The reduction in mandatory grants from 50% to 40% and the implementation of PIVOTAL grants need to be phased in, as the proposed changes have a potential impact on businesses’ infrastructure, resources, funding, etc. • Many levy-paying companies are still refusing to submit mandatory grants.</td>
</tr>
</tbody>
</table>
| (b) In addition to the 40% contemplated in (a) above, 10% of the total levies paid by the employer must also be included, should the employer utilise 10% of the total levies paid to fund unemployed learners on PIVOTAL programmes. | • While the PIVOTAL grants are aimed at unemployed learners, there seemed to be consensus that it should be an initiative for employed learners in order to accelerate transformation and ensure that learners progress to obtaining full qualifications. • The NDSD III states that the courses are especially for workers and would in some cases start in the workplace and then move to a college or university. • There are many employed workers who want to improve their academic qualifications. Employed staff members are excluded from support with the existing formulation. Employers need to be incentivised to improve the training and development of their staff through formal occupational PIVOTAL programmes. • Many students who are taking PIVOTAL programmes at universities and FET colleges are working on a full- or part-time basis. Their employers should also be incentivised to support their studies. • It was suggested that a PIVOTAL funding window be made available under the discretionary grant specifically for funding initiatives for unemployed learners. • Another view was that PIVOTAL programmes should be available to all
### Regulation vs. W&RSETA inputs

<table>
<thead>
<tr>
<th>Regulation</th>
<th>W&amp;RSETA inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>learners – unemployed and employed.</td>
</tr>
<tr>
<td></td>
<td>• A suggestion was made that small organisations should be exempted from having to fund learners on PIVOTAL programmes in order to qualify for the 10% PIVOTAL grant and that they should automatically qualify for the full 50% mandatory grant, as many small organisations cannot afford to register learners for full qualifications.</td>
</tr>
<tr>
<td></td>
<td>• Guidelines should be provided on the costs that should be included in the calculation to determine spend on PIVOTAL programmes, such as travel and accommodation costs.</td>
</tr>
<tr>
<td></td>
<td>• It was felt that tax rebates should apply to all PIVOTAL programmes.</td>
</tr>
<tr>
<td>(c) Must be paid to the employer monthly before the seventh calendar day of each month.</td>
<td>• In view of a number of challenges, it was agreed that the existing quarterly payment method should be proposed, as opposed to monthly payments.</td>
</tr>
<tr>
<td></td>
<td>• The implications of having to pay employers monthly would need to be discussed, as it would possibly require the W&amp;RSETA to employ more staff to handle the workload.</td>
</tr>
<tr>
<td></td>
<td>• The payment of employers on a monthly basis would depend on the receipt of levies from SARS and would also require the SETA financial system to be adapted to accommodate monthly payments.</td>
</tr>
<tr>
<td></td>
<td>• The EMP201 does not indicate SETA numbers any more – the amendment is quiet on this.</td>
</tr>
<tr>
<td></td>
<td>• More administrative problems are anticipated, especially for large companies, should this amendment be approved.</td>
</tr>
</tbody>
</table>

### 2.3.6 Other related policies

It is clear that the South African policy landscape makes sufficient provision for long-term skills planning to improve the quality of life of people, as well as to improve economic and social development. A document that is also of great significance is the Department of
Higher Education’s Strategic Plan 2010–2015, which contains the following clear deliverables and objectives based on its long-term vision and the MTSF:

1. **Understand skills needs**: An agreement between the public and private sector (receivers and providers) on skills classification and needs are urban-biased and do not consider skills needs for sustainable livelihoods.

2. **Communicate skills needs**: The Master Skills List information will be easily accessible to various users, so as to steer the system and guide choices.

3. **Raise the base**: Provide second-chance opportunities for those who do not qualify for other forms of post-school learning, in order to “raise the base”.

4. **Expand access to education and training for the youth**.

5. **PIVOTAL**: Increased numbers and the relevance of academic, professional and vocational learning.

6. **Workplace**: Increased numbers, as well as improved quality and relevance of workplace learning.

7. **Promote employability and sustainable livelihoods through skills development**.

8. **Research**: Expand research, development and innovation capacity for economic growth and social development.

9. **Improve institutional efficiency**.

10. **Optimise both institutional and system shape and capacity**.

There is clear alignment between this SSP and the Department of Higher Education’s Strategic Plan 2010–2015.

In general, concerted efforts were made to fully align this SSP with all relevant policies and legislation.

### 2.4 DRIVERS OF CHANGE UP TO 2020

#### 2.4.1 Overview

Drivers of change are normally classified as industry-specific and non-industry-specific. For example, policy imperatives are normally non-industry-specific, since all sectors are implied. The policies set out in paragraph 2.3 can be viewed as non-industry specific, yet efforts were made to discuss their implications for the wholesale and retail industry.

The drivers of change that will be discussed, whether industry- or non-industry-specific, have a major impact on the wholesale and retail industry and such impacts will be clearly indicated and contextualised in terms of the big picture.

#### 2.4.2 Industry convergence

Industry convergence as a result of the convergence of technologies is well documented in various credible sources.

The wholesale and retail industry is converging with the banking industry (PWC, 2008). The trend of convergence with the banking industry commenced with businesses closely aligned
to banking, such as insurance. However, the convergence has moved to businesses that have nothing to do with banking, such as the following examples:

- Supermarkets (Loblaws in Canada and Tesco in the UK). In South Africa, supermarkets already provide services that were previously rendered only by banks.
- Retailers (Walmart, Azteca in Mexico).
- Mobile network operators (KDDI, Globe Telecom in Philippines).
- Transit operators (Japan Rail, London Transit, Hong Kong Transit).

These trends need to be carefully monitored by the wholesale and retail industry, since new opportunities and risks could emerge. For example, sets of new regulations will have to be complied with. The Financial Advisory and Intermediary Services Act (FAIS Act) will have a major impact on the industry. The purpose of the act is to regulate the activities of all financial service providers who give advice or provide intermediary services to clients regarding certain financial products. The act requires that such providers be licensed and that professional conduct be controlled through a code of conduct and specific enforcement measures. Consultation with stakeholders identified needs in terms the FAIS Act and other legislation that will be addressed in the strategy in Chapter 5.

The impact of globalisation and international developments should not be underestimated. The spread of technology occurs very rapidly. What is viewed as global or international today could be a South African reality tomorrow.

2.4.3 Technology

Rapid changes in technology have an impact on most sectors, and the wholesale and retail sector in particular. For example, the introduction of the second barcode over 30 years ago technically revolutionised the industry. From a skills development perspective, the industry should be prepared to effectively deal with technological changes and innovations.

The introduction of technological changes are introduced primarily to enhance the experience of customers and to increase efficiency. With all retailers striving to increase margins, the introduction of technology often results in more efficient operations with reduced staff. Although the wholesale and retail sectors are largely influenced by international trends, as evidenced by the sector adopting world-class technology, the impending takeover of Massmart by Walmart, the largest retailer in the world, augurs well for technological competition in the sector.

The recent introduction of customer-operated hand-held scanners in the USA (which Walmart may be introducing in South Africa) obviates the need for cashiers and packers. In addition, Walmart also makes use of self-checkout counters, again obviating the need for cashiers and packers. It is doubtful, though, whether these customer-related technological changes will be introduced in the near future.

While internet-based shopping is in its infancy in South Africa, crime levels, the increase in the number of dual-income families and convenience, together with economies of scale, make internet-based retail more viable. Judging from international experience, there is enormous growth potential in the area of retail.
The technological changes that will be introduced by international retailers such as Walmart will require workers to have a completely different skills set. The provision of the requisite training to address these skills must be prioritised by the W&RSETA.

Internet retail by its nature is “skill-biased,” meaning there is an increasing demand for highly skilled workers. Internet retail opens a completely new arena for retail, and this will contribute to the growing gap between skilled and unskilled workers.

The W&RSETA should identify the changing nature of occupations, as well as new occupations and occupations in decline. Learning programmes and assessments should make provision for the changing nature of work and the new skills requirements for occupations in the sector.

The sector needs to upgrade its skills base with an increasing bias towards knowledge-intensive skills. The proportion of highly skilled workers is likely to grow sharply in comparison to unskilled workers in order to satisfy sophisticated consumer preferences, meet delivery targets, offset unit labour costs and ultimately meet price points in the marketplace.

One area in which considerable work is required is the impact of online retailing on the industry in terms of skills needs. A major study conducted for Skillsmart Retail in the United Kingdom identified the following important skills needs from a retail web perspective:

- “Web analytics tracking how customers interact with the website, which enables web design and email marketing to be optimised to drive customers to make purchases. The potential it offers to target users with relevant and personalised offers mean that web analytics can provide a direct, measurable financial advantage for online retailers using it effectively.
- Social media, including blogs, customer communities, Facebook and Twitter – taking brands from their home websites into the consumer’s wider online social environment.
- ‘M-commerce’, ie online retail for web-enabled smartphones, using either a mobile-optimised website or a brand-specific shopping application.” (IFF Research, 2010.)

It is clear that the 2020 technological landscape will be very challenging from a skills development perspective.

2.4.4 Growing middle class

Various credible sources identified a growing middle class worldwide. In South Africa, this trend should be exploited from a wholesale and retail perspective, especially in view of the fact that the “middle class” can be considered the “consumer class” and therefore society’s economic driver. The sector should target the aged, which is a significant client base, since they will be the consumers with the spending money.

South Africa is witnessing a rapid rise of a black middle class who was held back by years of apartheid. A growing black middle class has seen increased participation of black people in the economy.
According to Goyal (2010), the growing black middle class is a product of the South African government’s black economic empowerment (BEE) programme that kicked in post-1994 after the end of the apartheid era. They form around 10% of the 22 million over-18-year-old black South Africans and contribute up to 40% of the spending in this group. This segment is growing rapidly. Figures at the end of 2008 show that this group’s numbers were growing at 15%. “We have found them fairly resilient consumers amid recession,” says John Simpson, co-founder and director of the UCT Unilever Institute of Strategic Marketing. This trend should definitely be viewed as a lucrative opportunity for the wholesale and retail sector.

### 2.4.5 Declining birth rates and ageing population

According to *The Voice of America* (2011), the declining birth rates in the world have the following impact:

- The global population has experienced an unprecedented reduction in birth rates over the past few decades.
- People in rich and poor countries alike are having fewer babies, which demographers warn will lead to a worsening problem of global ageing.
- By 2047, more people will be older than 60 than those younger than 60.
- There will be more retired and less economically active people.
- There will be an increased dependency ratio.
- A greater tax burden will be placed on economically active people.
- Changes in demand for labour will occur.

Kinsella and Ferreira (1997, updated in 2010) describe the ageing situation in South Africa as follows: “Concern about population in Africa traditionally has focused on relatively high rates of fertility and mortality, expansion of basic health programmes, and, more recently, on the devastation resulting from the HIV/AIDS pandemic. Overlooked in the face of these pressing issues is the fact that most African populations are ageing, albeit at slower rates than in much of the developing world.”

Although the situation is not yet so severe in South Africa, the wholesale and retail industry should closely monitor the global trend. It was found that older customers should be approached in another way, since they have different tastes and preferences.

### 2.4.6 The growing importance of the green agenda

According to Deloitte (2010), the following arguments can be put forward to illustrate the growing importance of the green agenda and ask specific questions that need to be addressed:

- In the last 12 to 18 months, there has been a significant shift from viewing the green agenda as a compliance issue to viewing it as a strategic cost management – and even profit – opportunity. What are the causes and potential implications of this shift?
- There is a consensus that a new kind of partnership between government and the private sector will be needed to advance the green growth agenda. How is that
partnership likely to play out in different parts of the world, and what are the expected effects?

- Open innovation will be a key driver of green business and technology. Businesses looking to maintain their competitive edge will need to rethink their basic business structures. What should business leaders be thinking about now to better prepare for the changes in the business landscape?

The green agenda is further characterised by the following:

- The need for increased recycling
- Packaging challenges. (The wholesale and retail industry is by nature of its products a large creator of material that needs to be disposed of and/or recycled. The green agenda therefore poses severe challenges to the industry. New sets of skills will be required.)
- Greater awareness of environmental protection among retailers
- A massive responsibility to effectively implement the green agenda
- Solutions to solve the depletion of water resources

Walmart has been very successful in implementing the green agenda and it is expected that its innovative solutions will also be implemented in South Africa.

Various South African laws, such as the Environment Conservation Act, 1989 (Act No 73 of 1989), the National Environmental Management Act, 1998 (Act No 107 of 1998) and the National Environmental Management: Waste Act, 2008 (Act No 59 of 2008), have an impact on the wholesale and retail industry and it is critically important that a skills base be in place to deal with existing and future challenges.

2.4.7 Social media

According to various credible sources, such as Deloitte, Gartner and PWC, social networks will grow in importance as marketing opportunity for retailers.

Gartner, the world's leading information technology research and advisory company, created a list of the top ten things retailers should know about social networks and what action to take. The following statements from the document are viewed as points to consider from a South African perspective:

- Analysts believe that the social network market has not yet settled, so retailers should be cautious with their investments in any one social network.
- Social networks are rich in word-of-mouth discussions about retailers and their products.
- Retailers should view social networks as a lead-generation channel just as they would search engines, review sites and price comparison sites.
- Word of mouth is effectively amplified by making social graphs usable by friends and business entities on a social network.
- Communication between friends about something as simple as a pricing or promotion mistake on a website can propagate very quickly in social networks. Similarly, a strong criticism of a product or retailer can quickly attract a large critical mass.
- Social networks are a huge source of consumer data that can be used effectively.
Gartner advises retailers to build their social network presence on content produced by members and create applications that engage members in providing feedback in areas such as product design. The aim is to create a forum or application that will create value for other members while promoting the organisation’s brand.

Social networks are merging into the real-time world – coming to a mobile phone, Facebook can give brands information that advertising agencies can only dream about. Facebook knows where people live, who their friends are, what their interests are, where they go on holiday and which groups they belong to. From gathering this very transparent information, brands can target customers in a way that the world has never seen before (Gartner 2010).

According to Bockius (2010), the risks of ignoring the impact of social media are as follows:

- **Risk to the brand**: Since good as well as negative messages are communicated via social media, the brand of the provider could be tarnished by negative comments.
- **Compliance risks**: Non-compliance with regulations, laws and other policies can be communicated via social media, which imply risks for the provider.
- **Competitive risk**: The social media compare quality, prices and service, which could lead to competitive risk for the provider.

It is therefore strongly recommended that proactive action be taken in terms of social media from a skills development perspective. Some publications recommend that a social media strategy should be an integral part of the company’s corporate strategy.

2.4.8 **Legislative drivers of change**

The following acts are viewed as significant drivers of change:

2.4.8.1 **The National Credit Act**

Since the passing of the National Credit Act (NCA) in June 2007, the volume of motor vehicles, homes, furniture and semi-durable goods sold on credit has plummeted. Since last year car sales have dropped by more than 20%, mortgages slowed from 30% to just over 20% and credit-driven furniture and apparel sales are almost flat (Financial Mail, July 2009).

The act has tightened lending regulations, ensuring that consumers pass the “affordability test”. It has also consolidated different pockets of the credit market into a single regulated entity. The act aims to improve and increase access to credit, offer debt counselling, improve consumer understanding and prevent consumers from reckless lending. This, together with the worldwide credit crunch, dramatically constrained the wholesale and retail sector.

W&RSETA should initiate projects to help enterprises understand and implement the NCA.
2.4.8.2 The Consumer Protection Act

The Consumer Protection Act has major implications for the wholesale and retail industry. It will affect business in a myriad of ways. Most South African businesses seem to be unaware that the most restrictive of the provisions of the new Consumer Protection Act will soon be coming into effect.

Section 61 of the act requires that a producer, importer, distributor or retailer of goods supplied on or after the “early effective date”, which is one year after the act was signed, namely 24 April 2010, is liable to a consumer on a no-fault basis for harm, including death, injury, physical damage or associated economic loss, which was caused by unsafe or defective goods.

Section 47 of the act states that the practice of overselling will be illegal. Airlines will no longer be able to overbook flights. If a consumer misses a flight because it was overbooked, the airline will be required to refund the consumer’s ticket with interest, and not just hand out vouchers for the missed booking. They will also have to pay consequential damages for any economic loss resulting from the breach of contract. This will also apply to car hire companies and hotels.

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. The act introduces a bill of rights, granting consumers wide-ranging powers to cancel contracts within “cooling-off” periods, refuse to purchase “bundled” products or services, cancel fixed-term agreements if not satisfied with their terms and block approaches by direct marketers, among many others.

The act will have a significant impact on the way business is conducted in South Africa, especially from a wholesale and retail perspective.

Given the requirements faced by businesses and the consequent extent of liability, the industry will have to invest in extensive training, so that its staff members do not fall foul of the law.

2.4.9 Black empowerment and affirmative action

The most important political driver is the changing political landscape in South Africa and the risks attached to it.

The retail sector has been identified as one of the least transformed sectors in the economy. There are political imperatives that would seek to address this imbalance. Black economic and state administrative empowerment has become an important aspect of political terrain and is a major driving force in South African society. This creates numerous perceptions of political risks, such as affirmative action in the allocation of state tenders and contracts to black small and medium enterprises. In general, from a political risk point of view, 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. Attaining targets set by government in businesses detracts from the primary purpose of management, which is to maximise shareholder wealth.

It is imperative that skills development includes measures to address the representivity of black people in senior management positions. Measures must therefore be put in place to equip black people to perform at this level. The W&RSETA needs to incentivise the skills enlargement of black middle and senior management.

**2.4.10 SMME development**

Accelerated development of small, medium and micro enterprises (SMMEs) is high on the agenda of all sectors of the economy. The wholesale and retail sector will have to increase effective SMME development. Through SMME expansion to the rural areas, if viable, the sector will also address another government priority, namely rural development.

SMME development and accelerated equity go hand in hand. If small businesses should grow to medium and large businesses, substantial progress will be made on the B-BBEE agenda. A comprehensive W&RSETA SMME impact analysis study outlined various areas in which SMME development can be improved, such as recruitment and selection, learners' availability for training while running their businesses, insufficient partnerships with the private sector, FET colleges, programme management and other areas. One area that needs further research and attention is the combination of learnerships and skills programmes. Consultation after completion of the study indicated a need to commence with skills programmes to give learners with the capacity and interest to study further the opportunity to obtain a qualification in new venture creation.

During a special focus group with SMMEs, the following training needs were identified:

- Numeracy and visual skills
- Legislative knowledge
- Technology skills
- IT skills
- Skills on basic business management principles
- Customer care skills
- Basic communication skills
- Safety skills
- The establishment of cooperatives to further empower SMMEs

A focused SMME development strategy will be included in Chapter 5. Since completion of the wholesale and retail sector study, desktop research also identified the following areas that should be further researched for implementation:

- Currently available new venture creation programmes should be revised to be more oriented towards wholesale and retail.
- Existing initiatives should be refined, based on extensive research work done by the University of Pretoria on the practical application of an entrepreneurial performance training model in South Africa. A major project, the SMME Capacity-building and
Cooperative Development Project done from July 2009 to September 2010, resulted in major conclusions and learning experiences that will be included in the revised SMME strategy.

2.4.11 Social drivers of change

The major social drivers are unemployment and the requirement to create decent work, as well as HIV/AIDS and crime.

An important driver that relates to South Africa’s skewed income distribution is the unemployed and the number of people surviving below the poverty line. An unemployment rate above 20% is deemed to pose excessive political risk for most economies, but especially for South Africa, where the populace have been conditioned into believing that things would get better with a new government. The African ethnic group is also the group that bears the burden of this income inequality.

Government has placed the creation of decent work at the centre of economic and social policies. Its actualisation depends on the restructuring of the economy.

Part of the problem is that South Africa possesses a top-heavy education system that places a lot of capital on theoretical learning at the expense of skills acquisition and experiential training. In other words, our education system needs to be reoriented from formal degree qualifications to more practical skills and vocational training.

From a social perspective, W&RSETA should strive to implement the following:

- Incentives for training the unemployed youth
- Training programmes to promote decent work outcomes
- Awareness campaigns and capacity-building initiatives with social partners, with an aim to strengthen involvement in the International Labour Organisation (ILO) country programme on decent work
- Toolbox for enterprises
- Monitoring, measuring and evaluating decent work

2.5 ASSUMPTIONS AND SOLUTIONS TO GUIDE A WIN-WIN SOLUTION

From the above paragraphs outlining the emerging big picture, a number of key assumptions were made. Furthermore, the impact on skills development was clearly defined and solutions were proposed as a basis for the remaining chapters. Well-researched narrative text is used as a basis to make well-informed assumptions about the changing environment. The drivers of change from a global, as well as South African, perspective were interpreted and the assumptions, impact on skills development and possible solutions can be summarised as follows:
### Table 2-4: Assumptions, their impact on skills development and possible solutions

#### 1. Political

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>All post-democratic transformation policies will be implemented, which will be challenging.</td>
<td>More emphasis should be placed on the training and development of historically disadvantaged South Africans.</td>
<td>Increase the number of new recruits and competent existing staff members and accelerate the empowerment of historically disadvantaged South Africans in the wholesale and retail sector.</td>
</tr>
<tr>
<td>The contradictions between the South African policy environment and the global landscape will become increasingly challenging.</td>
<td>Both environments are exceptionally challenging from a people empowerment perspective. New solutions that meet the challenges of the global pressures and the South African policy imperatives are required.</td>
<td>Secure more labour support for the challenges, and act accordingly. It is essential that a “what-works-best-for-South Africa” solution be created to reconcile opposing demands.</td>
</tr>
</tbody>
</table>

#### 2. Technology

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological innovation will become increasingly important in the wholesale and retail industry to ensure effective service delivery.</td>
<td>Skills development should focus on creative ICT solutions that extend beyond current needs.</td>
<td>Empower more people with regard to computer literacy. Stimulate innovation in the industry.</td>
</tr>
<tr>
<td>Global forces could result in reduced jobs in the industry due to technological innovations.</td>
<td>People will have to be multi-skilled. However, reduced job creation is completely against South African policy and innovative solutions will be required.</td>
<td>Create a truly South African solution by complying with both landscapes through collaboration with the key stakeholders.</td>
</tr>
<tr>
<td>The mobile phone will play a much greater role in the financial and retail industries.</td>
<td>Different skills will be required, especially from a technological perspective.</td>
<td>Translate the impact of the mobile telephone into skills required and update existing learning material, where required.</td>
</tr>
<tr>
<td>Internet access will improve in rural areas.</td>
<td>More people in rural areas will need to be empowered.</td>
<td>Introduce more client-focused training programmes in rural areas.</td>
</tr>
<tr>
<td>Technological advances will continue throughout and most probably increase during the planning period.</td>
<td>Related staff and especially decision-makers will require new skills.</td>
<td>All learning material needs to be adapted where required.</td>
</tr>
<tr>
<td>Assumption</td>
<td>Impact on skills development</td>
<td>Possible solutions</td>
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<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Changes to jobs will be unavoidable during the period up to 2020. For example, certain jobs will require green (environmental), social media and specialised technology components.</td>
<td>New sets of skills that will differ from the status quo will be required. People will in general be required to do more work that was not part of their past or present jobs.</td>
<td>The creation of a future awareness is required, especially at decision-maker level. A multi-skilling approach is required to cater for new critical skills that will emerge as a result of the drivers of change.</td>
</tr>
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</table>

3. The client

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients will become more demanding in terms of quality and service.</td>
<td>More customer skills will be required at most levels in the sector.</td>
<td>Update existing learning material and accelerate training delivery.</td>
</tr>
<tr>
<td>More mobile-orientated clients will be required to realise growth objectives.</td>
<td>More clients need to be empowered on the usage of mobile technology.</td>
<td>Appropriate programmes should be introduced.</td>
</tr>
<tr>
<td>Client relationships will increase in importance as competitive advantage does.</td>
<td>All staff will require more focused customer relations skills.</td>
<td>Conduct skills audits, special programmes and individual development programmes</td>
</tr>
</tbody>
</table>

4. Economic

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<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fluctuations in economic cycles will have an impact on the industry.</td>
<td>Pressure to further reduce staff structures could be placed on the sector.</td>
<td>Empower decision-makers on the impact of the longer-term external landscape in which the wholesale and retail sector operates.</td>
</tr>
</tbody>
</table>

5. New venture creation

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sectors of the economy will have to accelerate the creation of new ventures to sustain economic growth and meet political objectives.</td>
<td>People, especially formerly disadvantaged South Africans, need to be empowered with regard to entrepreneurial skills.</td>
<td>Introduce an accelerated new venture creation programme for the wholesale and retail industry. Implement programmes to grow small businesses into medium and large businesses.</td>
</tr>
</tbody>
</table>
6. Gender imperatives

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasis will remain high on gender equality.</td>
<td>More focus should be placed on gender equality.</td>
<td>Will be determined in collaboration with stakeholders.</td>
</tr>
<tr>
<td>Company employment equity plans will have to comply with charters and will have a significant impact on company compliance challenges.</td>
<td>More focus should be placed on the training and development of women, disabled people and other groups that were discriminated against.</td>
<td>Since current figures for groups like the disabled are below requirements, more focus should be placed on recruiting affected people.</td>
</tr>
</tbody>
</table>

7. Empowerment of historically disadvantaged individuals (HDI)

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI empowerment will have to accelerate during the SSP planning period and beyond.</td>
<td>People without the required skills due to historically driven realities should be empowered.</td>
<td>• Introduce a new HDI empowerment strategy based on current and future skills requirements. • Set specific targets for middle and top management positions. • Consider individual programmes for people with managerial abilities.</td>
</tr>
<tr>
<td>Large numbers of people are qualified for jobs but do not have qualifications.</td>
<td>The need for recognition of prior learning (RPL) will increase.</td>
<td>Identify RPL needs through-out the wholesale and retail sector.</td>
</tr>
</tbody>
</table>

8. Social imperatives

<table>
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<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The need to address social inequalities will remain high.</td>
<td>More focus will need to be placed on the non-sector empowerment issues.</td>
<td>Identify and implement programmes aimed at addressing social needs.</td>
</tr>
<tr>
<td>HIV/AIDS will remain high in all sectors of the economy.</td>
<td>Productivity will be threatened throughout the planning period.</td>
<td>HIV/AIDS training should be an integral part of all training offerings.</td>
</tr>
<tr>
<td>Social media will become increasingly important in the wholesale and retail industry.</td>
<td>More people who can optimise the usage of social media technology will be required.</td>
<td>• Include social media in all relevant future training curricula. • Include social media strategies in strategic</td>
</tr>
</tbody>
</table>
9. Future mindset

<table>
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<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The wholesale and retail industry will need to continue to innovate to be competitive.</td>
<td>Decision-makers need to have a future orientated mindset.</td>
<td>Introduce programmes to orientate decision-makers on the impact of the convergence of technologies and industries.</td>
</tr>
</tbody>
</table>

10. SMMEs

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Impact on skills development</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The pressure to create new ventures will pose various challenges to the wholesale and retail sector, especially in rural areas.</td>
<td>Existing training and development actions focusing on SMMEs should be increased and the focus should be placed on limitations identified during research.</td>
<td>Customise existing learning material for the wholesale and retail environment and challenges. Develop an SMME toolkit and make it available to all existing and prospective SMMEs.</td>
</tr>
</tbody>
</table>

It is clear that much more focus should be placed on the training and development needs of smaller players (SMMEs) in the wholesale and retail sector. Although some attended the provincial focus groups, further consultation is required and will be done on an ongoing basis.

2.6 CONCLUSION

A big picture has been drawn to inform the remaining chapters of this SSP. It is clear that the wholesale and retail industry faces various challenges during the SSP planning period 2011 to 2016. Two new drivers of change that were not addressed in previous versions of the SSP are the green agenda and social networks. The impact of these drivers of change is enormous and new skills need to be defined and actions implemented to develop them.

- Various forces in the external environment compel the industry to innovate, especially from a skills development perspective. These forces include the social media, an ageing population and the green agenda.
- Based on various assumptions about the external environment that have an impact on skills development, proactive solutions are required, such as updating learning material to cater for future requirements.

The biggest challenge would be to create a South African solution to successfully manage the contradictions between the South African policy and the global forces that impact on the industry. From a skills development perspective, the challenge would be to address existing skills needs as well as to prepare for the challenges of the future landscape. Due to rapid changes in the business environment, skills that do not exist today could be required five to ten years from now.
This chapter provides a solid base for the remaining chapters to build on.
CHAPTER 3: SUPPLY AND DEMAND OF SKILLS

3.1 INTRODUCTION

This chapter presents an analysis of the supply and demand of skills in the W&R sector. It draws on research undertaken in earlier sections and attempts to gauge the skills gap for scarce and critical skills.

Since no coherent occupational modelling is conducted in South Africa, online job analysis to determine occupational supply and demand trends is used to give an indication of skills shortages or surpluses.

The summary and analysis of this information, which form the concluding section of this chapter, highlight scarce and critical skills in the sector that would be the focus of sector education and training authority (SETA) initiatives going forward and set out in Chapter 5, together with information from all the chapters.

3.2 LIMITATIONS OF LABOUR MARKET ANALYSIS

The major problem facing users of labour market information in South Africa is the lack of a national labour market information system. As a result, skills planners and policy-makers are severely restricted by the lack of information when making public investment decisions around skills development. To compensate for possible shortcomings, the services of a labour economist have been secured. The labour economist (consultant) is busy developing a model to more accurately determine skills supply and demand from the sources available.

The quality of labour force statistics in South Africa is generally poor and occupational statistics are of an even poorer quality. In many instances, these statistics are only available in highly aggregated forms, such as senior officials, managers, professionals, technicians, labourers, elementary workers and so on. These occupational levels are too broad to convert labour market data into intelligence (Rasool, 2010:7). Much more focused data in terms of specific occupations, especially in the specialised categories, is required, which will be discussed with possible solutions in the recommendations.

Another problem is that research agencies and relevant government departments do not undertake econometric occupational modelling or forecasting to give an indication of current and future labour supply and demand needs. This method of research, although widely criticised in some quarters as being prone to large predictive errors, provides a very general idea of the scale of occupational supply and demand with certain parameters. The lack of research in South Africa makes it incredibly difficult to make predictions about skills supply and demand.

As a consequence of these limitations, researchers are compelled to identify skills shortages using other methods such as labour market information analysis, which is very widely used by the International Labour Organisation (ILO). Irrespective of the abovementioned limitations, it is firmly believed that a substantial database has been established to address existing and future skills requirements. It was necessary to respond to future skills needs identified through consultation at the focus groups after a critical assessment of the drivers of change.
3.3 ANALYSING LABOUR SUPPLY-DEMAND DYNAMICS

There are three organisations that currently conduct supply-demand analysis on a quarterly and monthly basis in the South African labour market (Manpower SA, Career Junction and Adcorp Group Holdings). This limitation contributes to the lack of labour market intelligence among users of labour market information. It is thus difficult for SETAs to determine the quantum of skills shortages or surpluses in their respective sectors.

Career Junction’s website includes job vacancies advertised in the careers section of the *Sunday Times* (the nationwide advertising medium for jobs that is the most widely used in South Africa). Adcorp (the largest recruitment firm in South Africa) releases a monthly employment index, which also gives a good indication of supply-demand dynamics. Manpower SA conducts a quarterly employment outlook survey, which gives an idea of employment demand over a three-month period.

3.3.1 Career Junction Index

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

The Career Junction Index (CJI) was established due to a lack of updated and accurate online labour market information in South Africa. The CJI is the first index of its kind that directly monitors the online labour market in South Africa by examining supply and demand trends across all industries. The CJI executive summary analyses the supply and demand of professionals within their relevant industries only.

The CJI data is sourced from the Career Junction website. With the internet becoming an increasingly popular method of finding jobs and sourcing candidates for positions, the CJI provides human resources professionals and recruitment agencies with valuable insights into online labour trends in South Africa (Career Junction Index, 2010a:1).

3.3.2 Adcorp Employment Index

Adcorp Group Holdings releases a monthly employment index that serves as a useful indicator in measuring labour demand across a range of industries, including transport.

3.3.3 Manpower Employment Outlook Survey

The Manpower Employment Outlook Survey for the second quarter of 2010 was conducted by interviewing a representative sample of 753 employers in South Africa. All survey participants were asked the following question: "How do you anticipate total employment at your location to change in the three months to the end of June 2010 as compared to the current quarter?"
Throughout this report, the term “net employment outlook” is used. This figure is derived by taking the percentage of employers who anticipate total employment to increase and subtracting from this the percentage who expect to see a decrease in employment at their location in the next quarter. The result of this calculation is the net employment outlook.

3.4 EDUCATION LEVELS IN THE SECTOR

The wholesale and retail sector has a unique set of skills required for occupations within the sector. Figure 3-1 compares the educational level breakdown of the wholesale and retail sector workforce (in percentage terms) with the economically active population of South Africa on generic qualifications as provided by Statistics SA.

The wholesale and retail sector currently contributes 22.4% to South Africa’s workforce, with 2.17% of this workforce holding bachelor’s degrees, 5% holding a matriculation certificate and a diploma, 38.4% only holding a matriculation certificate, 12.5% having a Grade 11 qualification and 36.8% having an education level below Grade 11 (Quarterly Labour Force Survey, Quarter 2, 2010, Statistics SA).

The Quarterly Labour Force Survey (QLFS), Quarter 1, 2010, showed that 2 919 331 people worked in the wholesale and retail sector in that period, whereas the QLFS, Quarter 2, 2011, showed that 2 967 150 people are currently employed in the sector.

Figure Error! No text of specified style in document.-1: Education levels between Quarter 1, 2010 and Quarter 2, 2011

Source: Author’s own calculations, compiled from QLFS, Quarter 1, 2010 and Quarter 2, 2011, Statistics SA
W&RSETA could locate these employees, as they are already employed in the sector, and channel them towards learnerships and professional, vocational, technical and academic learning (PIVOTAL) occupational programmes. This could be achieved by doubling existing efforts in training interventions and drawing clearer career paths that are specifically targeting employees already in the sector. This will not only improve the quality of skills in the sector, but will help facilitate access, success and progression, and assist companies to improve their empowerment numbers.

3.5 EDUCATION AND TRAINING PROVISION

3.5.1 Supply of skills from schools

According to the unpublished raw data of Statistics SA’s QLFS, Quarter 2, 2011, the majority of employees in the wholesale and retail sector have education levels of matric and below, and 71% have an education level lower than Grade 11. This constitutes 89.3% of the workforce in the sector.

Workforce entry into the wholesale and retail sector is currently not controlled, as there are no longer any prerequisite educational or skills requirements, especially at the lower occupational levels. Based on the above numbers, the single most visible entry into the sector is matric.

In 2010, 537 543 learners sat for the National Senior Certificate examination. Of these learners, 126 371 qualified for bachelor’s programmes, 146 224 qualified for diploma programmes, 91 241 qualified for higher certificate programmes and 677 did not receive admission to higher education (Department of Education, 2011).

It is most likely that learners who entered the sector with only a matric qualification did not receive university entry. This translates to a sector that has a large, unskilled workforce with low salaries. These workers need to be targeted with learnerships and PIVOTAL occupational programmes that offer discretionary grants and other incentives to the companies that employ them.

3.5.2 Supply of skills from FET colleges

A further education and training (FET) institution is one that provides further education in all learning and training programmes that lead to qualifications from Level 2 to Level 4 of the National Qualifications Framework (NQF) contemplated in the National Qualifications Framework Act. These levels are higher than general education levels, but below those required for higher education.

According to the report of the Further Education and Training Round Table, published on 9 April 2010, FET colleges remain central to the skills development agenda and SETAs must therefore be aligned to the colleges and universities of technology to support their mandate. This was reinforced by the document entitled Towards Finding Resolutions in Partnership with Stakeholders: FET Round Table, published on 29 April 2010, which states that
Government seeks to promote the colleges as “institutions of choice” to address specific work-based skills needs.

FET colleges were created as recently as 2002 in terms of the Further Education and Training Act, Act No 98 of 1998, which declared that the former technical colleges, colleges of education and training centres should be merged into 50 FET colleges. The reason for the reform was to combine smaller and weaker colleges with stronger institutions to develop economies of scale and create capacity within colleges to reach more students and offer a wider range of programmes, ultimately positioning them to better meet social and economic demands. Each of the 50 colleges has a minimum of three sites, making them accessible to communities of students.

FET colleges offer mainly National Certificate Vocational (NVC) programmes up to NQF Level 4. NVC programmes comprise four subjects spread across 11 programmes or vocational fields of study. These include the following: Engineering and Related Design, Marketing, Management, Office Administration, Primary Agriculture, Tourism, Civil Engineering and Building Construction, Finance Economics and Accounting, Information Technology, Computer Science and Hospitality. The NCV programmes respond to scarce skills and those that are in high demand, but also heed calls from employers to create “thinking” employees.

Public FET institutions accounted for 3% of the public education system in 2008, where 418 058 learners registered for FET qualifications through 50 FET institutions. Based on the current offerings of FET colleges, W&RSETA can work with willing FET colleges to repackage some of their programmes, such as the following: Marketing, Management, Office Administration, Finance Economics and Accounting, Information Technology and Computer Science, and Hospitality. In that way, it can accommodate scarce skills demands in the sector.

Colleges are currently of the opinion that their offerings are not aligned to W&RSETA’s scarce skills needs, but some have existing partnerships with private providers and, through these partnerships, are able to provide training in the scarce skills areas in the sector. The W&RSETA needs to reach out to colleges to ensure that FET institutions play a pivotal role in addressing National Skills Development Strategy III (NSDS III) priorities.

Public FET institutions view W&RSETA as being one of the most difficult SETAs with which to initiate accreditation processes. According to the W&RSETA’s Education and Training Quality Assurance (ETQA) information, only six public FET institutions have provisional accreditation with the SETA and none have full accreditation. To increase its capacity, W&RSETA needs to accredit a minimum of two FET institutions per province. This issue will be addressed as a solution to increase the supply of skills through FET colleges.

After the FET WEEG placement project in the Western Cape, the employers commented that they were pleasantly surprised by the caliber and competencies of the FET learners. Most participating employers (31) will source learners form the FET College sector again.

Managers and owners of SMME’s often overlook or do not recognise their own training needs and concentrate on the training needs of lower levels of employees. This oversight is
encouraged by BBBEE legislation where greater scores are awarded for training of lower level employees.
3.5.3 Supply of skills from higher education institutions

Public higher education institutions (HEIs) represented 7% of the public education system in South Africa in 2009\(^2\), where 837 779 students were registered in public HEIs. The HEIs mainly supply higher qualifications such as diplomas, and undergraduate and postgraduate qualifications.

HEIs cluster learning into three major fields of study: education, humanities and social sciences, business and management, and science, engineering and technology (SET). Most of the qualifications in the wholesale and retail sector can be located within business and management studies in the formal education system.

**Figure Error! No text of specified style in document.-2: Enrolments in public HEIs by major field of study, 2009**

![Graph showing enrolments in public HEIs by major field of study, 2009](image)

Source: 2009 Higher Education Information Management System (HEMIS) database

Business and management students are potential candidate managers and professionals that can be attracted into the higher occupational categories of the wholesale and retail sector. According to Figure 3-2, there is an adequate pool of potential candidate managers and professionals that can be channelled into specific W&RSETA pivotal programmes.

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. Candidates applying for work come from a myriad of backgrounds. Graduates from these institutions may therefore exhibit the necessary skills to enter the retail sector, but opt for positions in other industries.

\(^2\) This information is collected from higher education institutions during and at the end of each academic year. Once it has been collected, it is verified, audited and discrepancies resolved. For this reason, the audited figures for 2010 will only become available in the second half of 2011.
3.5.4 Recognition of prior learning (RPL)

Recognition of prior learning (RPL) is a process whereby – through assessment – credit is given to learning that has already been acquired primarily in the workplace. RPL is a process that allows candidates an opportunity to demonstrate their knowledge and skills.

Over time, a myriad of skills have been acquired by people who have worked and specialised in a job over a number of years. This is especially so in the wholesale and retail sector. Effective implementation of RPL could go a long way to address the shortage of skills in the retail sector. Due to various reasons, RPL has not really been successful in most industries.

Proper implementation of RPL would assist in addressing some of the skills backlog. This topic is expanded on in the Strategic Plan in Chapter 5.

To address some of these concerns the following needs to be instituted:

- The development of an RPL toolkit to facilitate RPL
- The availability of qualified assessors to assess prior learning and map this learning against requirements
- Enabling providers to conduct RPL
- Encouraging and incentivising organisations by allowing learners to undergo the RPL evaluation
- Putting measures in place to mitigate the high cost of assessments and the misunderstanding of what RPL entails

It is clear that RPL will not substantially increase the skills base, but it is important to implement it in order to enable workers to obtain qualifications. RPL clearly has a purpose to redress past inefficiencies of the skills delivery system, but it will also facilitate the access of individuals qualified to conduct RPL in the labour market in positions that are higher than those for which they previously qualified on the basis of their formal qualifications.

3.5.5 Small, medium and micro enterprises (SMME)

The educational distribution of employees in the SMME category (those who submitted WSP data) is similar to that of employees in larger enterprises.
Anecdotal evidence indicates that the educational levels of individuals in smaller companies (those who are either exempt from submitting WSPs or who are non-compliant) are much lower. This further suggests the need for targeted intervention by W&RSETA to increase compliance and greater research into the needs of the SMME category. A focus group with SMMEs was held to address the most critical needs of this sector. Their identified skills demand will be addressed later in the chapter.

### 3.6 EMPLOYEES TO BE TRAINED IN THE SECTOR

The workplace skills plans (2011/12) provide information on the number of employees to be trained by Organising Framework for Occupations (OFO), race, gender and NQF levels. This information helps the W&RSETA to plan and support the sector in all skills development initiatives.
Figure 3-4 provides a summary breakdown of planned training in the sector for the current financial year.

**Figure 3-4: Total employees to be trained in the sector**

According to Figure 3-4, planned training is at its highest level for sales workers, followed by clerical workers, with managers following closely behind. This indicates that the demands for training interventions are at their highest from NQF Level 1 to Level 4 and start tapering off at NQF Level 5 to Level 8.

**Figure 3-5: Employees to be trained according to race and occupational class**

In terms of the information contained in Figure 3-5, the demand for training is the highest among black employees (432 081) across the Organised Framework of Occupations, followed closely by Coloured employees (113 592), with whites (53 495) and Indians (39 412) trailing far behind. The demand for sales and clerical workers is still dominant among African (226 523) and Coloured employees (44 842), while manager skills demands dominate between Africans (108 716), followed by Coloureds (44 324), with whites (27 330) and Indians (16 825) trailing behind. For some reason, planned training for white professionals is dominant, followed by Africans (2 308) and Indians (1 237).

In relation to the composition of the workforce, companies need to increase the number of people that will be trained in management and professional levels in order to ensure proportional representivity across racial splits.

**Figure 3-6: Employees to be trained according to age**

![Bar Chart]


Figure 3-6 shows that the highest number of employees to be trained is that of sales workers under the age of 35, followed by sales workers in the age group 35–50 years. Sales workers represent the core skills of the wholesaling and retailing business, and training a younger workforce will ensure growth, productivity and stability going forward. The next group to be trained is managers between 36 and 55 years of age, followed by clerical workers under 35. The number of managers under 36 is significantly high at 72 262, with elementary workers following closely behind at 21 660. The bulk of the employees to be trained are between 36 and 55 years of age, while those under 35 are the second highest across the occupations.

The planned intakes into management are designed to ensure long-term stability by engaging managers at the youngest possible age with the necessary experience to ensure long service potential.
3.7 FUEL RETAILERS

The information on fuel retailers could not be updated since the employer file had not yet been received from the Department of Higher Education and Training (DHET). In all other sections where Workplace Skills Plan (WSP) and Annual Training Report (ATR) data are used, the fuel retailers have also been excluded. A complete update will be done as soon as the information is available.

Fuel retailers were included in the W&RSETA landscape in 2010. In South Africa, fuel prices and margins – with the exception of diesel – are regulated. This setup has resulted in employment being regulated and standardised across the industry.

Oil companies have an enormous amount of leverage in respect of forecourt outlets. Training is mandated by the oil companies and outlets are required to send certain key personnel for training. Given the educational levels of forecourt staff, there is a significant need for Adult Education and Training (AET).

South Africa is one of the few countries with such a stringent regulation of its fuel retailing industry. The major risk for fuel retailers is the eventual deregulation. When this happens, there will be major retrenchments in the industry.

Table 3-1: Training required per occupational category in the fuel retailers sector

<table>
<thead>
<tr>
<th></th>
<th>African</th>
<th>Coloured</th>
<th>Indian</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisan/trade</td>
<td>13 388</td>
<td>3 434</td>
<td>1 683</td>
<td>7 346</td>
</tr>
<tr>
<td>Computer/IT</td>
<td>5 208</td>
<td>2 175</td>
<td>1 127</td>
<td>7 795</td>
</tr>
<tr>
<td>Engineering</td>
<td>4 892</td>
<td>1 663</td>
<td>611</td>
<td>4 382</td>
</tr>
<tr>
<td>Financial</td>
<td>2 623</td>
<td>643</td>
<td>267</td>
<td>3 172</td>
</tr>
<tr>
<td>Health and safety</td>
<td>67 827</td>
<td>13 227</td>
<td>4 086</td>
<td>32 410</td>
</tr>
<tr>
<td>HR training</td>
<td>8 008</td>
<td>3 787</td>
<td>1 245</td>
<td>6 437</td>
</tr>
<tr>
<td>Instrument use</td>
<td>6 276</td>
<td>1 828</td>
<td>316</td>
<td>1 762</td>
</tr>
<tr>
<td>Management</td>
<td>3 743</td>
<td>1 347</td>
<td>1 585</td>
<td>6 858</td>
</tr>
<tr>
<td>Operator</td>
<td>49 300</td>
<td>7 008</td>
<td>2 857</td>
<td>18 490</td>
</tr>
<tr>
<td>Other</td>
<td>30 664</td>
<td>8 272</td>
<td>3 013</td>
<td>14 809</td>
</tr>
<tr>
<td>Petrol attendant</td>
<td>3 596</td>
<td>246</td>
<td>10</td>
<td>116</td>
</tr>
<tr>
<td>Product knowledge</td>
<td>29 143</td>
<td>13 600</td>
<td>3 089</td>
<td>20 272</td>
</tr>
<tr>
<td>Sales/marketing</td>
<td>2 490</td>
<td>817</td>
<td>778</td>
<td>6 146</td>
</tr>
<tr>
<td>Soft skills</td>
<td>18 278</td>
<td>6 144</td>
<td>2 211</td>
<td>11 694</td>
</tr>
<tr>
<td>Supervisory</td>
<td>2 958</td>
<td>1 049</td>
<td>383</td>
<td>1 233</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>248 411</strong></td>
<td><strong>65 249</strong></td>
<td><strong>23 261</strong></td>
<td><strong>142 950</strong></td>
</tr>
</tbody>
</table>

Source: MerSETA Annual Training Report, 2010

It can be seen that despite the number of petrol attendant staff in the sector, the number requiring training is low. This is because all oil companies require businesses to send their employees for training that is subsidised by the oil companies. Oil company training applies to staff employed in forecourt-located convenience stores, as well as staff requiring training in sales, marketing and supervisory skills.
Table 3-2: Training programmes required in the fuel retailers subsector

<table>
<thead>
<tr>
<th>Training Programme</th>
<th>African</th>
<th>Coloured</th>
<th>Indian</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeship</td>
<td>4 146</td>
<td>921</td>
<td>425</td>
<td>2 567</td>
</tr>
<tr>
<td>Continuing professional development</td>
<td>10 554</td>
<td>2 901</td>
<td>1 833</td>
<td>11 560</td>
</tr>
<tr>
<td>Educational degree</td>
<td>460</td>
<td>220</td>
<td>80</td>
<td>369</td>
</tr>
<tr>
<td>Learnerships</td>
<td>5 241</td>
<td>1 458</td>
<td>1 162</td>
<td>1 558</td>
</tr>
<tr>
<td>Other</td>
<td>33 232</td>
<td>11 406</td>
<td>3 214</td>
<td>14 494</td>
</tr>
<tr>
<td>Short courses</td>
<td>103 143</td>
<td>27 816</td>
<td>10 813</td>
<td>75 278</td>
</tr>
<tr>
<td>Skills programme</td>
<td>25 136</td>
<td>5 117</td>
<td>1 921</td>
<td>11 305</td>
</tr>
<tr>
<td>Technical certificate</td>
<td>1 308</td>
<td>321</td>
<td>220</td>
<td>1 134</td>
</tr>
<tr>
<td>Workplace experience</td>
<td>60 842</td>
<td>14 778</td>
<td>3 422</td>
<td>23 370</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>244 062</td>
<td>64 938</td>
<td>23 090</td>
<td>141 635</td>
</tr>
</tbody>
</table>

Source: MerSETA Annual Training Report, 2010

No Career Junction information is available for this sector. It is anticipated that the other categories (Computer/IT, Management, Financial, etc) will be similar to the demand and supply of similar skills in other W&R subsectors.

**Figure 3-7: Training programmes in fuel retail**

The training programmes for all the occupational categories are shown above. “Other” includes training by the oil company and on-site training, as well as training that does not fall in the other categories. Indian female is listed as zero in all categories. This must be interrogated.

It can be seen that although a lot of training is done by the oil companies, there is a need for additional training to be done by the W&RSETA. The training provided by the oil companies is very specific to the delivery of its product. Generic skills are not emphasised in training of this nature.
3.7.1 Learnerships

A learnership is a structured learning programme made up of theoretical and practical elements of learning and assessment. Learnerships are the main vehicle used by SETAs to encourage skills development in the workplace. In addition to giving companies learnership grants, Government also provides tax incentives for companies registering learners and ensuring that they complete their learnerships.

Most of the learnerships in the W&R sector are located in the further education and training (FET) band (NQF Level 2 to Level 4). Only the National Certificate in Wholesale and Retail Buying and Planning (NQF Level 5) is a post-matric qualification.

In addition to learnerships in the FET band, which caters for clerks and elementary workers, there is an urgent need to develop learnerships in the higher education and training band (NQF Level 5 to Level 10). As work in the W&R sector becomes more knowledge-intensive in nature, advanced training for managers, professionals, technicians and clerks is an imperative to ensure competitiveness. The International Leadership Development Programme begins to address this need.

3.7.2 Qualification vs. learnerships (2005–2010)

W&RSETA entered into memoranda of understanding (MoUs) with other SETAs in order to advance the skills development agenda and attract more skilled workers into the sector. This collaboration saw 4 172 MoUs being signed between the W&RSETA and other SETAs between 2005 and 2010. This relationship yielded 1 116 completed learnerships and 2 437 learnerships still active under the W&RSETA banner. This collaboration needs to improve as it will improve the quality of skills of the workforce in the sector.

3.7.3 W&RSETA learnership statistics between 2005 and 2010

W&RSETA registered a total of 18 784 learnerships between 2005 and 2010. Of these, 7 744 were completed, 5 832 are still active, 3 864 are stagnant and 4 610 were terminated.

W&RSETA needs to rethink the learnership strategy going forward as more than 40% of learnerships registered between 2005 and 2010 were either stagnant or had been terminated.

Over the past five years, W&RSETA has successfully completed 21 163 learnerships, including learnerships completed as a result of MoUs entered into with other SETAs, and 4 116 were terminated. There are a variety of reasons for terminating learnerships. This includes abscondment, resignation, incompetence, project cancellation and people getting permanent employment.

3.7.4 Training providers, assessors and moderators by region

As a part of establishing its delivery capacity, the W&RSETA registers training providers, assessors and moderators that are subject matter experts in the wholesale and retail sector. These specialists assess and validate all learning that takes place in the sector.
W&RSETA has registered a total of 344 accredited training providers, 2,947 assessors and 531 moderators who are distributed across all nine provinces. These providers provide a menu of offerings of both full qualifications and part qualifications.

**Figure 3.8: Distribution of providers, assessors and moderators by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>Providers</th>
<th>Active Assessors</th>
<th>Active Moderators</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC</td>
<td>32</td>
<td>285</td>
<td>32</td>
</tr>
<tr>
<td>FS</td>
<td>7</td>
<td>64</td>
<td>7</td>
</tr>
<tr>
<td>GP</td>
<td>229</td>
<td>1355</td>
<td>229</td>
</tr>
<tr>
<td>KZN</td>
<td>101</td>
<td>536</td>
<td>101</td>
</tr>
<tr>
<td>Limpopo</td>
<td>9</td>
<td>92</td>
<td>9</td>
</tr>
<tr>
<td>MP</td>
<td>5</td>
<td>36</td>
<td>5</td>
</tr>
<tr>
<td>NW</td>
<td>4</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td>NC</td>
<td>6</td>
<td>18</td>
<td>6</td>
</tr>
<tr>
<td>WC</td>
<td>88</td>
<td>525</td>
<td>88</td>
</tr>
<tr>
<td>Total</td>
<td>344</td>
<td>2,947</td>
<td>344</td>
</tr>
</tbody>
</table>

Source: W&RSETA ETQA Division

Of the 344 providers, only 100 providers have scope for full qualifications.

### 3.8 RECRUITMENT CONDITIONS

In July 2011, the Adcorp Employment Index declined for the third consecutive month at an annual rate of 0.4%. Only three sectors recorded declines in employment, with manufacturing leading at 8.6%, followed closely by mining (7.67%), with the financial sector trailing behind by 1.5%. However, recruitment activity, which tends to lead the employment cycle by roughly six months, turned positive in all sectors, suggesting that South Africa’s ongoing job losses would ease towards the end of 2011. Specifically, since the beginning of 2010, recruitment activity for permanent positions increased by 18.0% over the level of the previous year and recruitment activity for temporary positions increased by 7.7% during the corresponding period. It is encouraging that employers’ hiring decisions have perked up in recent months.
According to the Adcorp Employment Index of 2011, employment in the W&R sector in July increased by 1.47% over the previous month. This pattern is consistent in all sectors. Such a development is likely to have occurred due to preoccupation with the FIFA World Cup tournament in South Africa in June and July 2010.

Table Error! No text of specified style in document.-3: Employment and growth by industry (July 2011)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment Jul 2011 (000s)</th>
<th>Percentage change vs. Jun 2011*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>311</td>
<td>-7.67</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,385</td>
<td>-8.60</td>
</tr>
<tr>
<td>Electricity, gas and water supply</td>
<td>88</td>
<td>0.00</td>
</tr>
<tr>
<td>Construction</td>
<td>525</td>
<td>6.90</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>1,637</td>
<td>1.47</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>539</td>
<td>6.72</td>
</tr>
<tr>
<td>Financial intermediation, insurance, real estate and business services</td>
<td>1,597</td>
<td>-1.50</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>2,619</td>
<td>1.38</td>
</tr>
</tbody>
</table>

* Annualized

According to the Adcorp Employment Index of 2011, three sectors recorded month-on-month declines in terms of employment by occupational categories for July 2011. W&R growth is not viewed as very significant when compared to other sectors.
Six occupational levels across the economy experienced negative employment growth for the period July 2011.

### 3.9 RECRUITMENT ACTIVITY

Adcorp's Employment Index of July 2010 shows that recruitment (labour demand) in South Africa remained stable between 2001 and 2007 at around 20%, but a steep decline was experienced in 2008 and 2009 as a result of the global financial crisis. Permanent and full-time recruitment picked up in the latter part of 2009 and 2010.

**Figure** Error! No text of specified style in document.-10: Recruitment activity
Adcorp’s Employment Index for July 2010 shows that recruitment for part-time and temporary positions performed better than full-time and permanent positions. This indicates that structural constraints exist in the labour market, which inhibit the hiring of labour. Even during the recession, recruitment dropped marginally and picked up steadily in 2010.

**Figure** Error! No text of specified style in document.-11: Recruitment activity – temporary workers

Source: Adcorp Holdings Limited
3.10 SECTOR COMPARISONS

Table 3-5 illustrates supply and demand trends experienced by all industry sectors over a six-month period, where the first three months’ data is compared to the next three months’ data (Career Junction, 2010d:16).

<table>
<thead>
<tr>
<th>Sector</th>
<th>Index</th>
<th>Supply Trend</th>
<th>Demand Trend</th>
<th>Potential career seekers per job advert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution, Warehousing &amp; Freight</td>
<td>167.14</td>
<td>-7.1%</td>
<td>-55.2%</td>
<td>9.37</td>
</tr>
<tr>
<td>Beauty</td>
<td>157.57</td>
<td>-15.4%</td>
<td>-33.4%</td>
<td>9.12</td>
</tr>
<tr>
<td>Medical</td>
<td>147.98</td>
<td>-11.3%</td>
<td>-31.2%</td>
<td>8.38</td>
</tr>
<tr>
<td>Finance</td>
<td>124.05</td>
<td>4.6%</td>
<td>29.8%</td>
<td>7.67</td>
</tr>
<tr>
<td>Engineering</td>
<td>112.84</td>
<td>1.6%</td>
<td>14.7%</td>
<td>6.47</td>
</tr>
<tr>
<td>Travel &amp; Tourism</td>
<td>265.78</td>
<td>-2.9%</td>
<td>99.8%</td>
<td>18.79</td>
</tr>
<tr>
<td>Transport &amp; Aviation</td>
<td>184.99</td>
<td>-6.4%</td>
<td>73.2%</td>
<td>21.79</td>
</tr>
<tr>
<td>Science &amp; Technology</td>
<td>175.38</td>
<td>-14.5%</td>
<td>50.0%</td>
<td>19.19</td>
</tr>
<tr>
<td>Human Resources &amp; Recruitment</td>
<td>104.06</td>
<td>-16.1%</td>
<td>-37.7%</td>
<td>10.46</td>
</tr>
<tr>
<td>Legal</td>
<td>153.25</td>
<td>-4.4%</td>
<td>60.0%</td>
<td>16.61</td>
</tr>
<tr>
<td>Safety, Security &amp; Defence</td>
<td>151.27</td>
<td>-6.2%</td>
<td>41.9%</td>
<td>21.56</td>
</tr>
<tr>
<td>Media</td>
<td>144.30</td>
<td>-4.6%</td>
<td>37.6%</td>
<td>14.44</td>
</tr>
<tr>
<td>Design</td>
<td>142.80</td>
<td>-2.4%</td>
<td>39.3%</td>
<td>15.08</td>
</tr>
<tr>
<td>Manufacturing, Production &amp; Trades</td>
<td>140.69</td>
<td>-14.8%</td>
<td>19.8%</td>
<td>12.91</td>
</tr>
<tr>
<td>Mining</td>
<td>140.68</td>
<td>0.0%</td>
<td>40.1%</td>
<td>12.27</td>
</tr>
<tr>
<td>Marketing</td>
<td>140.57</td>
<td>0.0%</td>
<td>40.6%</td>
<td>13.76</td>
</tr>
<tr>
<td>Property</td>
<td>140.20</td>
<td>1.9%</td>
<td>42.9%</td>
<td>24.92</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>135.55</td>
<td>2.3%</td>
<td>63.1%</td>
<td>19.43</td>
</tr>
<tr>
<td>Petrochemical</td>
<td>135.70</td>
<td>2.3%</td>
<td>38.8%</td>
<td>14.41</td>
</tr>
<tr>
<td>Motor</td>
<td>129.10</td>
<td>-11.0%</td>
<td>14.2%</td>
<td>13.33</td>
</tr>
<tr>
<td>Building &amp; Construction</td>
<td>123.18</td>
<td>-1.0%</td>
<td>22.0%</td>
<td>14.10</td>
</tr>
<tr>
<td>Hospitality &amp; Restaurant</td>
<td>112.02</td>
<td>2.2%</td>
<td>14.5%</td>
<td>21.20</td>
</tr>
<tr>
<td>Sales</td>
<td>111.56</td>
<td>-1.1%</td>
<td>10.4%</td>
<td>14.58</td>
</tr>
<tr>
<td>Agriculture</td>
<td>110.05</td>
<td>21.4%</td>
<td>33.6%</td>
<td>19.25</td>
</tr>
<tr>
<td>Maritime</td>
<td>108.23</td>
<td>-25.3%</td>
<td>-19.1%</td>
<td>15.93</td>
</tr>
<tr>
<td>FMCG, Retail &amp; Wholesale</td>
<td>79.78</td>
<td>13.5%</td>
<td>89.5%</td>
<td>13.87</td>
</tr>
<tr>
<td>Information Technology</td>
<td>73.70</td>
<td>-55.5%</td>
<td>-70.2%</td>
<td>10.55</td>
</tr>
<tr>
<td>Social &amp; Community</td>
<td>329.41</td>
<td>-6.4%</td>
<td>208.3%</td>
<td>34.75</td>
</tr>
<tr>
<td>Sport &amp; Fitness</td>
<td>266.75</td>
<td>1.3%</td>
<td>169.8%</td>
<td>50.90</td>
</tr>
<tr>
<td>Admin, Office &amp; Support</td>
<td>130.18</td>
<td>-3.4%</td>
<td>25.8%</td>
<td>60.19</td>
</tr>
<tr>
<td>Education</td>
<td>129.20</td>
<td>-9.2%</td>
<td>17.3%</td>
<td>100.26</td>
</tr>
<tr>
<td>Arts &amp; Entertainment</td>
<td>120.33</td>
<td>-9.4%</td>
<td>9.2%</td>
<td>37.97</td>
</tr>
<tr>
<td>Business &amp; Management</td>
<td>111.37</td>
<td>11.3%</td>
<td>24.0%</td>
<td>34.07</td>
</tr>
<tr>
<td>Government &amp; Local Government</td>
<td>82.61</td>
<td>-2.1%</td>
<td>-19.1%</td>
<td>87.75</td>
</tr>
<tr>
<td>Botanical</td>
<td>39.47</td>
<td>24.2%</td>
<td>-51.0%</td>
<td>79.02</td>
</tr>
</tbody>
</table>

A six months’ analysis of the online labour market in South Africa reveals an overall decrease in online labour supply. Demand for labour increased during this period. As a result, recruitment conditions weakened across most industries. Recruiters face difficult recruitment conditions in the distribution, warehousing and freight and engineering sectors. The supply pool of talent is limited to less than ten potential career seekers per job vacancy in these sectors.

In the W&R sector, the supply of labour was 137.5% and demand was 89.5% during this period. There were 13.87 career seekers per job advert (Career Junction, 2010:16).
3.11 NET EMPLOYMENT OUTLOOK

Employers in seven of the 10 industry sectors anticipate headcount growth during the third quarter of 2011. The strongest hiring prospects are reported in the mining and quarrying sector, where the net employment outlook is +20% (Manpower SA, 2011:5).

**Figure**: Net employment outlook

Sector employers predict the weakest labour market since the survey began in Quarter 4, 2006, with a net employment outlook for Quarter 3 of 2011 of +2%. The outlook declined by two percentage points quarter-over-quarter and by 17 percentage points year-over-year (Manpower SA, 2011:8).

The net employment outlook for the W&R sector was somewhat depressed from the last quarter of 2008 to the second quarter of 2010. This is largely a result of the global recession and declining GDP in South Africa for this period. There was a general reduction in business activity across the economy-dampened employment growth progressions for the period.

3.12 SUPPLY-DEMAND EQUILIBRIUM FOR SPECIFIC OCCUPATIONAL FIELDS

The W&R sector is one of South Africa’s largest and most diverse industries, creating a large number of jobs each year. Recruitment in this sector has been hugely affected by the economic downturn. However, it is now showing signs of stabilisation. Despite signs of a reviving market, a lack of skills still poses a threat to one of the world’s most vibrant sectors.

Various skills development programmes have been put in place as long- and short-term strategies in an attempt to improve the current skills crisis. W&RSETA facilitated the training of 1 342 learners in 466 companies during 2007/08 and put together extensive skills development programmes for 2009/10.
Recruitment remains moderate in the W&R sector, but is difficult in certain occupational fields as there is a high demand for labour and a limited number of qualified professionals in the job market. A steady increase in online labour demand is evident for the previous three months, while the workforce remains unchanged. The CJI for the W&R sector is currently positioned at 113.12 index points, signalling weakening recruitment conditions and possible market recovery (Career Junction, 2010b, 12).

The limited workforce in the W&R occupational fields is a cause for concern, particularly during the time of market recovery. Further growth in labour demand will have a negative impact on recruitment in this sector and could possibly leave recruiters with severe skills shortages across a large part of the W&R sector. Therefore, it is vital for businesses to invest in strategic long-term planning in order to combat a possible skills crisis and to ensure the profitability of businesses.

The analysis of online labour supply and demand provides the positioning of each industry sector, based on the average number of potential career seekers available per job advert. Integrating the number of job adverts and the number of potential career seekers per job advert for each industry sector reflects the online labour supply versus demand per industry sector.

**Figure** Error! No text of specified style in document.-13: **Difficulty of recruitment**

Recruitment in the W&R sector falls in the yellow band, indicating moderate difficulty in recruitment. There are 15.89 career seekers per job advert. In total, a high number of job adverts were placed – in the region of 2000 in the last six months (Career Junction, 2010d:15).
3.13 LACK OF SKILLED LABOUR

South Africa is facing major skill shortages in the online labour market. These skill shortages are evident in the W&R profession and are believed to be a result of poor training and education facilities, as well as a lack of experience. The current skills shortages in the W&R sector pose a threat to businesses, as well as recruitment agencies, and demand attention. Skills shortages are currently evident in client services. Recruitment conditions in this field are currently difficult.

While mid-level professionals are in very high demand, the supply of labour is limited. The opposite is seen for entry and junior level professionals where demand for labour is low, but the supply pool is significantly large. The imbalance of labour demand and labour supply creates undersupplies in some areas and oversupplies in other areas. As a result, recruitment conditions are challenging for certain professionals.

Currently, more than 17% of the potential W&R labour force falls under the entry and junior categories. Demand in these categories is very low, creating an oversupply of potential career seekers. On the other hand, the W&R sector reveals a major demand for mid-level professionals. Currently, nearly 70% of the posted job adverts require skilled and senior labour, but only 44.61% of potential career seekers represent the demanded skills. The supply and demand of labour in the senior level category seems to be balanced in most occupational fields. On an analysis of higher job levels (management and executive levels), an oversupply of labour is evident.

The current skills gaps are a cause for concern, particularly in the following occupational fields:

- Sales (lack of skilled level labour)
- Client services (lack of skilled and management level labour)
- Branch and store management (lack of skilled level labour)
- General management (lack of skilled and senior level labour)

The unbalanced allocation of career seekers for different skill levels substantiates the urgent need for appropriate recruitment solutions in order to meet and sustain stability in the W&R sector (Career Junction, 2010a:19).

The W&R Job Opportunity Index for October 2011 gives the following picture of the lack/shortage of skilled labour:

Most in demand occupational fields

The Career Job Index (CJI) for the FMCG, W&R in July is sitting below 100 index points. This means that there are more job opportunities for potential career seekers, but fewer potential career seekers per job advert. This makes recruitment more difficult, due to less potential career seekers.
Gauteng, Western Cape and KwaZulu-Natal are the leading provinces where FMCG, W &R businesses are located. Demand for jobs in these provinces is highest. Figure 2 provides an overview of the trends experienced by the various occupational fields, in which skills are in high demand for this month.

**Figure 3-14: Jobs in most demand (October 2011)**

There is a high demand for skilled and senior-level FMCG, W&R professionals. Almost 52% of the posted job adverts require a skilled and more senior-level labour force. This presents a major challenge for the growth and competitiveness of the sector as the skills deficit remains a serious challenge for the sector.

There is a high demand for the following skills: branch/store manager, senior merchandiser, retail assistant manager, sales and marketing manager, as well as sales representative and merchandiser. There is a correlation between these skills, and the W&RSETA’s scarce skills profile. Figure 3-14 depicts the employment opportunities, regional trends and skills needs.
3.14 RECRUITMENT CONDITIONS FOR SKILLS ON W&RSETA’S SCARCE SKILLS LIST

Table 3-6 represents the current online labour market situation, taking into account the number of active career seekers and the number of advertised jobs on the Career Junction website.

Table 3-6: Recruitment conditions for skills on W&RSETA’s scarce skills list

<table>
<thead>
<tr>
<th>Occupational fields</th>
<th>Number of career seekers per advert</th>
<th>Comment on recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Client services</td>
<td>7.02</td>
<td>Difficult</td>
</tr>
<tr>
<td>2 Sales</td>
<td>12.25</td>
<td>Moderate</td>
</tr>
<tr>
<td>3 General management</td>
<td>11.40</td>
<td>Moderate</td>
</tr>
<tr>
<td>4 Procurement, supply chain and logistics</td>
<td>14.70</td>
<td>Moderate</td>
</tr>
<tr>
<td>5 Operations (control and planning)</td>
<td>16.53</td>
<td>Moderate</td>
</tr>
<tr>
<td>6 Branch and store management</td>
<td>16.99</td>
<td>Moderate</td>
</tr>
<tr>
<td>7 Warehousing and stock control</td>
<td>21.44</td>
<td>Easy</td>
</tr>
<tr>
<td>8 Financial management</td>
<td>6.68</td>
<td>Very difficult</td>
</tr>
<tr>
<td>9 Quality control and assurance</td>
<td>36.56</td>
<td>Very easy</td>
</tr>
<tr>
<td>10 Training and development</td>
<td>53.26</td>
<td>Very easy</td>
</tr>
<tr>
<td>11 Accounting</td>
<td>9.26</td>
<td>Difficult</td>
</tr>
<tr>
<td>12 Credit control</td>
<td>15.76</td>
<td>Moderate</td>
</tr>
<tr>
<td>13 Purchasing and procurement</td>
<td>22.41</td>
<td>Easy</td>
</tr>
</tbody>
</table>

Source: Career Junction, Job Report, Quarter 1, 2010(a)(b)(c)(d)

There are various occupational fields in the W&R sector. When examining these, it is necessary to analyse the levels of supply and demand in order to distinguish which skills are most required.

According to the W&R Job Opportunity Index report of October 2011 the following is the list of scarce skills in the sector³:

- retail manager
- retail assistant/buyers
- office cashier
- merchandisers – preferred visual merchandisers*¹
- sellers – salesperson/representative*²
- training & development professionals – assessors
- sales & marketing manager
- Industrial designer
- electricians
- human resource advisors
- supply & distribution managers

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⁴ Note that the star (*) occupations are not absolute scarce occupations as per the definition, but they are the core to the retail industry and the effective & efficient operation of the business.
According to this index, employment outlook in the W&R sector can be summarised as follows:

In October 2011, there were approximately 513 jobs opportunities in the FMCG, Wholesale and Retail sector. This gives credence to the fact that the industry is still suffering from the effects of the economic downturn, and as a consequence, businesses are reluctant to expand their workforce. Evidently, recruiters find it difficult to source suitable candidates. Job opportunities have decreased by 5% from the previous month.

Permanent employment is the preferred type of employment among businesses, which employ within the FMCG, W&R sector, followed by temporary and contract employment. Recruiters presently face challenging conditions for the recruitment of permanent staff and contract staff, due to the limited pool of career seekers available for these types of positions. Table 3-7 provides a summary of the contract type of job opportunities available in the FMCG, W&R sector.

Table 3-7: Employment trends (October 2011)

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Number of jobs(^6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>475</td>
</tr>
<tr>
<td>Contract</td>
<td>17</td>
</tr>
<tr>
<td>Part-time</td>
<td>0</td>
</tr>
<tr>
<td>Temporary</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>513</td>
</tr>
</tbody>
</table>

The 92.6% of the jobs opportunities are on permanent contract, followed by temporary and contract jobs with 4.1% and 3.3% respectively. Gauteng, Western Cape and KwaZulu-Natal are the leading provinces. These are also the provinces where the majority of FMCG, W&R businesses are located. Most provinces are currently experiencing a challenging recruitment environment.

However, Gauteng is leading with 47.8% of job opportunities, followed by Western Cape and KwaZulu-Natal with 30.6% and 9.9% respectively. The pie chart below reflects regional percentage of job opportunities distribution.


\(^6\) Number of job opportunities available in absolute values
Figure 3-15: Job opportunities per region (October 2011)

The graphs below display the supply and demand trends experienced by the W&R sector over the six-month period October 2009 to March 2010.

Figure 3-16: Supply and demand trends from October 2009 to March 2010
Recruitment conditions weakened in the occupational field of the W&R sector during the first quarter of 2010 due to an increase in hiring activity. Recruiters had access to more than 10 potential career seekers per job advert, signalling moderate recruitment conditions.

Businesses should be aware that the limited labour force in this field can create difficult recruitment conditions for professionals at certain skill levels, as well as in certain provinces where demand for labour is high. This is particularly important once markets revive and demand for labour starts to grow. Thus, effective recruitment solutions need to be implemented to sustain future growth of businesses.

3.15 SKILLS LEVELS

Recruiters do not always define the demanded skills level when posting job adverts. To investigate whether the demanded skills level meets the supply, it is beneficial to focus on the overall distribution of supply and demand when comparing skills levels. The ratio of supply and demand for each skills level category provides a good indication of gaps and skills shortages, but disregards unspecified demands.

Figure 3-17: Supply and demand of skills for the period January 2010 to March 2010
Entry and junior level professionals are not in high demand within the W&R sector. The supply of these professionals is high, however, creating an oversupply of labour. The oversupply of talent could be used to alleviate skills shortages elsewhere by training staff to the appropriate skill level.

Hiring activity is remarkably high for skilled W&R professionals. The great demand for these professionals generates the need for a bigger supply pool. Businesses that struggle to find skilled labour should consider obtaining less experienced staff and training these professionals to the appropriate skill level.

There is a high level of demand for professionals at a senior level in the W&R sector. However, the workforce is limited. Recruitment is moderate, but could be challenging in certain occupational fields or regions where demand for labour is higher.

There is a high demand for W&R professionals at the management level. However, recruiters have access to a large pool of suitable talent. The oversupply of management level professionals makes recruitment easy.

Headhunting is generally used for filling positions at the executive level, thus demand is low. Nevertheless, the supply pool of available talent is large and recruiters face no difficulty in finding suitable candidates (Career Junction, 2010:27).

The supply and demand analysis for a range of occupational fields relevant to the W&R sector is drawn from a range of CJI reports (2010).

### 3.16 SUPPLY AND DEMAND CHARACTERISTICS

#### 3.16.1 Operations (control and planning)

Recruitment conditions are moderate for professionals in the occupational field of operations (control and planning). Due to a steady increase in online labour demand during the first quarter of 2010, available labour was limited. The limited workforce in this field indicated difficult placement of certain skills, particularly in regions where demand was slightly higher.

**Figure 3-18: Supply and demand trends in the occupational field of operations (control and planning)**
There are various types of skills to be found in the occupational field of operations. When examining these skills, it is advantageous to analyse the level of demand in order to distinguish which skills are most required.

**Figure 3-19: Most demanded operations (control and planning) skills**

Figure 3-20 provides an overview of the trends experienced by the various skills that are in high demand:

**Figure 3-20: Demand trends in the occupational field of operations (control and planning)**
Skills such as operations/processes, control and optimisation, and planning and coordination are in high demand. Notable increases in hiring activity were evident for these sets of skills during the first quarter of 2010. Recruitment activity picked up substantially for operations/processes, and for control and optimisation skills, while demand for planning and coordination skills experienced a moderate increase.

### 3.16.2 Procurement, supply chain and logistics

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of procurement, supply chain and logistics over the six-month period October 2009 to March 2010.

**Figure 3-21: Supply and demand trends in the occupational field of procurement, supply chain and logistics**

Recruitment conditions remained stable in the occupational field of procurement, supply chain and logistics over the six-month period October 2009 to March 2010. Recruiters faced moderate recruitment conditions. However, the limited labour force in this field is a cause for concern. Businesses should be aware that the limited labour force can create difficult recruitment conditions in certain provinces or for professionals at certain skill levels. This situation can be further aggravated once markets revive and demand for labour increases.
Thus, efficient recruitment strategies need to be implemented in order to sustain future growth.

There are various skills in the occupational field of procurement, supply chain and logistics. When examining these skills, it is advantageous to analyse the levels of demand in order to distinguish which skills are most required.

**Figure 3-22: Most demanded procurement, supply chain and logistics’ skills**

Figure 3-23 provides an overview of the positioning for the various skills that are in high demand.

**Figure 3-23: Demand trends in the occupational field of procurement, supply chain and logistics**

Procurement is undoubtedly the most required set of skills in the occupational field of procurement, supply chain and logistics. Import and export skills, as well as logistics and distribution skills, make up a very small percentage of online labour demand. Demand for procurement professionals dropped slightly during the first quarter of 2010.
3.16.3 Warehousing and stock control

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of warehousing and stock control over the six-month period October 2009 to March 2010.

**Figure 3-24: Supply and demand trends in the occupational field of warehousing and stock control**

The occupational field of warehousing and stock control experienced a decline of 20% in labour demand over the six-month period from October 2009 to March 2010. However, an increasing trend was evident for the first quarter of 2010. The workforce in this field was sufficient, thus recruitment was easy.
Recruitment conditions fluctuated over the six-month period. The large pool of available talent created a prosperous recruitment environment where recruiters had access to more than 20 potential career seekers per job advert.

### 3.16.4 Sales

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of sales over the six-month period October 2009 to March 2010.
Figure 3-27 illustrates the number of potential career seekers available per job advert posted in the occupational field of sales over the six-month period October 2009 to March 2010. It provides a good indication of recruitment trends.

**Figure 3-27: Potential career seekers per job advert**

Recruitment conditions were moderate throughout the fourth quarter of 2009 and the first quarter of 2010. A weakening trend was evident for these months, with the exception of easing recruitment conditions during December 2009 and March 2010. Businesses should be aware of skills shortages in certain regions, as well as skill level categories that need to be compensated for in order to secure future growth of businesses.
3.16.5 Branch and store managers

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of branch and store management over the six-month period October 2009 to March 2010.

Figure 3-28: Supply and demand trends in the occupational field of branch and store management

Recruitment conditions weakened slightly in the occupational field of branch and store management from October 2009 due to a rise in labour demand. As more job vacancies became available, access to available labour became limited. Despite moderate recruitment conditions, businesses should be aware that recruitment for professionals at certain skill levels, as well as in certain provinces, where demand for labour is high, can be difficult. Thus effective recruitment solutions need to be implemented to sustain future growth of businesses.
3.16.6 Client services

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of client services over the six-month period October 2009 to March 2010.

Figure 3-29: Supply and demand trends in the occupational field of client services

Client services professionals are in short supply in the South African online labour market. Demand for labour increased substantially from November 2009, thus weakening recruitment conditions. The workforce expanded slightly during the first quarter of 2010.

Figure 3-30 illustrates the number of potential career seekers available per job advert posted in the occupational field of client services for the six-month period October 2009 to March 2010. It provides a good indication of recruitment trends.
A shortage of client services professionals is a cause for concern in the W&R sector. Recruiters have access to less than 10 potential career seekers per job advert, signalling difficult recruitment. This is a particular concern for professionals at certain skills levels, as well as in certain regions. Thus, efficient recruitment strategies need to be implemented by human resources professionals in this field in order to sustain future growth of businesses.

3.16.7 General management

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of general management over the six-month period October 2009 to March 2010.
General management is undoubtedly the most required type of labour in the W&R sector. Recruitment conditions are moderate. However, the online workforce is limited. A significant rise in labour demand during the first quarter of 2010 weakened recruitment conditions.

Figure 3-32 illustrates the number of potential career seekers available per job advert posted in the occupational field of general management over the six-month period October 2009 to March 2010. It provides a good indication of recruitment trends.
The high demand for talent in the occupational field of general management makes recruitment slightly more challenging. Due to a steady increase in labour demand during the first quarter of 2010, recruitment conditions weakened. For every job advert posted in this field, there were less than 15 potential career seekers available. Businesses should be aware that recruitment might be difficult for professionals at certain skill levels, as well as in certain provinces where demand for labour is high. Thus, effective recruitment solutions need to be implemented to sustain future growth of businesses.

There are various skills in the occupational field of general management. When examining these skills, it is advantageous to analyse the levels of demand in order to distinguish which skills are most required.
Figure 3-33: Most demanded management skills

Occasional fields that demand the highest levels of general management professionals include procurement, supply chain and logistics, sales, and branch and store management. These occupational fields account for more than 70% of overall demand for management professionals. Hiring activity for management roles is low in the occupational fields of quality control and assurance, production and manufacturing, and warehousing and stock control.

Figure 3-34 provides an overview of the positioning for the various skills that are in high demand.

Figure 3-34: Demand trends in the occupational category of general management

Moderate declines in labour demand were evident for general management professionals in the occupational fields of sales, client services, and production and manufacturing in the three-month period January 2010 to March 2010.
The occupational field of operations (control and planning) experienced an opposite trend. A remarkable increase in recruitment activity was evident for management professionals in this field. From January 2010, online labour demand increased by 89%.

3.16.8 Quality control and assurance

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of quality control and assurance over the six-month period October 2009 to March 2010.

Figure 3-35: Supply and demand trends in the occupational field of quality control and assurance

Recruitment was very easy in the occupational field of quality control and assurance for the first quarter of 2010 due to the large labour force. Labour demand fluctuated over the six-month period October 2009 to March 2010. Recruitment conditions remained stable.

Figure 3-36 illustrates the number of potential career seekers available per job advert placed in the occupational field of quality control and assurance over the six-month period. It provides a good indication of recruitment trends.
Recruitment conditions remained stable over the last quarter of 2009 and the first quarter of 2010. Recruiters faced very easy recruitment conditions with access to more than 35 potential career seekers per job advert.

3.16.9 Training and development

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of training and development over the six-month period October 2009 to March 2010.
Online recruitment is easy in the occupational field of training and development due to the large pool of available labour. After a continuous drop in labour demand from November 2009 to January 2010, labour demand increased. As a result, recruitment conditions weakened during the first quarter of 2010.

Figure 3-38 illustrates the number of potential career seekers available per job advert posted in the occupational field of training and development over the six-month period October 2009 to March 2010. It provides a good indication of recruitment trends.
Recruitment is remarkably easy in the occupational field of training and development due to an oversupply of labour. Recruiters have access to more than 40 potential career seekers per job advert. Recruitment conditions weakened during the first quarter of 2010 due to an increase in labour demand from January 2010.

3.16.10 Accounting

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of accounting over the three-month period January 2010 to March 2010.
There is significantly high demand for accounting staff in the W&R sector. A lack of skills is a cause for concern. Findings for the first quarter of 2010 revealed a decrease in hiring activity and a slight increase in labour supply. As a result, recruitment conditions eased.

Figure 3-40 illustrates the number of potential career seekers available per job advert posted in the occupational field of accounting over the three-month period January 2010 to March 2010. It provides a good indication of recruitment trends.
Recruitment conditions eased in the occupational field of accounting since the onset of the first quarter 2010, due to decreasing labour demand and increasing labour supply.

Recruiters had access to just more than 10 potential career seekers per job advert. A rise in labour demand could have adverse effects on recruitment in this field. Thus, employers should understand their long-term labour requirements and implement the necessary recruitment strategies in order to sustain future growth of businesses.

3.16.11 Credit control

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of credit control over the three-month period January 2010 to March 2010.
Recruitment conditions are moderate in the occupational field of credit control. Elevated online labour demand growth was evident for the first quarter of 2010. As a result, recruitment conditions weakened.

Figure 3-42 illustrates the number of potential career seekers available per job advert posted in the occupational field of credit control over the three-month period January 2010 to March 2010. It provides a good indication of recruitment trends.
A weakening trend in recruitment was evident in the occupational field of credit control for the first quarter of 2010. However, placement of credit controllers remained moderate in the online job market since recruiters had access to more than 10 potential career seekers per job advert.

3.16.12 Purchasing and procurement

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of purchasing and procurement over the three-month period January 2010 to March 2010.

Figure 3-43: Supply and demand trends in the occupational field of purchasing and procurement
Management professionals are in short supply in the W&R sector. The significantly high demand for these professionals makes placement difficult. An increase in labour demand and supply was evident for the first quarter of 2010.

Figure 3-44 illustrates the quantity of potential career seekers available per job advert posted in the occupational field of purchasing and procurement over the three-month period January 2010 to March 2010. It provides a good indication of recruitment trends.

**Figure 3-44: Potential career seekers per job advert**

Recruitment is very challenging in the field of purchasing and procurement. Recruiters have access to less than 10 potential career seekers for every job advert posted. Long-term labour planning is essential in this field. Businesses should consider participating in skills development.
3.16.13 Financial management

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of financial management over the three-month period January 2010 to March 2010.

Figure 3-45: Supply and demand trends in the occupational field of financial management

Management professionals are in short supply in the W&R sector. The significantly high demand for these professionals makes placement difficult. An increase in labour demand and supply was evident for the first quarter of 2010.

Figure 3-46 illustrates the number of potential career seekers available per job advert posted in the occupational field of financial management over the three-month period January 2010 to March 2010. It provides a good indication of recruitment trends.
Recruitment is very challenging the field of financial management. Recruiters have access to less than 10 potential career seekers for every job advert posted. Long-term labour planning is essential in this field. Businesses should consider participating in skills development or alternatively relocate labour from other regions.

3.16.14 Employee and industrial relations

The graphs below display the supply and demand trends experienced by the W&R sector in the occupational field of employee and industrial relations over the six-month period October 2009 to March 2010.

Figure 3-47: Supply and demand trends in the occupational field of employee and industrial relations
Employee and industrial relations professionals are not in high demand in the online job market. The labour demand trend for the previous six month-period was tentative and uneven, while the workforce remained unchanged. A quarter-on-quarter analysis of labour demand represents an increase of 18.98%.

Figure 3-48 illustrates the number of potential career seekers available per job advert posted in the occupational field of employee and industrial relations over the six-month period October 2009 to March 2010. It provides a good indication of recruitment trends.

**Figure 3-48: Potential career seekers per job advert**

Online recruitment was moderate in the field of employee and industrial relations for the first quarter of 2010. An increase in labour demand since the fourth quarter of 2009 resulted in weakening recruitment conditions.

Increasing labour demand puts pressure on recruiters to fill vacancies of this sort. Therefore, businesses should plan ahead and implement the necessary staffing solutions in order to avoid future difficulties.
3.17 QUALITATIVE SKILLS DEMAND FORECAST

3.17.1 Skills demand towards 2020

As stated in Chapter 1, this SSP looks beyond the planning period 2011–2016. Based on in-depth revised drivers of change analysis for 2020, a number of key skills areas have been identified. During focus groups with W&RSETA levy payers and stakeholders, further value was added to the drivers of change in terms of future skills requirements. Participants were requested to identify new skills that will be required for the 2020 landscape.

It is clear that considerable work is required to further contextualise the 2020 skills needs per job or job clusters. However agreement was reached that skills will be required in the following areas:

- The green agenda: skills will be required in terms of the new legislation and how the W&R sector should comply with the requirements. For example, as a major creator of waste, skills will be required on waste management, packaging and related areas.
- Skills on how to deal with an ageing population: since the ageing population is a future reality, specific skills to deal with this trend will be required.
- Skills to exploit the opportunity of the growing middle class: such skills will be required.
- New regulatory skills to successfully manage the changing regulatory environment: such skills will be required.
- Technological innovations due to factors such as the convergence of industries; this will result in new skills requirements. For example, convergence with the banking industry could imply more knowledge on banking and mobile technology.
- Social media: the growing importance of social media in the W&R sector requires specialised skills to optimise the application of the social media.

3.17.2 Updated SMME needs and requirements

Big levy payers have realised that there is a huge skills demand from small business owners on how to manage a business and made the following suggestions:

- More assistance should be provided to SMME operators.
- More SMME trainers should be developed to empower them for the challenges.

As stated in Chapter 2, a special focus group with SMMEs confirmed the following training needs:

- Numeracy and visual skills
- Legislative knowledge
- Technology skills
- IT skills
- Skills on basic business management principles
- Customer care skills
- Basic business management principles
- Basic communication skills
- Safety skills
- The establishment of cooperatives to further empower SMMEs
- New venture creation skills (The training should commence with a skills programme that can lead to full qualifications for interested operators.)
- Knowledge about the regulatory requirements
- Knowledge of the voucher system
- Knowledge about funding and venture capital
- Knowledge about business models and cooperatives
- Knowledge of skills development facilitator (SDF) functions and assistance to conduct the work
- The need for interventions outside the classroom, such as exposure and mentoring
- Knowledge to grow the business

Chapter 5 contains a detailed SMME empowerment strategy

### 3.17.3 Latest supply of skills assessment

During intensive stakeholder consultation during August and September 2011 in the various regions, stakeholders provided specific inputs to address the management of skills supply to the industry. The stakeholder inputs can be summarised as follows:

- Lack of retail qualifications from FET colleges and HEIs
- Existing qualifications and learning material from all institutions not focusing on 2020 skills
- Difficulty in getting accreditation
- Differences between the SETAs
- Schools output with regards to Mathematics and English literacy
- Funding for critical skills
- The 2020 requirements are not part of the existing syllabi
- Matriculants cannot budget and need basic financial skills
- Matriculants need business language skills
- Higher education institutions do not multi-skill people, for example, the combination of marketing and public relations, and the industry should advise accordingly
- More practical skills are required
- Sales training is too generic and should be streamlined for subsectors and be more industry-specific
- Casualisation deprives people of training and this issue should be addressed
- More focused soft skills are required in areas such as assertiveness, emotional intelligence, negotiating skills and customer service

Probably the most important conclusion to be drawn from the consultation process is the fact that existing syllabi and programme content should be assessed for compliance with future skills requirements and should be updated accordingly.
The most important output variables can be summarised as follows:

**Table 3-8: Output variables**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools</td>
<td>Low output of matriculants with Mathematics as a subject</td>
</tr>
<tr>
<td>Schools and FET colleges</td>
<td>Limited level of literacy and numeracy</td>
</tr>
<tr>
<td>Schools</td>
<td>Need for career guidance</td>
</tr>
<tr>
<td>All institutions</td>
<td>Much additional training is required before they are proficient for employment and bridging courses are required</td>
</tr>
<tr>
<td>All institutions</td>
<td>Increase soft skills training and ethics</td>
</tr>
<tr>
<td>All institutions</td>
<td>Increase RPL, for example, people without matric who can do the job</td>
</tr>
<tr>
<td>Private providers</td>
<td>Acceptable results</td>
</tr>
</tbody>
</table>

It is clear that further research will be required to meaningfully address the supply of skills towards 2020.

**3.18 CONSTRAINTS TO SKILLS DEVELOPMENT TO BE ADDRESSED IN THE STRATEGY**

At least a quarter of employees in the sector are in informal employment. These employees are employed as casual, temporary and fixed-term employees without social benefits or the full protection of the law. There is a growing trend towards informalisation in the sector, with negative consequences for labour peace, worker morale, productivity and investments in skills development. There is a need for the W&RSETA to actively support the concept of decent work and to implement a sector programme to improve conditions of employment.

Although informalisation is seen in some quarters as having the potential to create jobs, the nature of informal work is survivalist and not conducive to job creation (Rasool, 2007). The trade union movement in South Africa argues that informalisation perpetuates inequalities that exist in society. A major problem with non-permanent employment is that it discourages investment in skills development and training infrastructures.

A feature of flexibilisation in the recent period has been the growth in labour-broking and subcontracting and the emergence of the Confederation of Employers of South Africa (COFESA). The organisation advises employers on restructuring their production so that employment contracts are converted into service contracts and employees become independent contractors. The firm is then run as a network of contractors. COFESA’s activities have been concentrated largely – although not exclusively – in the clothing industry. The activities of COFESA and similar organisations are mainly aimed at bypassing minimum standards labour legislation and collective bargaining agreements.

Research commissioned by the W&RSETA on the effect of casualisation on the skills development of workers in Gauteng revealed the following: The most serious practical implication of casualisation is that casuals receive little if any skills development. In many instances, where permanent jobs are replaced by casual ones, the concept has a very obvious and serious negative influence on the working environment as a whole.
Table 3-9: Categories employed by employers

<table>
<thead>
<tr>
<th>Category</th>
<th>Number employed</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casual</td>
<td>18</td>
<td>35%</td>
</tr>
<tr>
<td>Temporary</td>
<td>21</td>
<td>41%</td>
</tr>
<tr>
<td>Contract</td>
<td>12</td>
<td>24%</td>
</tr>
</tbody>
</table>

Figure 3-49: Categories employed

Source: Tiso research into the effect of casualisation on skills development of workers

As reflected above, employers prefer to use the term “temporary employees” in 41% of the instances. The nature of the job seems to be similar whether called casual or temporary employees. Contract workers are mostly employed for a specific assignment and period.

Table 3-10: Motivation for employing casual employees

<table>
<thead>
<tr>
<th>Need</th>
<th>Numbers employed</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyclical</td>
<td>28</td>
<td>54%</td>
</tr>
<tr>
<td>Transitional</td>
<td>7</td>
<td>13%</td>
</tr>
<tr>
<td>Cost saving</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>Admin ease</td>
<td>12</td>
<td>23%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>4%</td>
</tr>
</tbody>
</table>

Figure 3-50: Motivation for employing casual employees

Source: Tiso research into the effect of casualisation on skills development of workers
The majority of employers (54%) prefer to use the services of casual workers during peak periods, whereas some employers use the principle of temporary worker contracts as a probation period during which time their daily performance is assessed and, when satisfied, permanent employment is offered. Some employers (23%) utilise the services of labour brokers to ease the administrative burden of recruitment, the selection process and payroll. These employers normally enter into service level agreements with such labour brokers. The services rendered by labour brokers include the following, among others: recruitment, selection and payroll administration.

Table 3-11: Training provided

<table>
<thead>
<tr>
<th>Training</th>
<th>Casual</th>
<th>Permanent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process (job) training</td>
<td>32</td>
<td>39</td>
</tr>
<tr>
<td>Skills (tech)</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td>Super</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Learnerships</td>
<td>1</td>
<td>8</td>
</tr>
</tbody>
</table>

Figure 3-51: Training provided

Process training (on-the-job training) is provided to permanent and casual employees. This is inevitable to provide the necessary skills just to perform the required job. Technical skills training is provided to a lesser extent. No supervisory training is provided to casual employees. Only permanent employees participate in learnerships.

3.18.1 W&RSETA interventions

The following solutions are proposed:

- Create incentives for employers to create permanent positions for precarious workers.
- Support the provision of education and training for irregular workers to help them into better jobs.
- Encourage companies to integrate the casual workers in specific company activities and have a dedicated training plan and strategy for the casual workers.
- Engage the sector companies to consider training those casual workers on specific scarce and critical skills that are needed in the sector.
- Devise a specific training intervention for young casual workers in conjunction with various sector companies.
- Consider the recruitment of casuals into learnerships and various skills programmes.
- Investigate introducing incentive schemes to entice companies to introduce skills development for casual workers.
- Build a database of casuals in the sector for the purpose of managing the improvement of the situation. This should include a skills audit of casuals in order to better determine their employability, matching them to appropriate positions and determining the skills required.

### 3.19 CONCLUSION

The Job Opportunity Index of October 2011 summarises the latest occupational requirements in the industry as follows. The table below outlines the immediate skills areas to be addressed:

**Table 3-12: Occupational requirements (October 2011)**

<table>
<thead>
<tr>
<th>Occupations advertised</th>
<th>OFO code link</th>
<th>OFO codes</th>
<th>Experience</th>
<th>Educational requirements</th>
<th>Special requirements</th>
<th>Salary/wages</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer</td>
<td>Junior/ Perishables/ Pharmaceutical Buyer</td>
<td>639201</td>
<td>1 year’s experience</td>
<td>Matric and equivalent post qualification/ NQF 2</td>
<td>Forecasting, budgeting, staff management, buying, product and industry knowledge, interactive buyer or supplier merchandiser</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Assistant Manager</td>
<td>Retail Assistant Manager</td>
<td>142103</td>
<td>2 years’ experience</td>
<td>Matric and equivalent post qualification/ NQF 2</td>
<td>Budgeting skills, ability to manage staff performance</td>
<td>Negotiable</td>
<td>Negotiable</td>
</tr>
<tr>
<td>Merchandiser</td>
<td>Merchandisers</td>
<td>343203</td>
<td>1 year’s experience</td>
<td>Matric and relevant post qualification</td>
<td>Have a passion for sales and good communication skills, experience in marketing</td>
<td>R9 000 p/m</td>
<td>R12 000 p/m</td>
</tr>
<tr>
<td>Occupations advertised</td>
<td>OFO code link</td>
<td>OFO codes</td>
<td>Experience</td>
<td>Educational requirements</td>
<td>Special requirements</td>
<td>Salary/wages</td>
<td>Frequency</td>
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<td>-----------</td>
</tr>
<tr>
<td>Financial Manager/ Director/ Accountant</td>
<td>Accountants</td>
<td>221101</td>
<td>3-5 years’ experience</td>
<td>BCom Accounting plus qualified CA</td>
<td>CA (SA) – SAICA, hands-on financial control or audit</td>
<td>---</td>
<td>41</td>
</tr>
<tr>
<td>Sales representative</td>
<td>Sales representative</td>
<td>3339903</td>
<td>None/ experience</td>
<td>Matric and equivalent post qualification</td>
<td>Good communication skills and a passion for sales</td>
<td>R45 000 p/m</td>
<td>29</td>
</tr>
<tr>
<td>Human Resource Manager/ Operations/ Training &amp; Development</td>
<td>Business, Human Resource and Marketing</td>
<td>223101</td>
<td>2-3 years’ experience</td>
<td>Human Resource Management</td>
<td>Relations and Basic Labour law, good working knowledge of HR, deal discretely and confidentially with sensitive HR information</td>
<td>---</td>
<td>15</td>
</tr>
<tr>
<td>Accounts Clerk</td>
<td>Clerical and administrative workers</td>
<td>552201</td>
<td>2 years’ experience</td>
<td>Grade 12 and Accounting Qualification</td>
<td>FICA knowledge, highly organised, book-keeping skills and excellent communication skills</td>
<td>---</td>
<td>1</td>
</tr>
<tr>
<td>Client Service</td>
<td>Sales workers not elsewhere classified</td>
<td>5249</td>
<td>None/ experience</td>
<td>Grade 12/ relevant training</td>
<td>Interpersonal skills and good communication skills</td>
<td>---</td>
<td>38</td>
</tr>
<tr>
<td>Debtors Clerk</td>
<td>Clerical and administrative workers</td>
<td>599301</td>
<td>1 to 3 years’ experience</td>
<td>Grade 12 &amp; Accounting Qualification</td>
<td>Advanced excel skills, attention to details, customer oriented, flexible and reliable</td>
<td>---</td>
<td>8</td>
</tr>
<tr>
<td>Chefs</td>
<td>Chefs/cooker</td>
<td>531301</td>
<td>1 year’s experience</td>
<td>Matric and chaffing qualification</td>
<td>Passionate about food and experience in deli type of market,</td>
<td>---</td>
<td>3</td>
</tr>
<tr>
<td>Occupations advertised</td>
<td>OFO code link</td>
<td>OFO codes</td>
<td>Experience</td>
<td>Educational requirements</td>
<td>Special requirements</td>
<td>Salary/wages</td>
<td>Frequency</td>
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<tr>
<td>Presentable, communica-</td>
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<td>tion skills, experience</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Cashiers</td>
<td>Checkout operator</td>
<td>631101</td>
<td>None</td>
<td>Matric and equivalent post qualification/NQF 4</td>
<td>Strategic planning, leadership skills and proficient in MS Word, Excel and Outlook, budgeting skills</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Business Development Consultant</td>
<td>Management Consultant</td>
<td>242101</td>
<td>2 to 3 years’ experience</td>
<td>Appropriate territory qualification (degree/diploma)</td>
<td>FMCG sales experience, SHL standard verbal and numerical scores, commercial experience and full clean driving license</td>
<td>Negotiable</td>
<td>Negotiable</td>
</tr>
<tr>
<td>Electricians</td>
<td>Technicians and trade workers</td>
<td>341101</td>
<td>2 to 5 years’ electrical experience</td>
<td>N4 Electrical plus a Trade Test (Electrician)</td>
<td>Computer literacy and exposure to Pragma Maintenance Systems, Interpersonal relationship skills, call out and standby responsibilities.</td>
<td>R250 000 p/a</td>
<td>R350 000 p/a</td>
</tr>
<tr>
<td>Occupations advertised</td>
<td>OFO code link</td>
<td>OFO codes</td>
<td>Experience</td>
<td>Educational requirements</td>
<td>Special requirements</td>
<td>Salary/wages</td>
<td>Frequency</td>
</tr>
<tr>
<td>----------------------------------------</td>
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<td>--------------------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Design Planner</td>
<td>Industrial designer</td>
<td>232302</td>
<td>1 to 2 years' experience</td>
<td>Relevant degree/ diploma</td>
<td>Good understanding and experience of packaging design, project management and attention to detail with good levels of responsibility and account ability.</td>
<td>---</td>
<td>8</td>
</tr>
<tr>
<td>Sales and Marketing Manager</td>
<td>Sales and Marketing Manager</td>
<td>131102</td>
<td>1-3 years' experience</td>
<td>Matric and degree in marketing</td>
<td>Experience in consumer insights, marketing and market research</td>
<td>R200 000 p/a</td>
<td>105</td>
</tr>
<tr>
<td>General/ Branch Manager</td>
<td>General Manager/ Branch Store Manager</td>
<td>1421</td>
<td>3-5 years’ experience</td>
<td>Matric and equivalent NQF 4</td>
<td>Previous hand-on experience on retail management, proficient in MS Office (Word, Excel and Outlook), planning and budgeting</td>
<td>Negotiable</td>
<td>50</td>
</tr>
<tr>
<td>Procurement, Supply Chain and Logistics</td>
<td>Supply and Distribution Manager</td>
<td>133601</td>
<td>1-2 years’ experience</td>
<td>Matric and equivalent post qualification/NQ2</td>
<td>Good planning and communication skills, experience in supply chain and distribution management</td>
<td>Negotiable</td>
<td>33</td>
</tr>
</tbody>
</table>
Inputs by stakeholders through questionnaires and focus groups contributed significantly to a further understanding of skills demand and supply in the wholesale and retail sector.

A major problem that impacts adversely on the skills development environment is the lack of a national labour market information system. As a result, users of labour market information are making policy choices and public investments in education and training without credible data. An additional problem facing SETAs is that no occupational forecasting is undertaken by research agencies or government departments. Therefore, it is not possible to predict future skills demands within reliable parameters.

With these limitations, the only reliable sources of occupational supply-demand information are the analyses of job adverts conducted by Career Junction, Manpower SA and Adcorp.

The following conclusions are drawn from this chapter:

- The fact that entrants to the industry that are supplied by institutions are not practically ready for the work environment requires further proactive work by W&RSETA and the industry.
- The occupational structure of the W&R sector is consistent with the historical legacies of the apartheid era with a high concentration of Africans at the bottom end of occupations and, conversely, a high proportion of whites in the higher wage-earning occupational levels.
- W&RSETA has made significant gains in encouraging companies to apply for mandatory grants, with the majority of large, medium and small companies doing so.
- Employee coverage for mandatory grants dropped below 300 000 from above 500 000 in the previous year. This might suggest that companies are focusing more on their core business, as well as implementing cost-cutting measures in order to survive the recession.
- There are real challenges facing the SETAs in areas such as qualification and curriculum development, employee retention and opportunities, research capacity and business compliance. The SETAs should engage stakeholders in future skills planning exercises.
- Stakeholder consultation, as prescribed by the NSDS and followed with the compilation of this updated SSP, adds further value and should be used more regularly to update the quantitative database.
- Unless the sector invests in infrastructure for research, decision-making will be speculative if it is not supported by appropriate statistics.
- There are no prerequisite entry requirements in the sector. This might contribute to low job status and consequently low wages.
- Increasing collaboration with public FET institutions and HEIs could greatly improve the W&RSETA’s capacity to deliver on its mandate.
CHAPTER 4: SCARCE AND CRITICAL SKILLS

This chapter presents a scarce and critical skills list of the W&R sector drawn from the annual Workplace Skills Plan/Annual Training Report, careers guide, literature review, scarce skills questionnaire and workshops with stakeholders in the designated sector. Very recent data obtained through consultation with stakeholders in the regions also indicate longer term skills requirements that are directly related to the drivers of change. Scarce skills are listed according to occupation (at unit group, level 4, on the Organising Framework of Occupations). The skills required for the 2020 landscape, as introduced in Chapter 3, are also listed. It should be stated that the regional consultations resulted in a very huge database in terms of critical and scarce skills. Although some skills are organisation based and not relevant to the entire industry, all requirements were listed. It is essential that organisations that have such skills requirements take initiatives from within.

The chapter also presents a list of priority occupations, which although not scarce, are regarded as important for the W&R sector because they are vital to the activities of wholesale and retail enterprises. Therefore, stakeholders have prioritised occupations for investments in skills development. It should also be taken into account that new jobs could emerge during the planning period and beyond (up to 2020, as outlined in Chapter 1) that do not exist today. Further research to determine the requirements more specifically will be required as set out in Chapter 5.

A list of critical or “top-up” skills requirements that address skills gaps is also identified. The top-up list required for 2020 is also suggested, but further research is required to allocate these skills requirements to specific occupations and positions. It was concluded that especially senior positions increasingly require top up skills in areas such as the green agenda, social media and marketing skills based on the revised drivers of change. The research on the 2020 landscape added considerable value to this SSP. The 2020 landscape was further updated with regional inputs and contributions.

The sector has been characterised by a shift towards technological solutions in response to both manpower constraints and the need for greater efficiencies with concomitant implications for skills development. These developments are worse in the rural areas where large retailers have curtailed operations to move to the larger urban centres. This results in a migration of labour to the larger towns and cities.

The above developments lead to a disjoint between supply and demand for skills in the sector with many skills classified as scarce in the rural areas being abundant in the urban areas. Nevertheless, skills should be provided where they are required and skills shortages in the rural areas should therefore be classified as scarce skills.

An interesting feature of the W&R sector is the correlation between the growth of the sector on the one hand and the growing demand for highly skilled people in specific occupational categories on the other. Conversely, there is a decline in demand for specific low-skilled occupations in the sector, which is further adversely affected by the use of casual labour.
Structural economic changes and increased knowledge intensity in the sector are combining to bring about major shifts in formal sector employment patterns. These two processes are creating aggregate labour demand in skilled occupational categories and are contributing to unemployment in unskilled and semi-skilled occupations.

With technological advancements, the ratio of skilled labour to total employment can be expected to increase with a concomitant decline in unskilled labour, as is the prevailing trend. Combined with the historical legacy of apartheid educational provision, this trend is further differentiated by race, educational level and gender. The global trend of fewer people doing more work can also have an effect.

Basic skills needs identified at stakeholder workshops are included, although they are not limited to the following: life skills (including adult education and training and especially basic life skills beyond literacy and numeracy in the rural areas), succession planning, generic business management skills for SMMEs, legislative skills and HIV/AIDS awareness for management and supervisory personnel.

Scarce skills identified through quantitative analysis included management at all levels, supervisory personnel, IT professionals, supply chain and distribution managers, logistics managers and buyers. It was felt that there are insufficient trainers or assessors for specialist skills such as buyers.

There are certain occupations that, although not regarded as core, are crucial to the functioning of the business. A prime example is a cashier. For every cashier position advertised, there are multiple applicants and the occupation is not regarded as scarce. However, insufficient or incorrect training could be detrimental to a business. The most pertinent scarce skills identified were financial, industrial safety, interpersonal and communication skills, negotiating and conflict resolution skills, and life skills.

There is widespread lack of information and understanding regarding the recognition of prior learning (RPL).

Of particular interest is the shortage of training providers servicing the rural areas. They are deemed too expensive to service by service providers as the numbers are too small. Small numbers of learners in classes are not attractive from a provider’s point of view.

In the rural areas, literacy courses are required for a large section of the workforce, which has a further restraining effect on people empowerment.

Participants felt that training course levels were too high and did not address the needs of the people. In addition, courses should be modularised to make them more accessible, particularly to participants who belong to the category of SMMEs. These participants experience time and availability constraints because of the nature of their businesses. It is simply not viable to attend training sessions during working hours.
4.1 DEMAND FOR SKILLS

It is useful to consider the definition of scarce and critical skills that is used by the Department of Labour to assist in the identification of skills, as outlined below:

**Scarce skills** refer to those occupations in which there are a scarcity of qualified and experienced people, currently or anticipated in the future, either because such skilled people are not available, or they are available, but do not meet employment criteria.

**Critical skills** refer to specific key or generic and “top-up” skills within an occupation.

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.

It should be taken into account that the drivers of change up to 2020 identified critical skills in a few new areas.

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

4.1.1 Skills needs identified at stakeholder workshops

Basic skills needs identified at the stakeholder workshops in 2010 were as follows:

- Life skills, including Adult Basic Education and Training (ABET). 71.36% (Bureau of Market Research, University of South Africa) of workers in the sector have ABET NQF Level 1. There is a need for basic life skills beyond basic literacy and numeracy, especially in the rural areas
- Succession planning
- Generic business management skills for SMMEs
- Opportunities for W&RSETA to take part in the Expanded Public Works Programme (EPWP)
- Legislative skills (employees’ rights and responsibilities)
- HIV/AIDS awareness for operational personnel
- HIV/AIDS awareness for management and supervisory personnel

In addition, a qualitative assessment of scarce skills identified in the stakeholder workshops revealed the need for the following:

- Management – at all levels and across all operational functions
• Supervisory skills (stock controllers, storeroom controllers, etc.)
• Buyers, planners and merchandise category managers

Further, a qualitative assessment of critical skills identified in the stakeholder workshops revealed the need for the following:

• Financial skills (personal, accounting, budgeting, etc.)
• Industrial safety (Occupational Health and Safety Act requirements)
• Health (first aid, care of AIDS patients, care of the disabled)
• Health (personal hygiene, food safety, etc.)
• Loss control management
• Interpersonal relations skills
• Customer service skills
• Negotiating skills
• Communication
• Morals/ethics skills
• ICT basic skills

The fact that more needs have been identified in 2011 indicates the rapid changes in the wholesale and retail environment. Focus groups with levy payers and key stakeholders during the latest consultations in 2011 identified the following skills needs/areas, some of which are especially from a 2020 perspective:

• Computer end-user skills
• Accountants need banking skills
• Enterprise resource software skills for example, SAP
• Operational changes, implementing different technologies
• Social networking skills must be part of the overall strategy
• New skills at the help desk, including online skills
• Small business owners need skills on how to manage a business
• Compliance with legislation
• Supply chain skills (both logistics and procurement)
• Clothing technologies
• Food technologies (where to source food, how to procure healthy foods in a green environment)
• Customer advice on other aspects of the product (green themes)
• Quality assurance.
• Educational skills, for example, on sustainable farming
• SMMEs need training on legal compliance and access to funding
• Assistance of SMMEs by larger retailers
• Supplier assistance programmes
• Franchising
• Data management
• Human resources skills
• Skills on statutory requirements
• Information algorithms (meaningful data)
• Data integrity skills
• Skills on alignment of Workplace Skills Plan with business processes
• Qualified warehouse staff
• Bakery and butchery managers to run a department as a business
• Online skills experts
• Relief managers

The inadequate employment and skills statistics about the sector presented a challenge and thus most of the skills needs are expressed in general terms. The current scarce and critical skills needs identified are – at best – tentative, given the difficulty in assessing future needs with any degree of accuracy. The current scarce and critical skills identified in the sector are based on training needs and are not projected on employment vacancy needs.

However, it is important for sectoral (and national/provincial) policy to be able to assess future skills needs. Other resources were therefore also accessed to strengthen the research base. These included work undertaken by the University of South Africa’s Bureau for Market research and the Human Capital Engine Consortium, as well as the PricewaterhouseCoopers (PWC) research that is presently being undertaken. The latter confirms data already researched from other sources.

4.1.2 Skills needs identified through quantitative analysis

A quantitative analysis based on joint research by the Human Sciences Research Council (HSRC) and the University of South Africa’s Bureau of Market Research (2004) commissioned by the European Union and the Department of Labour, inter alia, investigated the skills profiles of the various economic sectors in South Africa. This research, as well as extracts from the workplace skills plans, reveals the following needs:

Scarce skills:
- Management (at all levels and across all operational functions)
- Supervisory skills (stock controllers, storeroom controllers, etc.)
- Information technology professional skills
- Buyers, planners and merchandise category managers

Critical skills:
- Financial skills (personal, accounting, budgeting, etc.)
- Industrial safety (Occupational Health and Safety Act requirements)
- Health (first aid, care of AIDS patients, care of the disabled)
- Health (personal hygiene, food safety, etc.)
- Loss control management
- Interpersonal relations skills
- Customer service skills
- Negotiating skills
- Communication
- Morals/ethics skills
• ICT basic skills
• Life skills (understanding employee rights, banking system, personal finances, etc.)

Even though 72% of workers have ABET NQF Level 1, there is a need for basic life skills beyond basic literacy and numeracy.

There is also a widespread lack of information and understanding regarding recognition of prior learning (RPL).

These inputs are in direct correlation with those identified in the stakeholder workshops.

Once again, it should be noted that quantitative research shows 72% of workers in this sector have educational skills at ABET NQF Level 1 or above. There are a growing number of young people employed in the sector, most of whom have had schooling up to Grade 12. They influence the average literacy levels upwards. However, there is a need for basic life skills. This is an area that the W&RSETA will pursue further.

The W&RSETA has undertaken a stakeholder consultation project with a view to identifying and quantifying the scarce and critical skills requirements in the sector.

4.1.3 Skills needs identified through other research

A group known as the Human Capital Engine Consortium was tasked to undertake research into the development of a qualifications framework for the W&RSETA and to investigate the education and training provision landscape in the wholesale and retail sector. Extracts from this independent research largely confirm the findings of the work done by the SSP development team.

4.2 SUPPLY OF SKILLS

4.2.1 Skills supply issues identified at stakeholder workshops

At present, there are 29 constituent providers (own courses) and 11 independent providers, as well as four external providers with extension of scope. There are also 24 W&RSETA-partnered FET colleges accredited by Umalusi.

Some participants at the stakeholder workshops felt that there should be more providers and that W&RSETA should support these existing providers to increase their capacity.

Quality assurance of training intervention delivery and follow-up is a matter of concern to participants and is a challenge that must be addressed by the W&RSETA to ensure effective skills development initiatives.

One of the problems associated with quality assurance is that there are relatively few registered assessors and moderators. Suggested ways to address the problem are to investigate using skills development facilitators (SDFs) to do assessments until a sufficient number of assessors have been trained.
Corporate representatives also indicated that problems were experienced with the Level 5 pilot learnership. In general, they regarded their own in-house training programmes to be more effective than this learnership. Providers proved to be too academic and did not appear to understand the industry. Assessment needed to be more pragmatic and needed to be done by senior people at a higher level. Large corporates were using store managers as assessors. It was felt that this was far too laborious.

However, corporates were of the opinion that by dealing with their own skills shortages, they were contributing to the national skills development priorities.

4.2.2 Availability of training courses

A number of the participants held the view that training course levels were too high. Therefore, they did not address the needs of people at ground level. Training must be at the level of the learner and needs to be presented in the right language. (Note: In 2005/06, W&RSETA introduced qualifications at NQF Level 2 and Level 4). During the focus groups sessions, the new venture creation learnerships were also viewed as being too difficult at NQF Level 2 and Level 4, in other words, at a higher NQF level. Some participants also raised issues such as the large amount of paperwork of the learnership and the timeframe for completion.

Courses should be modularised (i.e. made into smaller skills programmes) to make them more accessible, particularly to participants from SMMEs who experience time and availability constraints because of the nature of their businesses.

There is also a need for skills programmes focusing on the youth to equip them for employment or to impart entrepreneurial skills so they can start their own new business ventures. This view supports the youth focus in the NSDS consultative document (Objective 4: “Assisting new entrants into the labour market and self-employment”).

In rural areas, literacy courses are required for a large section of the population. When probed about the national target of 70% on ABET NQF Level 1, there was a general view among stakeholder participants that delivery was not taking place in the rural areas and that the levels may be lower in these areas.

4.2.3 Learning outcomes

Stakeholders expressed the view that learning outcomes on learnerships are not addressing expectations. The following are among the difficulties that were mentioned:

- Even though learners had undergone the academic portion of the training, they were still being used in lower level functions and were not exposed to the practical aspects of what they were supposed to learn
- Some mentors were uncertain of their roles and so could not effectively guide learners
- Learnerships need to be monitored to ensure effective overall delivery to the learner
- There are very few learning programmes for people with disabilities
- The W&RSETA needs to make information available to disabled persons
SMMEs prefer both learnerships and skills training courses as they lead to a comprehensive qualification.

Courses should be adapted to the needs of SMMEs; at present, it seems that the focus is on large retailers – smaller companies feel that their needs are overlooked.

Learnerships delivery should be consistent across all provinces.

The W&RSETA must be more involved in the quality assurance of learnerships.

### 4.2.4 Training provider accessibility

Training providers are not accessible. Few of the non-training provider participants in the workshops were able to identify any training providers in their area or were aware of their existence. W&RSETA could assist through the development of a database that can be made available through the local media and support services organisations.

Training providers must make information regarding the courses they offer available and should ensure that their training is practical and user-friendly.

On the other end of the scale, the training providers that attended the workshops indicated a need to streamline the provider accreditation process. At present, the accreditation process is complex and time-consuming and the smaller providers were having great difficulty in achieving accreditation. Most deem the process to be too involved and so don't attempt to gain accreditation.

Some stakeholders at the workshops suggested the possibility of a joint venture between SETAs to accredit training service providers in order to expedite delivery of skills across all sectors of the economy.

There was also a suggestion to create a network of accredited providers across all SETAs so that the available pool W&RSETA constituents is dependent on their ability to provide wholesale and retail-focused courses, as well as their capacity to train across all sectors.

### 4.2.5 Skills supply identified through quantitative analysis

The quantitative analysis completed in Chapter three of this plan indicates a definite correlation between employability and the skills levels of those available in the labour market. This correlation reiterates the need for the skills development supply side to be urgently and widely researched to ensure maximum achievement in the delivery to all constituents.

It is also apparent from the study of the HSRC and the University of South Africa's Bureau for Market Research (2004) that in order to ensure an adequate supply of skilled people to the wholesale and retail sector, and especially to address gaps between the skills demanded and the skills profile supplied, institutions in the sector have to implement a variety of programmes to address such skills gaps and shortages.

On-the-job training interventions are most used in skills development to upgrade and develop skills in order to address skills gaps and shortages. This is followed in importance
by in-house courses presented to staff and then by mentoring/coaching and teamwork. Courses presented by external agencies and multi-skilling are the least used methods of addressing the skills shortages.

### 4.2.6 Skills supply identified through an analysis of the WSP/ATR

The table below shows the occupations and qualifications needed to supply the sector of scarce skills. This table also indicates the number of qualified persons required by the sector to satisfy the overall need of the sector and eliminate demand.

### 4.2.7 Main skills needs identified through the W&RSETA’s stakeholder survey

The W&RSETA’s stakeholder consultation survey identified the following scarce and critical skills needs:

**Scarce skills:**
- Financial (accounting, internal audit, credit controller, credit clerks, etc.)
- Management skills (store manager, marketing manager, financial manager, etc.)
- Supply chain (merchandise planner, warehouse management, logistics, inventory)
- Retail information technology professional skills

**Critical skills:**
- Retail technical skills (butchery/blockman, baker/confectioner, window dresser, beauty sales, food preparation, store designer, visual merchandisers, etc.)
- Retail information technology use
- Life skills (HIV, cultural diversity, etc.)

The information from this survey complements and expands on the information gleaned from the other research such as the stakeholder workshops, the research of the HSRC and the Bureau for Market Research, etc.

### 4.3 SCARCE SKILLS LIST

The term “scarce skill” is reserved for those occupations in which there is a scarcity 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 information provided in this chapter enables policy-makers to make better decisions about the numbers and types of persons to be trained.

The following is a comprehensive list of scarce skills required by the sector. This list is a culmination of the skills identified in the previous SSP, the literature review, the survey results and the consultative workshops.
4.3.1 Scarc skills list

The following scarce skills list was extracted from the WSP and data contained in chapters 1, 2 and 3, as well as the focus group sessions that were conducted. It shows the skills that are regarded as scarce and in demand in the sector.

**Table 4-1: Scarce skills list**

<table>
<thead>
<tr>
<th>Scarce skill</th>
<th>Occupational code</th>
<th>Occupational class</th>
<th>Job title</th>
<th>Learning programme description</th>
<th>Number required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants</td>
<td>241101</td>
<td>Professionals</td>
<td>Business and administration professionals</td>
<td>Ed – generic, diplomas, degrees, certificates</td>
<td>1 017</td>
</tr>
<tr>
<td>Advertising and public relations manager</td>
<td>122201</td>
<td>Managers</td>
<td>Administrative and commercial managers</td>
<td>Ed – generic, diplomas, degrees, certificates</td>
<td>504</td>
</tr>
<tr>
<td>Assessment practitioner</td>
<td>242403</td>
<td>Professionals</td>
<td>Business and administration professionals</td>
<td>SP – skills programmes</td>
<td>9</td>
</tr>
<tr>
<td>Bakers</td>
<td>681201</td>
<td>Skilled</td>
<td>Food processing, woodworking, garment and</td>
<td>CPD – continuing professional development</td>
<td>2 630</td>
</tr>
<tr>
<td></td>
<td></td>
<td>agricultural, forestry,</td>
<td>other craft and related trade workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>fishery, craft and related</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>trade workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Butchers</td>
<td>681103</td>
<td>Skilled</td>
<td>Food processing, woodworking, garment and</td>
<td>NSC – non-credit bearing short courses</td>
<td>502</td>
</tr>
<tr>
<td></td>
<td></td>
<td>agricultural, forestry,</td>
<td>other craft and related trade workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>fishery, craft and related</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>trade workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chefs</td>
<td>343401</td>
<td>Technicians and associate</td>
<td>Legal, social, cultural and related associate</td>
<td>SP – skills programmes</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td></td>
<td>professionals</td>
<td>professionals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and training reviewer (moderator)</td>
<td>235101</td>
<td>Professionals</td>
<td>Teaching professionals</td>
<td>Ed – generic, diplomas, degrees, certificates</td>
<td>3</td>
</tr>
<tr>
<td>Electricians</td>
<td>671101</td>
<td>Skilled</td>
<td>Electrical and electronics trade workers</td>
<td>TP – technical programmes</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td></td>
<td>agricultural, forestry,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>fishery, craft and related</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>trade workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food technologist</td>
<td>311903</td>
<td>Technicians and associate</td>
<td>Science and engineering associate professionals</td>
<td>SP – skills programmes</td>
<td>144</td>
</tr>
<tr>
<td></td>
<td></td>
<td>professionals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resource practitioners</td>
<td>242303</td>
<td>Professionals</td>
<td>Business and administration professionals</td>
<td>Ed – generic, diplomas, degrees, certificates</td>
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<td>Scarce skill</td>
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<td>Occupational class</td>
<td>Job title</td>
<td>Learning programme description</td>
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<td>--------------------------</td>
<td>-----------------------------------------------</td>
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</tr>
<tr>
<td>Industrial designer</td>
<td>216302</td>
<td>Professionals</td>
<td>Physical, mathematical and engineering</td>
<td>Ls – learnerships</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>science professionals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial relations officer</td>
<td>242304</td>
<td>Professionals</td>
<td>Business and administration professionals</td>
<td>Ed – generic, diplomas, degrees, certificates</td>
<td>175</td>
</tr>
<tr>
<td>Planner</td>
<td>332301</td>
<td>Technicians and</td>
<td>Business and administration associate</td>
<td>Ed – generic, diplomas, degrees, certificates</td>
<td>369</td>
</tr>
<tr>
<td></td>
<td></td>
<td>associate professionals</td>
<td>professionals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail buyer</td>
<td>332301</td>
<td>Technicians and</td>
<td>Business and administration associate</td>
<td>NSC – non-credit bearing short courses</td>
<td>3 243</td>
</tr>
<tr>
<td></td>
<td></td>
<td>associate professionals</td>
<td>professionals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail managers</td>
<td>142103</td>
<td>Managers</td>
<td>Events, hospitality, retail and service</td>
<td>CPD – continuing professional development</td>
<td>49 251</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>managers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail supervisor</td>
<td>522201</td>
<td>Service and sales workers</td>
<td>Sales workers</td>
<td>CSC – credit-bearing short courses</td>
<td>5 766</td>
</tr>
<tr>
<td>Sales and marketing manager</td>
<td>122101</td>
<td>Managers</td>
<td>Administrative and commercial managers</td>
<td>Ed – generic, diplomas, degrees, certificates</td>
<td>1 593</td>
</tr>
<tr>
<td>Supply and distribution manager</td>
<td>132401</td>
<td>Managers</td>
<td>Production and specialised services managers</td>
<td>Ed – generic, diplomas, degrees, certificates</td>
<td>5 187</td>
</tr>
<tr>
<td>Training and development</td>
<td>242401</td>
<td>Professionals</td>
<td>Business and administration professionals</td>
<td>SP – skills programmes</td>
<td>92</td>
</tr>
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<td>professional</td>
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### Table 4-2: Educational levels per scarce skills identified in the WSP

<table>
<thead>
<tr>
<th>Scarce skill</th>
<th>EDUCATIONAL LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Accountants</td>
<td>276</td>
</tr>
<tr>
<td>Advertising and public relations manager</td>
<td>357</td>
</tr>
<tr>
<td>Assessment practitioner</td>
<td>0</td>
</tr>
<tr>
<td>Bakers</td>
<td>147</td>
</tr>
<tr>
<td>Butchers</td>
<td>125</td>
</tr>
<tr>
<td>Chefs</td>
<td>11</td>
</tr>
<tr>
<td>Education and training reviewer (moderator)</td>
<td>0</td>
</tr>
<tr>
<td>Electricians</td>
<td>1</td>
</tr>
<tr>
<td>Food technologist</td>
<td>0</td>
</tr>
<tr>
<td>Human resource practitioners</td>
<td>235</td>
</tr>
<tr>
<td>Industrial designer</td>
<td>0</td>
</tr>
<tr>
<td>Industrial relations officer</td>
<td>73</td>
</tr>
<tr>
<td>Planner</td>
<td>14</td>
</tr>
<tr>
<td>Retail buyer</td>
<td>2617</td>
</tr>
<tr>
<td>Retail managers</td>
<td>157 671</td>
</tr>
<tr>
<td>Retail supervisor</td>
<td>4 543</td>
</tr>
<tr>
<td>Sales and marketing manager</td>
<td>597</td>
</tr>
<tr>
<td>Supply and distribution manager</td>
<td>4 140</td>
</tr>
<tr>
<td>Training and development professional</td>
<td>52</td>
</tr>
<tr>
<td>Grand total</td>
<td>170 859</td>
</tr>
</tbody>
</table>
4.3.2 Provincial breakdown

The list above was populated with data retrieved from focus group sessions (questionnaires were returned via email). The provincial breakdown is as follows:

Table 4-3: Scarce skills identified at workshops

<table>
<thead>
<tr>
<th>Identified scarce skills (workshops)</th>
<th>Gauteng</th>
<th>Western Cape</th>
<th>KwaZulu-Natal</th>
<th>Eastern Cape</th>
<th>Mpumalanga</th>
<th>Limpopo</th>
<th>Free State</th>
<th>North West</th>
<th>Northern Cape</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants</td>
<td>85</td>
<td>65</td>
<td>70</td>
<td>25</td>
<td>35</td>
<td>3</td>
<td>5</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Advertising and public relations manager</td>
<td>15</td>
<td>5</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>4</td>
<td>6</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Assistant/general/company buyer</td>
<td>270</td>
<td>125</td>
<td>135</td>
<td>90</td>
<td>100</td>
<td>75</td>
<td>15</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Bakers</td>
<td>175</td>
<td>122</td>
<td>160</td>
<td>75</td>
<td>140</td>
<td>70</td>
<td>0</td>
<td>35</td>
<td>0</td>
</tr>
<tr>
<td>Butchers</td>
<td>115</td>
<td>60</td>
<td>55</td>
<td>70</td>
<td>30</td>
<td>20</td>
<td>15</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Cashiers</td>
<td>1 800</td>
<td>1 440</td>
<td>950</td>
<td>660</td>
<td>0</td>
<td>340</td>
<td>120</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Chefs</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Credit clerk</td>
<td>235</td>
<td>150</td>
<td>185</td>
<td>100</td>
<td>135</td>
<td>70</td>
<td>45</td>
<td>35</td>
<td>20</td>
</tr>
<tr>
<td>Debt clerk/collector(debtors clerk)</td>
<td>475</td>
<td>270</td>
<td>340</td>
<td>170</td>
<td>135</td>
<td>205</td>
<td>38</td>
<td>70</td>
<td>36</td>
</tr>
<tr>
<td>Deli supervisors</td>
<td>140</td>
<td>110</td>
<td>100</td>
<td>65</td>
<td>16</td>
<td>65</td>
<td>25</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Electricians</td>
<td>15</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Fish supervisors</td>
<td>5</td>
<td>35</td>
<td>25</td>
<td>40</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Food technologist</td>
<td>40</td>
<td>20</td>
<td>20</td>
<td>15</td>
<td>10</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fruit and vegetable supervisors</td>
<td>25</td>
<td>20</td>
<td>20</td>
<td>15</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>General administrators and finance</td>
<td>775</td>
<td>325</td>
<td>390</td>
<td>260</td>
<td>130</td>
<td>195</td>
<td>65</td>
<td>135</td>
<td>60</td>
</tr>
<tr>
<td>Human resource practitioners</td>
<td>185</td>
<td>120</td>
<td>130</td>
<td>65</td>
<td>105</td>
<td>65</td>
<td>15</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Industrial designer</td>
<td>10</td>
<td>0</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Industrial overlocker operators (carpets)</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Industrial relations officer</td>
<td>15</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>16</td>
<td>7</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Merchandise planner</td>
<td>1 025</td>
<td>490</td>
<td>535</td>
<td>225</td>
<td>315</td>
<td>180</td>
<td>45</td>
<td>0</td>
<td>45</td>
</tr>
<tr>
<td>Merchandisers</td>
<td>550</td>
<td>360</td>
<td>295</td>
<td>165</td>
<td>195</td>
<td>10</td>
<td>0</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Office cashier</td>
<td>75</td>
<td>50</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>20</td>
<td>0</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>
4.4 PRIORITY OCCUPATIONS LIST

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.

The following list has been extracted from the WSP 2010 and shows the number of persons required in each category. Once again, a comparison between 2010 and 2011 data illustrates the rapidly changing nature of the industry.

Table 4-4: Priority occupations list

<table>
<thead>
<tr>
<th>OFO code</th>
<th>Accountant (general)</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>241101</td>
<td>339</td>
<td></td>
</tr>
<tr>
<td>122201</td>
<td>168</td>
<td></td>
</tr>
<tr>
<td>122201</td>
<td>336</td>
<td></td>
</tr>
<tr>
<td>122101</td>
<td>1 062</td>
<td></td>
</tr>
<tr>
<td>242403</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>142103</td>
<td>328 342</td>
<td></td>
</tr>
<tr>
<td>681103</td>
<td>502</td>
<td></td>
</tr>
<tr>
<td>343401</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>681201</td>
<td>2630</td>
<td></td>
</tr>
<tr>
<td>241101</td>
<td>678</td>
<td></td>
</tr>
</tbody>
</table>
4.5 CRITICAL SKILLS

Critical skills refer to skills gaps within occupations and are distinguished from scarce skills, which refer to occupations. Usually critical skills training takes the form of short courses that are not accredited by ETQA bodies. The following critical skills were identified by stakeholder workshops for the related occupations:

Table 4-5: Critical skills

<table>
<thead>
<tr>
<th>No</th>
<th>Skills</th>
<th>Occupation see list</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Information technology</td>
<td>25, 26, 27, 28, 29, 31, 34</td>
</tr>
<tr>
<td>2</td>
<td>Analytical</td>
<td>26, 33, 35, 38, 42</td>
</tr>
<tr>
<td>3</td>
<td>Supply chain management</td>
<td>37, 39</td>
</tr>
<tr>
<td>4</td>
<td>Management</td>
<td>35, 37</td>
</tr>
<tr>
<td>5</td>
<td>Logistics</td>
<td>37, 39</td>
</tr>
<tr>
<td>6</td>
<td>Communication skills</td>
<td>35, 36, 40, 42, 44</td>
</tr>
<tr>
<td>7</td>
<td>Customer care</td>
<td>25, 43, 37, 45</td>
</tr>
<tr>
<td>8</td>
<td>Planning and project management</td>
<td>35, 41, 42</td>
</tr>
<tr>
<td>9</td>
<td>Leadership and management skills</td>
<td>35, 43</td>
</tr>
<tr>
<td>10</td>
<td>Occupational health and safety</td>
<td>25</td>
</tr>
<tr>
<td>11</td>
<td>Performance management</td>
<td>25, 31, 32, 34</td>
</tr>
<tr>
<td>12</td>
<td>Technical skills</td>
<td>2, 7, 3, 27, 46</td>
</tr>
<tr>
<td>13</td>
<td>Production</td>
<td>35</td>
</tr>
<tr>
<td>14</td>
<td>Product development</td>
<td>7, 4,</td>
</tr>
<tr>
<td>15</td>
<td>Product knowledge</td>
<td>3, 7, 4, 8</td>
</tr>
<tr>
<td>16</td>
<td>Supervisory</td>
<td>35, 43</td>
</tr>
<tr>
<td>17</td>
<td>Machine maintenance</td>
<td>35, 46</td>
</tr>
<tr>
<td>18</td>
<td>Quality control or improvement</td>
<td>36, 35, 46</td>
</tr>
<tr>
<td>19</td>
<td>Human resource management/labour relations</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: W&RSETA WSP, 2011
<table>
<thead>
<tr>
<th>No</th>
<th>Skills</th>
<th>Occupation see list</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Legal/compliance</td>
<td>44</td>
</tr>
<tr>
<td>21</td>
<td>Marketing/sales</td>
<td>47</td>
</tr>
<tr>
<td>22</td>
<td>Adult basic education and training</td>
<td>45, 20, 22</td>
</tr>
<tr>
<td>23</td>
<td>General life orientation/ personal development</td>
<td>32, 8, 3</td>
</tr>
<tr>
<td>24</td>
<td>HIV/AIDS</td>
<td>44</td>
</tr>
<tr>
<td>25</td>
<td>Administration/clerical</td>
<td>48</td>
</tr>
<tr>
<td>26</td>
<td>Finance</td>
<td>41, 31</td>
</tr>
<tr>
<td>27</td>
<td>Conflict management</td>
<td>40</td>
</tr>
<tr>
<td>28</td>
<td>Presentation skills</td>
<td>49, 41, 34, 44</td>
</tr>
<tr>
<td></td>
<td><strong>Other ( please list below)</strong></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>General management and quality assurance skills</td>
<td>35, 36</td>
</tr>
<tr>
<td>30</td>
<td>Negotiating skills</td>
<td>39, 34</td>
</tr>
<tr>
<td>31</td>
<td>Cross-cultural business communication skills</td>
<td>39, 8, 32, 25</td>
</tr>
<tr>
<td>32</td>
<td>Basic IR skills</td>
<td>25, 28, 30, 31, 32, 34</td>
</tr>
<tr>
<td>33</td>
<td>Problem-solving skills</td>
<td>2, 3, 31, 35</td>
</tr>
<tr>
<td>34</td>
<td>Knowledge of contracts</td>
<td>33, 28</td>
</tr>
<tr>
<td>35</td>
<td>Teamwork skills</td>
<td>25, 28, 29, 46</td>
</tr>
</tbody>
</table>

* Other ABET (as a prerequisite for all the abovementioned critical skills)

**Table 4-6: Skills list per occupation**

<table>
<thead>
<tr>
<th>No</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Technical</strong></td>
</tr>
<tr>
<td>2</td>
<td>Blockman</td>
</tr>
<tr>
<td>3</td>
<td>Programmers</td>
</tr>
<tr>
<td>4</td>
<td>Technical support</td>
</tr>
<tr>
<td>5</td>
<td>Buyers</td>
</tr>
<tr>
<td>6</td>
<td>Logistics planners</td>
</tr>
<tr>
<td>7</td>
<td>Supply chain management</td>
</tr>
<tr>
<td>8</td>
<td>Product developers</td>
</tr>
<tr>
<td>9</td>
<td>Salesperson</td>
</tr>
<tr>
<td>10</td>
<td>Merchandisers (including visual merchandisers)</td>
</tr>
<tr>
<td>11</td>
<td>Bakers</td>
</tr>
<tr>
<td>12</td>
<td>Butchers</td>
</tr>
<tr>
<td>13</td>
<td>Fresh food supervisors (e.g. deli, fruit, fish)</td>
</tr>
<tr>
<td>14</td>
<td>Electricians</td>
</tr>
<tr>
<td>15</td>
<td>Mechanics</td>
</tr>
<tr>
<td>16</td>
<td>Marketers</td>
</tr>
<tr>
<td>17</td>
<td>Sewers, pattern cutters</td>
</tr>
<tr>
<td>18</td>
<td>Overlocker operator (carpets)</td>
</tr>
<tr>
<td>19</td>
<td>Planners</td>
</tr>
<tr>
<td>20</td>
<td>Food technologists</td>
</tr>
<tr>
<td>21</td>
<td>Shelf packers</td>
</tr>
<tr>
<td>22</td>
<td>Plumbers</td>
</tr>
<tr>
<td>23</td>
<td>Polishers (furniture/jewellery)</td>
</tr>
<tr>
<td>No</td>
<td>Occupation</td>
</tr>
<tr>
<td>----</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>23</td>
<td>Chefs</td>
</tr>
<tr>
<td>24</td>
<td>Cashiers</td>
</tr>
<tr>
<td>25</td>
<td>General administrators</td>
</tr>
<tr>
<td>26</td>
<td>Accountants and bookkeepers</td>
</tr>
<tr>
<td>27</td>
<td>Payroll administration</td>
</tr>
<tr>
<td>28</td>
<td>Creditor and debtor administrators</td>
</tr>
<tr>
<td>29</td>
<td>Warehousing/storekeeping</td>
</tr>
<tr>
<td>30</td>
<td>Retail managers</td>
</tr>
<tr>
<td>31</td>
<td>General managers</td>
</tr>
<tr>
<td>32</td>
<td>Human resource practitioners</td>
</tr>
<tr>
<td>33</td>
<td>Finance managers</td>
</tr>
<tr>
<td>34</td>
<td>Operational managers</td>
</tr>
<tr>
<td>35</td>
<td>Production supervisor</td>
</tr>
<tr>
<td>36</td>
<td>Quality assurance controller</td>
</tr>
<tr>
<td>37</td>
<td>Warehouse manager</td>
</tr>
<tr>
<td>38</td>
<td>Research assistant</td>
</tr>
<tr>
<td>39</td>
<td>Purchasing coordinator</td>
</tr>
<tr>
<td>40</td>
<td>Invoice and admin clerks</td>
</tr>
<tr>
<td>41</td>
<td>Research manager</td>
</tr>
<tr>
<td>42</td>
<td>Production pharmacist</td>
</tr>
<tr>
<td>43</td>
<td>Warehouse assistant</td>
</tr>
<tr>
<td>44</td>
<td>HR officer</td>
</tr>
<tr>
<td>45</td>
<td>Driver</td>
</tr>
<tr>
<td>46</td>
<td>Production operators</td>
</tr>
<tr>
<td>47</td>
<td>Regional area managers (reps)</td>
</tr>
<tr>
<td>48</td>
<td>Filing clerk</td>
</tr>
</tbody>
</table>

Table 4-7: Soft, technical and other skills

<table>
<thead>
<tr>
<th>Management/Leadership</th>
<th>Soft skills</th>
<th>Technical</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Leadership and management skills</td>
<td>• Decision-making • Interpersonal skills • Emotional intelligence • Assertiveness • Teamwork • People skills such as managing diversity • Communication • Presentation skills • Listening skills</td>
<td>• Financial skills (basic bookkeeping such as control and accounting) • Product development • Basic understanding of business (to find EE candidates is difficult e.g.) • Retail reps with the</td>
<td>• Customer relations • Customer service • Communication skills • Telephone etiquette • ABET/numeracy and literacy • Ability to apply knowledge • Access to information</td>
</tr>
</tbody>
</table>
The graph below provides a list of critical skills according to percentage demand:

**Figure 4-1: Critical skills according to percentage demand**

Source: Scarce and critical skills in the W&R sector (updated 2010)

### 4.6 STAKEHOLDER CONSULTATION

With the 2020 landscape in mind, it was decided to secure qualitative inputs through focus group consultation with stakeholders in the W&R regions. Delegates were consulted on the following critical SSP issues:

- Any changes to existing and future skills within occupations
• Any changes to existing and future skills requirements of occupations (scarce and critical skills)
• Opinion about skills outputs from institutions
• Skills demand from sector
• Existing and future skills shortages
• Develop scenarios and suggest solutions to deal with skills demand for the next five years
• Skills Accord and New Growth Path – the role of the SETA in fulfilling these objectives
• Respond to and be aware of employers’ latest views and trends from the SETA
• New regulatory challenges:
  - FAIS Act – qualification in development
  - Consumer Protection Act
  - Waste management and green legislation

It was viewed as necessary to strengthen the comprehensive database with qualitative information. Since it is not possible to quantify a landscape (2020) that does not yet exist, it was not possible to allocate specific numbers to the anticipated skills that will be required. However, an understanding of future skills requirements will enable the W&RSETA to put actions in place to ensure that the required skills are delivered through the supply chain. Numbers will be determined once a more solid basis for future skills requirements has been established.

In the meantime, however, it is necessary to benchmark anticipated skills requirements in terms of existing learning material and curricula. A first assessment of existing learnerships and other learning material has shown that very little of the 2020 landscape is addressed. It would therefore be necessary to determine the gap between existing material and future skills requirements and to update the learning material in good time.

4.7 SCARCE SKILLS UPDATE

Although there are expected overlaps between the quantitative and newly created qualitative databases, a number of new scarce skills emerged. The qualitative database is viewed as reliable and valid due to the fact that there was a large degree of similarity and agreement between the regions. The complete set of scarce skills generated at the stakeholder focus groups are as follows:

• Specialised service department people, for example, butcher, baker, blockman, sausage maker, confectioner, cook, as well as specialists in these positions such as master baker, food technologist, master butcher, home meal replacement specialist.
• Forklift drivers
• Truck drivers
• Branch managers
• Saw operators
• Butchers
• Business analysts
• Project managers
• Food technologists
• Chartered accountants
• Buyers
• Planners
• Window dressers
• Building estimators
• Flooring specialists
• IT programmers
• Sales reps
• Black senior management, for example, buyers, planners, senior store managers.
• Retail/wholesale managers at branch and regional level
• Lease administrators
• Risk managers
• Operations managers
• Point of sale computer specialists
• Fresh produce specialist
• Retail admin managers
• Front-end controllers/supervisors
• Quality controllers
• Quality assurers
• Diesel mechanics
• Auto electricians
• Diesel technicians
• Retail/wholesale managers at branch and regional level
• Lease administrators
• Point-of-sale computer specialists
• Fresh produce specialists
• Retail admin managers
• Front-end controllers/supervisors
• Quality controllers
• Quality assurers

During discussions with W&RSETA management after the regional stakeholder consultations, it was noted that certain positions are employer specific and not required throughout the industry. It was therefore agreed that future stakeholder consultation also make a clear breakdown of positions and employers.

4.8 CRITICAL SKILLS UPDATE

It is clear that an in-depth discussion of the updated drivers of change resulted in the identification of top-up skills in various occupations, especially in terms of the green agenda, regulations, the social media and the ageing population. The critical skills listed below were identified by stakeholders at the focus group consultation sessions. It should be taken into account that the revised drivers of change inspired some of these anticipated critical skills. Due to uncertainty about the occupations and possible new occupations that could emerge up to 2020, it was not possible to directly link anticipated critical skills to occupations. The list does not only reflect the 2020 and the green agenda however.
It is clear that senior positions will increasingly require important generic skills relating to the updated drivers of change towards 2020 in areas such as social media, environmental protection, regulation and technology. Much more research is required to identify the specific skills required and to relate them to specific positions.

The most important critical skills requirements identified during the latest stakeholder consultations are the following:

- Negotiating skills
- Project management skills
- Scenario planning
- Analytical skills
- Problem-solving and decision-making skills
- Green implementation skills
- Financial skills
- Conceptual skills
- How to use social networking information
- Selling skills
- Customer service skills
- Conflict resolution skills
- Ethical retail skills
- Report-writing skills
- Numeracy skills and technology skills
- Wholesale internal sales (technical ability to apply technology, product knowledge)
- Merchandisers (customer service, selling and general merchandising skills)
- Communication as a general need
- Mentoring and coaching skills for managers and supervisors
- Distribution, lead time and supply chain management skills or distribution managers
- Business skills for shop stewards
- Time management
- HIV awareness
- General occupational health awareness
- Opinion about skills outputs from institutions
- Telephone etiquette
- Good IR skills
- Buyers in clothing (fashion and style)
- Analytical accounting skills (for sales reps)
- Service department staff (butchers and bakers)
- Payroll officer duties
- Multi-skilling is required, especially in smaller firms that cannot afford specialists in all areas (training in human resources, public relations, marketing and sales)
- Wholesale internal sales (technical ability to apply technology, product knowledge)
- Product knowledge
- Merchandisers (customer service, selling and general merchandising skills)
- Communication as a general need
• Facilitation skills (managers)
• Mentoring and coaching skills for managers and supervisors
• Distribution, lead time, supply chain management for distribution managers
• Business skills for shop stewards

4.9 ANTICIPATED CRITICAL SKILLS REQUIRED FOR 2020

As stated, further research is required to more accurately determine critical skills required up to 2020. The following table summarises the work done to date and it is critical that actions be put in place to prepare for the development of these skills for 2020. The comments made were derived from focus group inputs to illustrate the impact of the updated drivers of change on the unfolding longer term landscape.

Table 4-8: Anticipated critical skills required for 2020

<table>
<thead>
<tr>
<th>Critical skills required</th>
<th>Comments in which occupations the skills will be required</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The green agenda:</strong></td>
<td></td>
</tr>
<tr>
<td>• Environment Conservation Act, Act No 73 of 1989</td>
<td>• Top and senior management should have a good understanding of the changing landscape and the impact of legislation.</td>
</tr>
<tr>
<td>• National Environmental Management Act, Act No 107 of 1998</td>
<td>• Top and senior management should have the knowledge and skills to effectively develop and implement strategies on environmental protection and sustainability.</td>
</tr>
<tr>
<td>• National Environmental Management: Waste Act, 2008, Act No 59 of 2008</td>
<td>• People responsible for operations should have a much clearer understanding of environmental protection and aspects such as waste management.</td>
</tr>
<tr>
<td>• Legal personnel should have an excellent understanding of all the required acts.</td>
<td>• All other staff should have an awareness of the impact of the changed landscape on the sector.</td>
</tr>
<tr>
<td><strong>The ageing population</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• At supervisory level and higher, staff should have an awareness of the implications.</td>
</tr>
<tr>
<td></td>
<td>• Marketing staff should have much more focused knowledge on the changing market and the buying power of older customers, and should be in a position to identify and exploit changing market opportunities.</td>
</tr>
<tr>
<td><strong>Regulations:</strong></td>
<td></td>
</tr>
<tr>
<td>• National Credit Act, Act No 34 of 2005</td>
<td>• Financial staff should possess the knowledge and skills to effectively manage revenue and expenditure in accordance with the new acts and regulations.</td>
</tr>
<tr>
<td>• Consumer Protection Act, Act No 68 of 2008</td>
<td></td>
</tr>
</tbody>
</table>
## Critical skills required

<table>
<thead>
<tr>
<th>Comments in which occupations the skills will be required</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Legal staff should know the entire regulation landscape and advise on the implementation of the new regulations.</td>
</tr>
<tr>
<td>- Marketing staff should have a thorough understanding of the impact of the new regulations on the market.</td>
</tr>
</tbody>
</table>

## Technological

<table>
<thead>
<tr>
<th>Comments in which occupations the skills will be required</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Changing technology will have a profound impact on the entire industry and it is therefore essential that all staff members dealing with technology have sufficient understanding and capacity to deal with these technologies.</td>
</tr>
<tr>
<td>- Marketing staff should have an understanding and knowledge base to deal with technology from a marketing perspective.</td>
</tr>
<tr>
<td>- Financial staff should have the knowledge to optimise the implementation of technological changes from a financial perspective.</td>
</tr>
<tr>
<td>- Operations staff should be able to implement all technological changes.</td>
</tr>
</tbody>
</table>

## Social media

<table>
<thead>
<tr>
<th>Comments in which occupations the skills will be required</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Since most employees are kingpins in the social media environment, they should have a basic understanding of the power and application of social media.</td>
</tr>
<tr>
<td>- Supervisory and management staff should have an understanding and competency to deal with the impact of the social media.</td>
</tr>
<tr>
<td>- Marketing staff should have first-hand knowledge and competency to effectively optimise social networks.</td>
</tr>
<tr>
<td>- Public relations staff should know how to deal with positive and negative feedback through the social networks.</td>
</tr>
<tr>
<td>- Top and senior management should have the knowledge and competency to effectively integrate social media strategy with corporate strategy.</td>
</tr>
</tbody>
</table>

## The 2020 landscape

<table>
<thead>
<tr>
<th>Comments in which occupations the skills will be required</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Throughout the W&amp;R industry, an awareness of the rapid changes towards 2020 should be created and the impact of these changes on the workforce and all key stakeholders communicated.</td>
</tr>
</tbody>
</table>
It should be noted that further research is required on the 2020 landscape and actions have been included in the strategy in Chapter 5.

The following conclusions by the United Kingdom equivalent of the W&RSETA are viewed as a learning experience for South Africa that should be taken into account:

**Drivers of skills demand**

- Economic performance and consumer confidence
- Retail productivity and an appropriately qualified workforce
- Changing consumer behaviours – the universal shopper
- Converging demographic and social trends influencing buying patterns and employee recruitment
- Government planning policy and employment law
- Technological advancements, such as online retailing, laser scanning and self-service tills
- The development of the National Skills Academy for Retail, opening up access to appropriate retail qualifications

**Current skills needs**

- UK retailing employs large numbers of people with relatively low levels of formal qualifications; just under a third (31%) of sales staff have formal qualifications below the standard of five good general certificates of secondary education (GCSEs) (or Scottish standard grades), which is the qualification level that retailers prefer their employees to have.
- Despite these low levels of formal qualifications, sector employers seem to consider that their staff are mostly proficient.
- The main skills gap areas for improvement are technical and practical skills (55%), customer handling (48%) and management skills (43%).
- Just under a third of managers in the sector hold formal qualifications at Level 4 or above. Since 2002, there has been approximately a 10 percentage point rise in managers in retail who are qualified at Level 4.
- The main managerial skills gap areas are entrepreneurial skills, commercial acumen/awareness and leadership skills/vision.

**Future skill needs**

Primary research commissioned by Skillsmart Retail suggests that the major future skills challenges will be the following:

- Changing UK demography affecting retailers’ ability to employ certain age groups
- The effect of the current economic conditions affecting consumer behaviour and the retail skills needed to meet this demand
- A qualified and appropriately skilled workforce leading to higher productivity
- Improving customer service to maintain point of difference and improved product knowledge to meet increased customer expectations
• Online retailing development posing new challenges in terms of web design skills, frontline administration, data analysis, logistics and distribution
• Technological advancements advancing in-store and within the supply chain to increase efficiency (this requires skilled staff to effectively drive up productivity)

The keys factors relating to online retail web developments were seen to be the following:

• Web analytics tracking how customers interact with the website, which enables web design and email marketing to be optimised to drive customers to make purchases. The potential it offers to target users with relevant and personalised offers means that web analytics can provide a direct, measurable financial advantage for online retailers using it effectively
• High-level IT strategists that are able to integrate the different platforms and technologies online retailers are using, and to structure and coordinate outsourced web development
• Social media, including blogs, customer communities, Facebook and Twitter, taking brands from their home websites into the consumer’s wider online social environment
• Business managers with multichannel experience, who are able to develop brand values and promotions between in-store retail, online and any other channels such as catalogues or third-party stockists
• Digital marketing, which now requires a distinct skill set in addition to traditional retail marketing, including greater competency with online metrics to provide accurate measurement of the return on investment of online initiatives
• Marketers will require strong social media expertise to keep up with the pace of change in this field, including a diverse mix of skills covering both brand communications and online metrics
• Greater investment in content management roles as retailers offer a higher number of product lines and a faster turnover of stock, all requiring display photography and written copy
• Web designers who are able to put usability and the customer journey at the heart of their design process. This is particularly important for the developing field of m-commerce, given the smaller screen size available for display
• M-commerce, i.e. online retail for web-enabled smartphones, using either a mobile-optimised website or a brand-specific shopping application

Source: Skillsmart, 2010

As stated in Chapter 2, the convergence of technologies and industries makes the impact of global developments more significant and it is clear that valuable lessons can be learned from the above trends experienced in the UK.

4.10 PRIORITISED CRITICAL AND SCARCE SKILLS

4.10.1 Introduction and overview

The database secured through WSP, ATR and consultation is so comprehensive that it was deemed necessary to summarise and prioritise the critical and scarce skills.
It is clear from a planning perspective that skills needs identified through whatever research method, should be prioritised in some way. However, a sequential numbering system to prioritise is not viewed as appropriate since it is very difficult to identify one most important skills requirement. The focus should rather be on all skills that are required.

Based on a critical evaluation of all information obtained, critical and scarce skills can be summarised as follows:

4.10.2 Basic skills needs
Basic skills needs, that can either be scarce or critical, identified at the stakeholder workshops in 2010 were as follows:

- Life skills, including Adult Basic Education and Training (ABET), 71.36% (Bureau of Market Research, University of South Africa) of workers in the sector have ABET NQF Level 1. There is a need for basic life skills beyond basic literacy and numeracy, especially in the rural areas
- Succession planning
- Generic business management skills for SMMEs
- Skills for W&RSETA to take part in the Expanded Public Works Programme (EPWP)
- Legislative skills (employees’ rights and responsibilities)
- HIV/AIDS awareness for operational personnel
- HIV/AIDS awareness for management and supervisory personnel

4.10.3 Scarce skills
Scarce skills can be summarised as follows:

4.10.3.1 Management

- Management (at all levels and across all operational functions)
- Supervisory skills (stock controllers, storeroom controllers, etc.)
- Information technology professional skills
- Buyers, planners and merchandise category managers
- Branch managers
- Operations managers
- Black senior management, for example, buyers, planners, senior store managers.
- Retail/wholesale managers at branch and regional level
- Project managers
- Risk managers
- Retail admin managers

4.10.3.2 Professional and highly specialised

- Chartered accountants
- IT programmers
- Business analysts
- Accountants
4.10.3.3 Technical

- Diesel mechanics
- Auto electricians
- Diesel technicians
- Forklift drivers
- Saw operators

4.10.3.4 Other specialised

- Specialised service department people, for example, butcher, baker, blockman, sausage maker, confectioner, cook, as well as specialists in these positions such as master baker, food technologist, master butcher, home meal replacement specialist.
- Butchers
- Buyers
- Planners
- Window dressers
- Building estimators
- Flooring specialists
- Food technologists
- Sales reps
- Lease administrators
- Point of sale computer specialists
- Fresh produce specialist
- Front-end controllers/supervisors
- Quality controllers
- Quality assurers
- Retail/wholesale managers at branch and regional level
- Lease administrators
- Point-of-sale computer specialists
- Fresh produce specialists
- Retail admin managers
- Front-end controllers/supervisors
- Quality controllers
- Quality assurers
- Truck drivers

4.10.4 Critical skills

Critical skill requirements can be summarised as follows:

- Financial skills (personal, accounting, budgeting, etc.)
- Industrial safety (Occupational Health and Safety Act requirements)
- Health (first aid, care of AIDS patients, care of the disabled)
- Health (personal hygiene, food safety, etc.)
- Loss control management
• Interpersonal relations skills
• Customer service skills
• Negotiating skills
• Communication
• Morals/ethics skills
• ICT basic skills
• Computer end-user skills
• Accountants need banking skills
• Enterprise resource software skills for example, SAP
• Operational changes, implementing different technologies
• Social networking skills must be part of the overall strategy
• New skills at the help desk, including online skills
• Small business owners need skills on how to manage a business
• Compliance with legislation
• Supply chain skills (both logistics and procurement)
• Clothing technologies
• Food technologies (where to source food, how to procure healthy foods in a green environment)
• Customer advice on other aspects of the product (green themes)
• Quality assurance.
• Educational skills, for example, on sustainable farming
• SMMEs need training on legal compliance and access to funding
• Assistance of SMMEs by larger retailers
• Supplier assistance programmes
• Franchising
• Data management
• Human resources skills
• Skills on statutory requirements
• Information algorithms (meaningful data)
• Data integrity skills
• Skills on alignment of Workplace Skills Plan with business processes
• Qualified warehouse staff
• Bakery and butchery managers to run a department as a business
• Online skills experts

4.10.5 A jobs opportunity index perspective

It has become clear that critical and scarce skills lists are exceptionally long, especially due to the participant contributions at the regional focus groups that indicated industry needs as well as organisational needs. The Jobs Opportunity Index was consulted and further refined by W&RSETA. According to the updated Jobs Opportunity Index Report, the occupations that are most in demand can be summarised as follows:
Figure 4-2: Occupations most being demanded – June to October 2011

Source: Job Opportunity Index Reports from June to October (2011)

It is clear that data received during focus groups in the provinces confirms the above needs.
The top ten occupations in demand are the following:

**Figure 4-3: Top ten occupations in demand**

Due to the fact that white managers still dominate the senior job categories, the development of historically disadvantaged South Africans should be accelerated.

Source: Job Opportunity Index Reports from June to October (2011)
The provincial distribution of job opportunities can be summarised as follows:

**Figure 4-4: Provincial distribution of job opportunities**

Source: Job Opportunity Index Reports from June to October (2011)
Job contract types and trends can be summarised as follows:

**Figure 4-5: Job contract types and trends**

<table>
<thead>
<tr>
<th></th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>95%</td>
<td>93.3%</td>
<td>93.4%</td>
<td>90%</td>
<td>92.6%</td>
</tr>
<tr>
<td>Contract</td>
<td>0.8%</td>
<td>4.3%</td>
<td>4.9%</td>
<td>7.6%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Part-time</td>
<td>2.7%</td>
<td>2.4%</td>
<td>1.7%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Temporary</td>
<td>1.4%</td>
<td>0%</td>
<td>0%</td>
<td>2.4%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Source: Job Opportunity Index Reports from June to October (2011)

The categories can be defined as follows:

- **Permanent.** People who have employment contracts with their employers and are appointed permanently
- **Contract.** Contracts are entered into with people required for a specific period. They are referred to as contract employees
- **Part time employees** do not work full working hours, but shorter periods, for example morning shifts that can be referred to as half day contracts.
- **Temporary staff** is employed purely on a temporary basis and include what is referred to as casual staff. Unfortunately temporary staff members do not receive training, which has a negative impact on the supply of skills to the industry
Scarce skills can be summarised as follows:

**Table 4-9: Comparing the scarce skills list identified during the W&RSETA survey and the most demanded occupations – June to October 2011**

<table>
<thead>
<tr>
<th>Scarce Skills List identified During the W&amp;RSETA vs. the Most Demanded Occupations - June to October 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Managers</td>
</tr>
<tr>
<td>Sales &amp; Marketing managers</td>
</tr>
<tr>
<td>Operational Managers/Warehouse Managers</td>
</tr>
<tr>
<td>Salespersons and assistants, representatives</td>
</tr>
<tr>
<td>Merchandiser/Planner</td>
</tr>
<tr>
<td>Human Resource Practitioner</td>
</tr>
<tr>
<td>Credit Clerk</td>
</tr>
<tr>
<td>Accountants</td>
</tr>
<tr>
<td>Bakers</td>
</tr>
<tr>
<td>Cashiers</td>
</tr>
<tr>
<td>General Administrators and Finance</td>
</tr>
<tr>
<td>Assistant/General/Company Buyer</td>
</tr>
<tr>
<td>Debt Clerk</td>
</tr>
<tr>
<td>Merchandisers</td>
</tr>
<tr>
<td>Butchers</td>
</tr>
<tr>
<td>Storepersons (including Shelf Packers/Drivers)</td>
</tr>
<tr>
<td>Food Technologist</td>
</tr>
<tr>
<td>Electricians</td>
</tr>
<tr>
<td>Fruit &amp; Vegetable Supervisors</td>
</tr>
<tr>
<td>Deli Supervisors</td>
</tr>
<tr>
<td>Industrial Relations Officer</td>
</tr>
<tr>
<td>Industrial Designers</td>
</tr>
<tr>
<td>Chefs</td>
</tr>
<tr>
<td>Advertising &amp; Public Relations Manager</td>
</tr>
<tr>
<td>Supply &amp; Distribution Managers</td>
</tr>
<tr>
<td>Training &amp; Development Professionals (Moderators)</td>
</tr>
</tbody>
</table>

Source: W&RSETA Survey (2011) and Job Opportunity Index Reports from June to October (2011)
The following graph shows the top 10 scarce skills in comparison with 10 jobs most in demand:

**Table 4-10: Comparing the top 10 scarce skills list and the top 10 most demanded occupations – June to October 2011**

| Top 10 Scarce Skills vs. top 10 most demanded occupations – June to October 2011 |
|-------------------------------|---------------------------------|------------------------|
| Retail Manager                | Assistant Store Manager         | Assistant Retail Manager |
| Assistant Retail Manager      | Sales & Marketing Manager       | Sales & Marketing Manager |
| Sales & Marketing Manager     | Merchandisers (i.e. Visual and Planner) | Merchandiser/Visual/Planner |
| Merchandisers (i.e. Visual and Planner) | Sellers (include Salespersons/Representative) | Branch/Store Manager |
| Sellers (include Salespersons/Representative) | Supply & Distribution Managers | Financial Manager/Accountant |
| Supply & Distribution Managers | Buyers                          | Cashiers                |
| Buyers                        | Training & Development Professionals (Assessors) | Operational Manger |
| Training & Development Professionals (Assessors) | Financial Manager/Accountant | Supply & Distribution Manager |
| Financial Manager/Accountant  | Cashiers                        | Buyer                   |

Source: WSP (2010) and Job Opportunity Index Reports from June to October (2011)

It is clear that the top ten of above categories shows remarkable similarities that need to be addressed from a skills development perspective.

### 4.11 ADDITIONAL RESEARCH

This chapter has clearly confirmed the value of research required for SSP purposes. It is clear that the skills development policy framework actually promotes additional research that can be directly related to the effective implementation of SSPs. This revised SSP clearly shows the following essential research themes that should be taken further, especially to proactively address scarce and critical skills requirements:

**Table 4-11: Proposed research projects**

<table>
<thead>
<tr>
<th>Research required</th>
<th>Essence of the proposed research project</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Understanding the 2020 operating environment</td>
<td>Although drivers of change indicate major changes in learning content, further research is required to estimate what skills will be required by whom.</td>
<td>To be done before the next project since it will lay the foundation</td>
</tr>
<tr>
<td>2. Updating curricula</td>
<td>Drivers of change clearly indicate specific skills clusters that will be required in areas such as social media, marketing, multi-skilling and the green agenda. These themes do not form part of existing curricula and learning material, or are not sufficiently addressed</td>
<td>Due to the time required to develop new learning material it is essential that the research commences as soon as possible, within 3-6 months</td>
</tr>
<tr>
<td>Research required</td>
<td>Essence of the proposed research project</td>
<td>Timeframe</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>3. SMME research</td>
<td>Although a study has been done on W&amp;R SMMEs, much further research will be required to include areas such as rural areas. If SMME empowerment can be successfully extended to rural areas, two government policies are addressed simultaneously</td>
<td>6 months -1 year</td>
</tr>
<tr>
<td>4. Toolkit for SMME operators</td>
<td>Sufficient classroom training is not always possible to attract SMMEs with businesses. A toolkit based on the how-to= principle, for example how to develop a business plan, how to budget, etc will make a substantial contribution. The toolkit should have templates for all activities, such as a strategic plan, appointment letter etc</td>
<td>3-6 months</td>
</tr>
<tr>
<td>5. BBBEE</td>
<td>Acceleration of BBBEE is essential in view of most government policies implemented after 1994. A research project is proposed where historically disadvantaged citizens are identified and placed on individual development programmes that include education, training courses, job exposure and practical assignments that are controlled by means of a logbook.</td>
<td>As soon as possible and preferably within 2-3 months</td>
</tr>
<tr>
<td>6. E learning</td>
<td>Research into E-Learning as an alternate to face to face instruction. This research should address the need for alternatives to classroom training due to the difficulty for learners to attend formal training due to working responsibilities, transport etc.</td>
<td>As soon as possible and preferably within 2-3 months</td>
</tr>
<tr>
<td>7. Assessment centres</td>
<td>Feasibility study on the establishment of assessment Centres for the W&amp;RSETA QCTO qualifications</td>
<td>Before next SSP update</td>
</tr>
<tr>
<td>8. Skills supply</td>
<td>Research into the supply of skills from FET schools, FET colleges and HET institutions to the Wholesale and retail sector. These institutions provide a substantial number of W&amp;R entrants and specific problems pertaining to work readiness should be researched.</td>
<td>Within 6 months</td>
</tr>
<tr>
<td>9. Online retailing</td>
<td>Impact of Online retailing on the sector and the identification of growth markets for online retailing. Online retailing has gained popularity internationally and specific learning experiences should be incorporated in solutions.</td>
<td>As soon as possible</td>
</tr>
<tr>
<td>Research required</td>
<td>Essence of the proposed research project</td>
<td>Timeframe</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>10. Economic changes</td>
<td>The impact of economic changes on the W&amp;R sector with the aim of identifying solutions to mitigate job losses</td>
<td>Ongoing research</td>
</tr>
</tbody>
</table>

### 4.12 CONCLUSION

It can be concluded that a much more informed database has been created to determine critical and scarce skills. This was made possible through the incorporation of desktop research (drivers of change assessment) and qualitative stakeholder inputs obtained at focus groups. The future landscape will produce jobs that most probably do not exist at this stage. To link future critical skills to positions is therefore not possible at this stage and will rely heavily on the required follow-up research that will be set out in Chapter 5.

As stated in Chapter 1, the idea was to create a big picture to guide this SSP. This big picture had been reconfirmed in all the chapters up to now and will culminate in the strategy in Chapter 5.

In this chapter, scarce skills, priority skills and critical skills were identified. An identification of future skills signalling the W&R sector was also undertaken to determine skills that will most likely be needed in the future.

The W&RSETA would need to develop an external communications plan that will ensure an informed constituency that is up to date with the SETA’s skills initiatives, but also the communication of stakeholder needs to be met by the SETA. The possibility of using existing structures such as non-governmental organisations and community-based organisations to facilitate communication should be investigated.

It is essential that all contributors to this SSP and stakeholders be constantly kept in mind when communicating the SSP and related themes. Compiling a journal article on the big picture for publication should be considered.

It can be concluded that this chapter is a culmination of the big picture outlined in the previous chapters. It provides a sound methodological basis for the skills development strategy that will be presented in the next and final chapter of this SSP.

It is clear that global forces have a significant impact on the industry and it is recommended that extensive ongoing research is done, especially in terms of technological developments. A multi-skilling approach will be required at senior levels in the industry to successfully address new requirements such as social media and the green agenda.
CHAPTER 5: SKILLS DEVELOPMENT STRATEGY

5.1 INTRODUCTION

The Wholesale and Retail SETA (W&RSETA) was established in terms of the Skills Development Act No. 97 of 1998 as a new public entity to address skills development needs of the Wholesale and Retail sector.

Vision

We are the premier authority in skills development, exceeding stakeholder expectations in the Wholesale and Retail sector.

Mission

Our mission is to develop a skilled and capable workforce in the Wholesale and Retail Sector, thereby contributing to the sustainable socio-economic development and growth of the country.

Values

- We place high value in the members of the W&RSETA team.
- We continually treat each other with dignity and respect.
- We support each other in action, word and behaviour.
- We optimise strong ethics, integrity and trustworthiness.
- We care for each other and are sensitive about each other's feelings, concerns, frustrations and limitations.
- We are honest with each other and are prepared to engage openly and frankly on differences.
- We thrive on positive and constructive feedback.
- We are zealously co-responsible and accountable for the teams’ efforts.
- We respect the unique contribution that each individual makes and recognise that I cannot be fully “me” without “you”.
- We give each other space and accept the responsibility for the impact of our actions in the team.
- We positively affirm our confidence in each individual's ability to deliver excellently.
- We make time to regularly interact and reflect meaningfully on what is really important.

5.2 GUIDING PRINCIPLES

In terms of its guiding principles, the W&RSETA accepts, promotes and will give effect to the applicable legislation and to its vision, mission and objectives by adhering to the following principles:

- Encourage and promote ILO’s decent work agenda
- Apply non-discriminatory employment practices
• Be fair and equitable in all dealings with and treatment of stakeholders, suppliers and vendors
• Develop and implement best business practices
• Provide quality service to stakeholders in an effective, economical, efficient, and innovative manner
• To encourage adherence to the Sectoral Determination within the Wholesale and Retail sector
• Foster principles of sound corporate governance as outlined in the King III report.
• An Operational Management Plan supports and gives effect to these objectives

The W&RSETA Strategic Plan has been developed in accordance with the requirements of the PFMA, Treasury regulations and the Skills Development Act. Embracing an integrated approach, the Strategic Plan has taken cognisance of all government initiatives, including, but not limited to the New Growth Path, National Development Plan, Decent Work Country Programme, National Industrial Policy Framework and the National Skills Accord, to ensure the successful implementation of the NSDS III.

This Strategic Plan is based on the following key assumptions:

• There are no major changes in relevant legislation
• Buy-in from all relevant stakeholders
• The Quality Council for Trades and Occupations will license the W&RSETA as a Qualifications Development Partner and Assessment Quality Assessment Partner

While the Sector Skills Plan (SSP) draws inter alia on research collected through consultation with W&RSETA stakeholders and information garnered from the Workplace Skills Plan / Annual Training Report (WSP/ATR) completion process, the SSP describes the Sector, analyses skills demand within the Sector, and as such guides the W&RSETA in identifying strategic objectives and priorities.

5.3 SITUATIONAL ANALYSIS

5.3.1 SECTOR PROFILE

The Wholesale and Retail (W&R) sector is the fourth largest contributor to Gross Domestic Product (GDP) in South Africa and accounts for 15% of GDP. The sector is dominated by small enterprises: 87% of the sector consists of small enterprises, 9,5% medium-sized enterprises and 4,5% large enterprises. Retailers make up 70% of economically active enterprises and wholesalers make up the balance. Turnover in the W&R sector is around R1.1 trillion. Fuel and retail account for R100 billion.

5.3.1.1 W&R sector economic outlook

There has been strong sales growth for the 2009/2010 financial year. The economy is emerging from the recession and real GDP is expected to hover in the 2.6% to 3.7% range.
until 2014. Unemployment during the same period could decrease from 24% to 20% (Business Monitor International 2010:20).

Factors such as rising fuel prices, inflationary pressures, high levels of household debt, excessive wage demands, increasing casualisation and unemployment, skills shortages, regulatory burdens, under capacity in the manufacturing industry, pressure on exports from a strong currency, an increase in shoplifting and commercial crime, and the HIV/AIDS pandemic, could, however, impact negatively on the expected growth in GDP.

5.3.1.2 Trends in the sector

South Africa has moved increasingly towards mall-based retailing. The number of retail space in malls has grown faster than the number of retail stores to a point that malls can no longer guarantee that they will attract the major anchor tenants.

Unlike the trend in the USA or Europe, online shopping is an ever decreasing component of retailing. Franchising is also a growing industry in South Africa. Most major food retailers boast significant holdings in franchise divisions. In marked contrast to this trend, Woolworths is currently in the process of repurchasing their franchised stores, ostensibly to cut costs and to enhance efficiency.

5.3.1.3 Employment profile

The W&R sector employs 22% (2 825 000) of South Africa’s total active workforce. Around 66% of employees are in formal employment. There is, however, a growing trend towards informalisation. Almost a quarter of employees in the sector are in informal employment. 54% of employers prefer to use casual workers during peak periods. Approximately 23% of employers use labour brokers. Only 24% of the workforce is unionised.

Gauteng, KwaZulu-Natal and the Western Cape account for 76% of the workforce in the sector. An analysis of the 2010 WSP/ATRs data indicates that there are a total of 79 151 females and 400 720 males employed in the fuel retail sector.

The sector is an important creator of employment in South Africa. Capital barriers to entry are very low, skills requirements are low and regulatory impediments are virtually non-existent. The W&R sector has compensated for job losses in the primary and secondary sectors. The expansion of employment in the sector is problematic, due to the increased casualisation of permanent employment.

High levels of informalisation, including casualisation, outsourcing and labour broking have reduced operating costs, but have also resulted in poor working conditions, exploitation, low wages, the discouragement of unionisation and the removal of social benefits such as medical aid, pension and UIF.

5.3.1.4 Demographic profile

The W&R sector is one of the least transformed sectors of the economy:

- 51% of senior management positions are held by white males, 7% by African males
- 53% of management positions are held by whites, 22% by Africans
- Africans constitute 76% of labourers, whites constitute 2%
- Africans constitute 76% of casual labourers, whites hold 5% of these positions
- Africans account for over 75% of the workforce in all provinces except the Western Cape and the Northern Cape where the percentage is 35% in both cases.
- The percentage of disabled in relation to the workforce is less than 0.2%.

5.3.1.5 Educational levels

Educational levels within the sector are generally low as illustrated in the graph below.

**Figure 5-1: Education levels within the sector**

Source: Chatindiara K, QLFS (Quarter 1, 2009) & Sigcau, A, QLFS (2nd Quarter 2010) unpublished raw data.

Having specialised in a job for a number of years, many employees have acquired extensive skills. Unfortunately, much of this expertise is not recognised formally. RPL (Recognition of Prior Learning) could go a long way towards addressing the skills deficit within the Retail sector. Anecdotal evidence indicates that educational levels in smaller companies, who are either exempted from submitting WSPs (Workplace Skills Plans), or who are non-compliant, are much lower.

5.3.1.6 Implications for skills development

Skills development must include measures to address the representivity of black people in senior management positions. There is also a dire need to pay serious attention to the training needs of survivalist informal sector workers. Training programmes and SMME
toolkits to support enterprises in complying with legal requirements conducting businesses would help unregistered enterprises in the sector. There is also a need for innovative programmes, including mentorships and learnerships, which empower entrepreneurs; enterprise development for SMMEs.

As the sector expands, demand for critical and scarce skills will increase. Knowledge and skills need to be developed in areas such as the National Credit Act, the Consumer Protection Act, labour compliance, labour relations, supply chain management, market research, total quality management, information management and consumer behaviour. Shop floor stewards training has also been identified as a need.

The W&RSETA needs to identify the changing nature of occupations, new occupations, and occupations in decline. The sector needs to upgrade its skills base with an increasing bias towards knowledge-intensive skills. W&RSETA must take cognisance of social drivers such as unemployment, the need to create decent work, HIV/AIDS and crime.

Employers need to be incentivised for training unemployed youth and for implementing programmes which promote decent work. Decent work needs to be monitored, measured and evaluated. There is also a need to collaborate with other SETAs to advance the skills development agenda within the sector.

5.4 DRIVERS OF CHANGE

Drivers of change, which will impact on skills development within the sector include technology requirements and Internet-based retailing, legislation, such as the National Credit Act (NCA) and the Consumer Protection Act (CPA), Black Empowerment, social challenges such as high levels of unemployment nationally, Government’s policy of Decent Work for All, the very high concentration of small enterprises in the wholesale and retail sector, and the casualisation of labour.

5.4.1 Implications for skills development

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. Skills development measures need to be taken to address the representivity of black people in senior management.

5.5 SUPPLY AND DEMAND OF SKILLS

In the absence of a national labour market information system, the W&RSETA has consulted very broadly with stakeholders to identify skills shortages. This research is also informed by market information analysis, specifically supply-demand research conducted by Manpower SA, Career Junction and Adcorp Group Holdings. The research was also informed by Annual Reports of employer companies within the sector, and stakeholder WSPs and ATRs.

5.5.1 Supply of skills: education and training provision
The sector draws skills from schools, FET Colleges, Higher Education Institutions. It also relies on skills acquired on the job, although RPL is an under-utilised avenue for meeting skills needs.

5.5.2 PIVOTAL occupational programmes

An innovation, in terms of NSDS III, is the introduction of PIVOTAL Grants. The grants have been devised to encourage employers to train both employed and unemployed people in structured education and training programmes. The W&RSETA could potentially channel employees from the schooling system, as well as matriculants, who have not obtained university entrance, into learnerships and PIVOTAL Occupational programmes. Employers could be incentivised to upskill these employees by way of discretionary grants.

5.5.3 FETs

FETs have an important role to play in accommodating scarce and critical skills within the sector. Only six FETs have provisional accreditation with W&RSETA ETQA. A minimum of two FET institutions need to be accredited per province. Working in partnership with FET institutions, Marketing, Management, Office Administration, Finance, Economics, Accounting, Information Technology, Computer Science and Hospitality programmes could be re-packaged.

5.5.4 Higher education

While very few programmes at formal institutions are dedicated to preparing students for employment in the Retail sector, most of the qualifications in the W&R sector can be located within Business and Management studies. Students in these disciplines are potential candidates for managers and professionals within the W&R sector.

5.5.5 RPL

The implementation of RPL could address some of the skills backlog. A RPL toolkit should be implemented to facilitate the recognition of RPL. Qualified assessors need to assess prior learning and providers must be enabled to conduct RPL. Organisations should be incentivised for allowing learners to undergo RPL.

5.5.6 Learnerships

With the exception of the Certificate in Retail Operations Management (NQF Level 5), all learnerships in the W&R sector are located in the FET band (NQF Level 2-4).

5.6 SKILLS DEMAND

There are a number of factors, which will impact on the demand for skills. Changing technology, including the potential to grow Internet-based retailing in South Africa, the requirement that employees have a good understanding of the National Credit Act and the Consumer Protection Act, the need to increase the representivity of Black people in senior management positions, Government’s economic and social policies, including the creation of Decent Work, and the need to support entrepreneurship and management training for small
enterprises on a far greater scale than in the past, will impact on skills demand within the W&R sector.

5.6.1 Employees to be trained in the sector

Employee coverage for mandatory grants has dropped below 300 000 from 500 000 in the previous year. Companies may be focusing on cost-cutting measures to survive the recession.

The Workplace Skills Plan (2010/2011) provides information on the number of employees to be trained by OFO, race, gender and NQF levels. According to WSPs submitted, the W&R sector plans to train 266 919 employees in 2009/2010 across all occupations. Planned training is at its highest level for workers, followed by clerical workers and managers.

The demand for training is as follows:

- African employees (166 008)
- Coloureds (49 543)
- Whites (34 349)
- Indians (17 019)

5.6.2 Fuel retailers

Fuel retailers have moved from the MERSETA to the W&RSETA. Skills development is driven by oil companies and is specific to the delivery of product. Outlets are required to send certain key personnel for training. There is a significant need for AET (Adult Education and Training) among forecourt staff. As the sector becomes more knowledge-intensive, there is also a need for advanced training for managers, professionals, technicians and clerks. The International Leadership Development Programme begins to address this need.

5.6.3 Recruitment conditions

The economic downturn has impacted negatively on recruitment. Since the beginning of 2010, recruitment for permanent positions has increased by 18% year-on-year, while recruitment for temporary positions has increased by 7.7%. There has been a noticeable increase in demand for black staff within the sector. This employment trend has significant implications for skills development, since the introduction of technology has made the sector more knowledge-intensive. W&R sector employers anticipate a net employment outlook of around 11%.

There is a high demand for skilled W&R professionals, professionals at a senior-level, and management-level professionals.

Casualisation, a growing trend in the sector, also has implications for training. Casualisation is a constraint to skills development as casuals receive very little if any skills development. While process (on-the-job) training is provided to both permanent and casual employees, technical training is provided to a lesser extent. Only permanent employees participate in learnerships.
In order to address challenges around casualisation, the W&RSETA could create incentives for companies to train casual workers, particularly in scarce and critical skills. The W&RSETA could also consider recruiting casuals onto learnerships and various sector programmes. A database of casuals within the sector could be established and a skills audit conducted to ascertain employability. Candidates could be matched to appropriate positions.

5.6.4 Stakeholder concerns

Some stakeholders indicated that training providers are not accessible. The shortage of registered assessors and moderators was also raised as a concern. While corporate representatives indicated that problems had been experienced with the NQF Level 5 pilot learnership, a number of participants indicated that they felt that the level of training courses is too high.

5.6.5 Implications for training

The W&RSETA needs to develop an external communications plan that will ensure its constituency is kept abreast with W&RSETA skills upliftment initiatives.

5.7 GOVERNMENT STRATEGIC GOALS

In 2011, the Minister Education and Training launched the NSDS III whose vision is to build a skilled and capable workforce. The vision is derived from Outcome 5 that focuses on Education. This outcome is one of the 12 Government priorities for the 2010-2015 financial years.

Outcome 5 requires SETAs to build a skilled and capable workforce to support an inclusive growth path.

In response to this priority, the NSDS III, duly informed by and guided by the Human Resources Development Strategy (HRDSA II), the New Growth Path (NGP), the Industrial Policy Plan (IPAP II), the Rural Development Strategy as well as the outcomes of the Medium Term Strategic Framework outlines the eight goals to which the SETAs must respond, namely:

- Establishing a credible institutional mechanism for skills planning.
- Increasing access to occupationally-directed programmes.
- Promoting the growth of a FET college system, which is responsive to the sector, as well as national skills needs and priorities.
- Addressing the low-level of youth and adult language and numeracy skills development.
- Encouraging better use of workplace-based skills development.
- Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGOs and community training initiatives.
- Increasing public sector capacity for improved service delivery and supporting the building of a developmental state.
- Building career and vocational guidance.
5.8 INSTITUTIONAL STRATEGIC GOALS

The Board and Management of the W&RSETA held a strategic planning session in August 2011 and identified the following strategic goals, challenges and risks:

- To create a culture of lifelong and workplace learning.
- To address historic imbalances with a focus on class, race, gender, geographical locations, and disability, in the development of people in the W&R sector.
- To facilitate funded and accessible training to meet the sector needs.
- To align with national development strategies in line with the requirements of Government.
- To foster skills development in the W&R sector for productivity and employment growth.

5.9 STRATEGIC CHALLENGES

The following strategic challenges have been identified as critical in the implementation of the NSDS III and the SETA’s institutional goals:

- High Cash Reserves
- High learner drop-out rate
- Implementation of Recognition of Prior Learning (RPL)
- Rural Development
- Retail Business Schools
- Establishing the credibility of the W&RSETA’s SSP among sector stakeholders
- Development Strategy for Small and Micro Enterprises (informal)
- Absence of W&R professional body to recognize retail as a career

5.10 INSTITUTIONAL STRATEGIC RISKS

The W&RSETA is very cognisant of environmental risks and the following risks have been identified:

- Failure to deliver sufficiently qualified and skilled workforce
- Failure to address the transformation mandate (reputational risk)
- Lack of alignment and relevance to Government objectives and national imperatives (strategies and policies on skills development)
- Lack of corporate governance
- Loss of funds (including risk of non re-allocation of funding by National Treasury)

In addition, the SETA has developed a Strategic Risk Register to further assist the SETA in managing the risks. When formulating strategy, identifying, allocating funding, or implementing projects, these risks inform the decision-making process.
### 5.11 FIVE-YEAR INSTITUTIONAL GOALS AND OUTCOMES

W&RSETA’s five-year institutional goals are institution-specific and are distinct from NSDS III goals and outcomes. W&RSETA’s five-year table identifies the strategic challenges confronting the W&RSETA and which are all incorporated in the Annual Performance Plan with the exception of the high cash reserves. The implementation of the cash reserve reduction strategy as well as the successful delivery of the Annual Performance Plan Goals will ensure the reduction of the high cash reserves.

<table>
<thead>
<tr>
<th>Strategic challenges</th>
<th>Goals</th>
<th>Outcomes</th>
<th>Performance measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. High cash reserves</strong></td>
<td>To reduce high cash reserves by increasing the number of programmes and learner completions</td>
<td>Increased skills pool for the sector thereby addressing the scarce and critical skills shortage</td>
<td>Reduce cash on hand to four months over a five-year period</td>
</tr>
<tr>
<td>The W&amp;RSETA has high cash reserves, which may be at risk of being re-allocated by Government in the future. Commencing from current levels of 16 months cash on hand, over the next five years, the SETA plans to reduce cash-in-hand to 12 months. Another unintended consequence of high cash reserves is the fact that learners are not able to realise their dreams.</td>
<td></td>
<td></td>
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<tr>
<td><strong>2. High learner dropout rate</strong></td>
<td>To reduce the learner dropout rate thereby improving the success rate</td>
<td>Increased skills pool for the sector thereby addressing the scarce and critical skills shortage</td>
<td>Dropout rate declines to 20% over a five-year period</td>
</tr>
<tr>
<td>The W&amp;RSETA, like many of the other SETAs, experiences high learner dropout rates from its learning programmes. The W&amp;RSETA intends to reduce its current learner dropout rate of 50%, for NQF Level 2 - 4 programmes to 20% over a five-year period.</td>
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</tr>
<tr>
<td>Strategic challenges</td>
<td>Goals</td>
<td>Outcomes</td>
<td>Performance measurement</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
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</tr>
<tr>
<td>3. Implementation of Recognition of Prior Learning (RPL)</td>
<td>Promote life-long learning within the Sector</td>
<td>More competent and skilled workforce</td>
<td>Over a five-year period 4 000 employees to be assessed through RPL.</td>
</tr>
<tr>
<td>Challenges around the implementation of RPL have been identified in NSDS III. The challenge of implementing RPL within the Wholesale and Retail Sector is exacerbated by a very poor understanding within the sector as a whole of what the RPL process entails. High costs associated with assessment poses an additional challenge.</td>
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</tr>
<tr>
<td>4. Rural development</td>
<td>Promote skills development in rural areas</td>
<td>Participation in the mainstream economy</td>
<td>Over a five-year period, the W&amp;RSETA must initiate at least one region-specific skills upliftment initiative in each province, which promotes rural development.</td>
</tr>
<tr>
<td>To date the W&amp;RSETA has not addressed skills development needs of the rural communities in terms of NSDS III and other government strategies satisfactorily.</td>
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</tbody>
</table>
| 5. Retail business schools                                | Establish Wholesale and Retail Centres of Excellence     | • Elevating wholesale and retail as a career of choice  
• Delivery of occupationally directed qualifications for the sector  
• Addressing high level skills                                           | Establish three retail business schools nationally over a five-year period. |
<p>| Retail Business Schools do not currently exist in South Africa. This poses a challenge in terms of developing the necessary skills for the Wholesale and Retail sector. |</p>
<table>
<thead>
<tr>
<th>Strategic challenges</th>
<th>Goal</th>
<th>Outcome</th>
<th>Performance measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Establishing the credibility of the W&amp;RSETA’s SSP among sector stakeholders</td>
<td>A credible SSP</td>
<td>Addressing sector needs</td>
<td>The credibility of the SSP is tested through a survey</td>
</tr>
<tr>
<td>Since 87% of the Wholesale and Retail sector comprises small enterprises.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>The majority of these enterprises do not participate in SETA initiatives.</td>
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<tr>
<td>Establishing the credibility of the W&amp;RSETA’s Sector Skills Plan presents an ongoing challenge.</td>
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<tr>
<td>7. Development of an integrated strategy for Small and Micro Enterprises</td>
<td>Facilitate the skills development of small enterprises</td>
<td>Increased participation of SMEs in the mainstream economy</td>
<td>Develop 500 enterprises nationally over a five-year period.</td>
</tr>
<tr>
<td>8. Absence of W&amp;R professional body to recognise retail as a career</td>
<td>Establish a professional body which will serve the interests of the Wholesale and Retail sector</td>
<td>Professionalised retail sector</td>
<td>Established professional body</td>
</tr>
</tbody>
</table>
5.12 RESOURCE ALLOCATION TO ACHIEVE INSTITUTIONAL GOALS AND OUTCOMES

5.12.1 Governance and management structures

a. The core business of the W&RSETA is to facilitate skills development as required by the Skills Development Act. The necessary governance and operational management structures have been established to achieve the SETA's mandate.

b. Both governance and operational management structures seek to enable an effective system which allows the W&RSETA to manage and implement its strategic objectives.

c. The Board develops the SETA's Strategic Plan and is kept informed of progress on the implementation thereof.

d. To govern the functioning of the different Board Committees, the W&RSETA has developed and implemented Board approved W&RSETA policies. These policies enable management and the Board to regulate, monitor and evaluate the governance process within the SETA.
Figure 5-2: Corporate governance structure

MAIN BOARD
Chairperson: E.T. Mazwai

BOARD LEVEL

BOARD COMMITTEES

EXCO
Chairperson: T. Mazwai

FINANCE & REMUNERATION
Chairperson: M. Tau

GOVERNANCE & STRATEGY
Chairperson: V. Harbhajan

AUDIT
Chairperson: Pascalis Mokupo (External)

PROJECTS
Chairperson: Ivan Molefe

RISK MANAGEMENT
Chairperson: Joel Dikgole (CEO)
Figure 5-3: Management structure

CEO
J Dikgole

COO: Delivery
H Zwarts

EM: National
Projects R Mokgata
RM: WC
L vd Westhuizen
RM: EC
J Mpongoshe
RM: MP
L Sebalo
RM: M pe
RM: GPS
Limpopo
RM: GPN
G Mushaike
RM: North-West
D.Maake
RM: Limpopo
S. Shoba

CFO
D Matloa

EM: SCM
M Wajoodeen
Manager: National
Projects L. Khumalo
Manager: Tenders &
contracts I Lehari

EM: HR
N Dludla
PSO Manager
J.Nene

EM: Finance
P Mudonhi

CQO:
Qual & Research
A Sipengane

Manager: ETQA
I Marrian
Manager: QLP
T Mabasa

Manager: M&C
S Malaku
5.13 PERSONNEL TRENDS

W&RSETA is committed to ensuring that the SETA is able to attract, and retain the requisite technical skills and competencies, which are aligned to the SETA’s key objectives and deliverables. The employment of a skilled and capable workforce will ensure that the SETA continues to deliver at a very high level.

The SETA is committed to transformation and has not only complied with, but exceeded its Employment Equity requirements over the past five years. Of the total of 115 approved positions to-date, 80.3% are female employees, and 5.5% of employees, overall, are employees with disabilities. The implementation of W&RSETA’s Retention Strategy has resulted in a manageable turnover rate of 5% over the past two years.

The recruitment strategy and employment equity tracking over the next 3 years will also give priority to increasing the SETA’s disability rating from the current 5.5% to 7%. The goal is to attract and appoint at least two individuals with disabilities at technically-skilled levels, either through replacements, or in project-related fixed-term contracts.

This current pool of competent individuals will ensure that the W&RSETA, which is fully-represented in all nine provinces, has sufficient human resources to meet and exceed its Service Level Agreement (SLA) and Strategic Plan targets of increasing access to intermediate and high-level learning. Therefore, there will be no other new permanent positions that will be required by the organisation, except to ensure that existing pool is utilised to its maximum potential.

As a project management driven organisation, any additional human resources will be acquired on a project-by-project basis, using fixed-term contractual arrangements, linked to specific projects.

The SETA has sufficient financial resources projected for employment costs for the next five years.

5.14 INCOME AND EXPENDITURE TRENDS

The budgetary projections for the period 2012 – 2017 confirm that the W&RSETA has the financial resources to fund initiatives specified in the SETA’s Strategic Plan. The SETA is cognisant of the need to reduce the high cash reserves by initiating and funding more discretionary projects.

During the past five years, revenue has been budgeted at an average increase of 5%, and we intend to maintain it at this level. R3.6 billion is forecasted as total revenue for the next five years.

Expenditure amounting to R4.6 billion for the next five years is expected to increase at a much higher rate,. The objective is to reduce the cash reserves from 16 months cash on hand to four months by the end of the five years. Details, including expenditure trend are provided in the table below.
Mandatory and PIVOTAL Grants expenditure are forecasted to increase at an average rate of 5% per annum whilst Discretionary Grants funding is expected to increase at an average of 15% per annum during the five-year period. The reason for this high expenditure is to address the high cash reserves that were accumulated due to a number of factors some of which are alluded to in this Plan as challenges experienced during implementation.

A deficit of R1bn is thus projected over the next five years is part of the cash reserve strategy which will ensure that the cash reserves are reduced significantly.
### Table A.2 Wholesale and Retail Sector Education and Training Authority: information

<table>
<thead>
<tr>
<th></th>
<th>Audited outcome</th>
<th>Revised estimate</th>
<th>Medium-term estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration/Operations</td>
<td>37 554</td>
<td>47 247</td>
<td>55 342</td>
</tr>
<tr>
<td>Discretionary Grants</td>
<td>13 577</td>
<td>48 246</td>
<td>158 427</td>
</tr>
<tr>
<td>Mandatory Grants</td>
<td>213 702</td>
<td>233 687</td>
<td>254 716</td>
</tr>
<tr>
<td>Skills Development and Research</td>
<td>1 776</td>
<td>4 (4228)</td>
<td>600</td>
</tr>
<tr>
<td>Standards Generating Body</td>
<td>73 117</td>
<td>109 043</td>
<td>7 019</td>
</tr>
<tr>
<td>Other Objectives</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total expense</strong></td>
<td>339 726</td>
<td>433 995</td>
<td>476 104</td>
</tr>
<tr>
<td>Check expenditure</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Table A.3 Wholesale and Retail Sector Education and Training Authority: Financial information

<table>
<thead>
<tr>
<th></th>
<th>Audited outcome</th>
<th>Revised estimate</th>
<th>Medium-term estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Non-tax revenue</td>
<td>80 253</td>
<td>64 986</td>
<td>58 572</td>
</tr>
<tr>
<td>Sale of goods and services other than capital assets</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>of which:</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Admin fees</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Sales by market establishments</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other sales</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other non-tax revenue</td>
<td>80 253</td>
<td>64 986</td>
<td>58 572</td>
</tr>
<tr>
<td>Transfers received</td>
<td>437 382</td>
<td>466 515</td>
<td>502 416</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>517 635</td>
<td>531 501</td>
<td>560 988</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Current expense</td>
<td>43 167</td>
<td>52 521</td>
<td>62 961</td>
</tr>
<tr>
<td>Compensation of employees</td>
<td>25 078</td>
<td>29 122</td>
<td>33 704</td>
</tr>
<tr>
<td>Goods and services</td>
<td>17 030</td>
<td>22 014</td>
<td>27 933</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1 059</td>
<td>1 385</td>
<td>1 324</td>
</tr>
<tr>
<td>Interest, dividends and rent on land</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Transfers and subsidies</td>
<td>296 559</td>
<td>381 474</td>
<td>413 143</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>339 726</td>
<td>433 995</td>
<td>476 104</td>
</tr>
<tr>
<td>Surplus / (Deficit)</td>
<td>177 909</td>
<td>97 506</td>
<td>84 884</td>
</tr>
</tbody>
</table>
5.10 CONCLUSION

The establishment of W&RSETA has addressed the long-standing need for the provision of skills development within the Wholesale and Retail sector by a recognised and formalised entity.

This Strategic Plan represents W&RSETA’s philosophy and Strategic Framework. The functional outputs, timeframes and costs constitute the basis for W&RSETA’s budget and financial forecasts for the period 1 April 2012 to 31 March 2015.

The Strategic Plan should be regarded as a dynamic plan, which will continue to evolve in response to factors, which influence and impact on the sector’s needs, as well as changes in legislation.
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