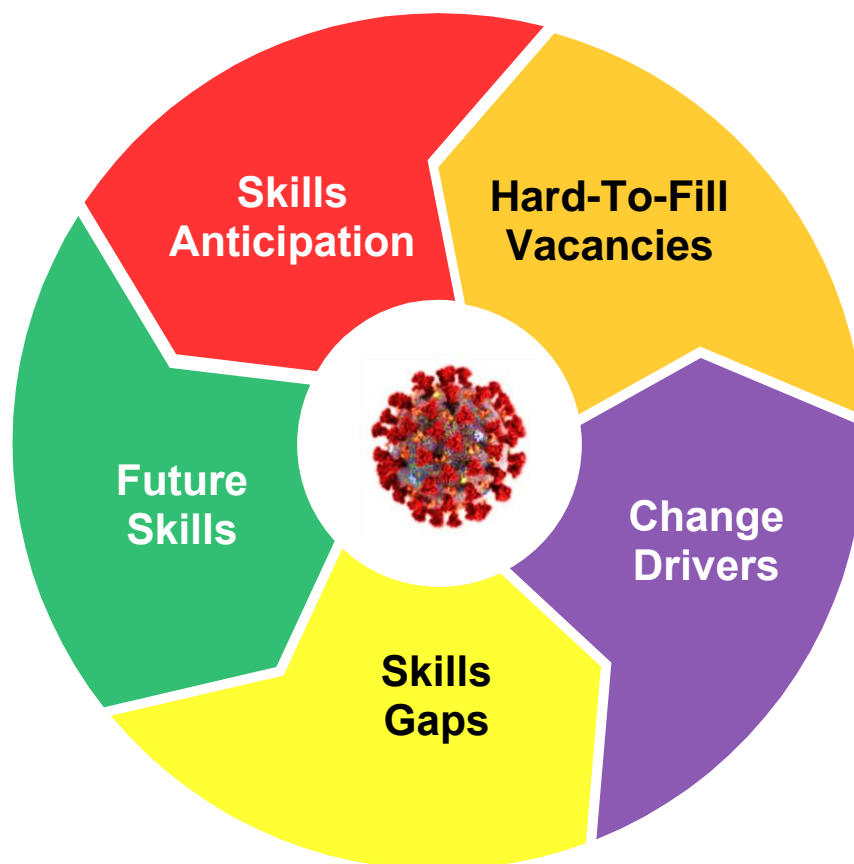


SETA INTERVIEW REPORT ON SKILLS DEVELOPMENT

October 2020

Prof Hoosen Rasool



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



ABOUT THE SURVEY

1. This survey uses interviews to collect information from interviewees using a structured questionnaire.
2. The numbers stated for Hard-To-Fill Vacancies (HTFVs) and Skills Gaps are indicative rather than absolute.
3. The HTFVs are occupations identified by interviewees. Some of these occupations can be mapped to the Organising Framework of Occupations (OFO) classification system, whilst others cannot, since interviewees used their company job titles to refer to HTFVs.
4. There are also occupations, especially new and emerging, mentioned by interviewees that are not classified in the OFO classification system.
5. This study is valid and reliable to the extent that there is integrity, accuracy and consistency in the application of the research methods and analytical procedures employed. This study makes no claim to representivity.
6. Admittedly, the findings depend on who was interviewed. To overcome this limitation, SETAs were requested to interview key informants who possess knowledge of their respective industries and its skill needs.
7. The total in sections may differ as some SETAs have not provided complete data.
8. This study is part of a suite of other research studies conducted by the DHET for the purposes of skills planning. Collectively, these studies are used to corroborate findings.

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ACKNOWLEDGEMENTS

A note of appreciation to:

- All 21 SETAs and their respective constituent members for participating in the interviews.
- Ms Mmaphake Ramasodi from the Department of Higher Education and Training for collating the data and Mamphokhu Khuluvhe for her support.

Prof Hoosen Rasool
FR Research Services

ABBREVIATIONS

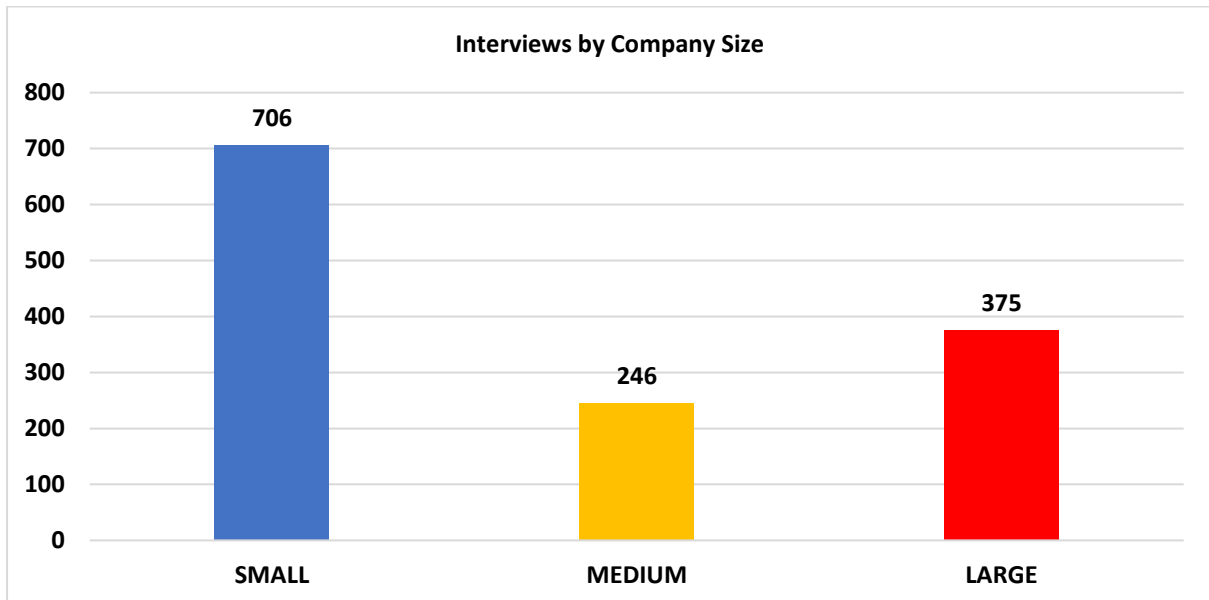
DHET	Department of Higher Education and Training
HTFV	Hard-to-fill vacancy
SETA	Sector Education and Training Authority

DEFINITIONS

Hard-to-fill vacancy	Refers to an occupation in an organisation that takes longer than six (06) months to find a suitably experienced and qualified candidate.
Occupation	A set of jobs whose main tasks and duties are characterised by a high degree of similarity.
Skills gaps	Refers to skills that an employee does not have to carry out job tasks competently. It is also referred to as “top-up” skills.

1. COMPANIES INTERVIEWED

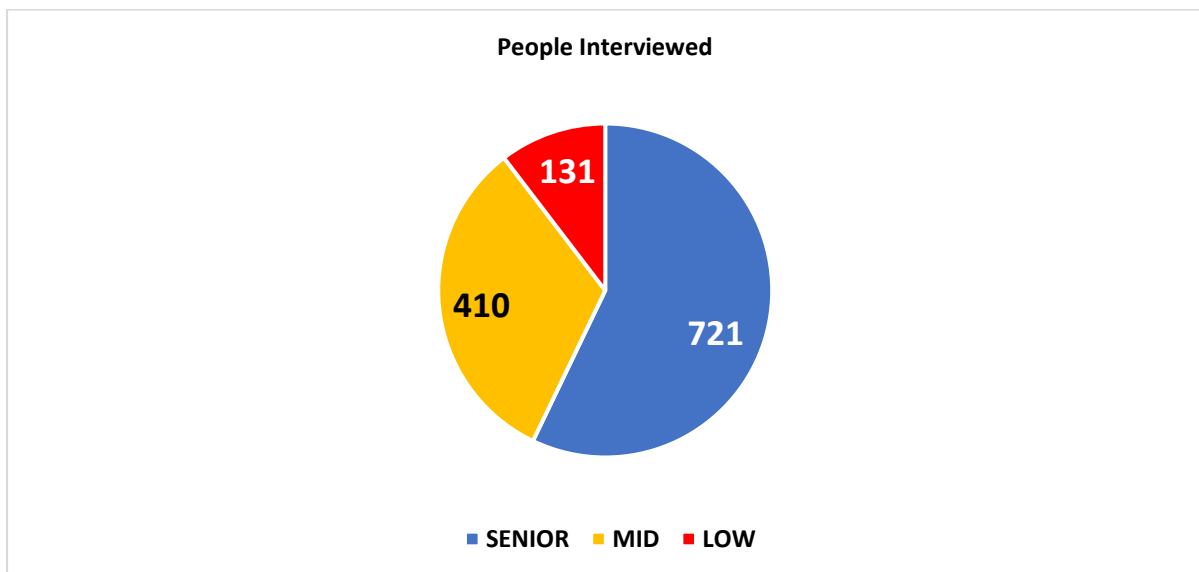
The number of companies (including public entities) interviewed by size across all economic sectors:



Source: SETA interviews (2020)

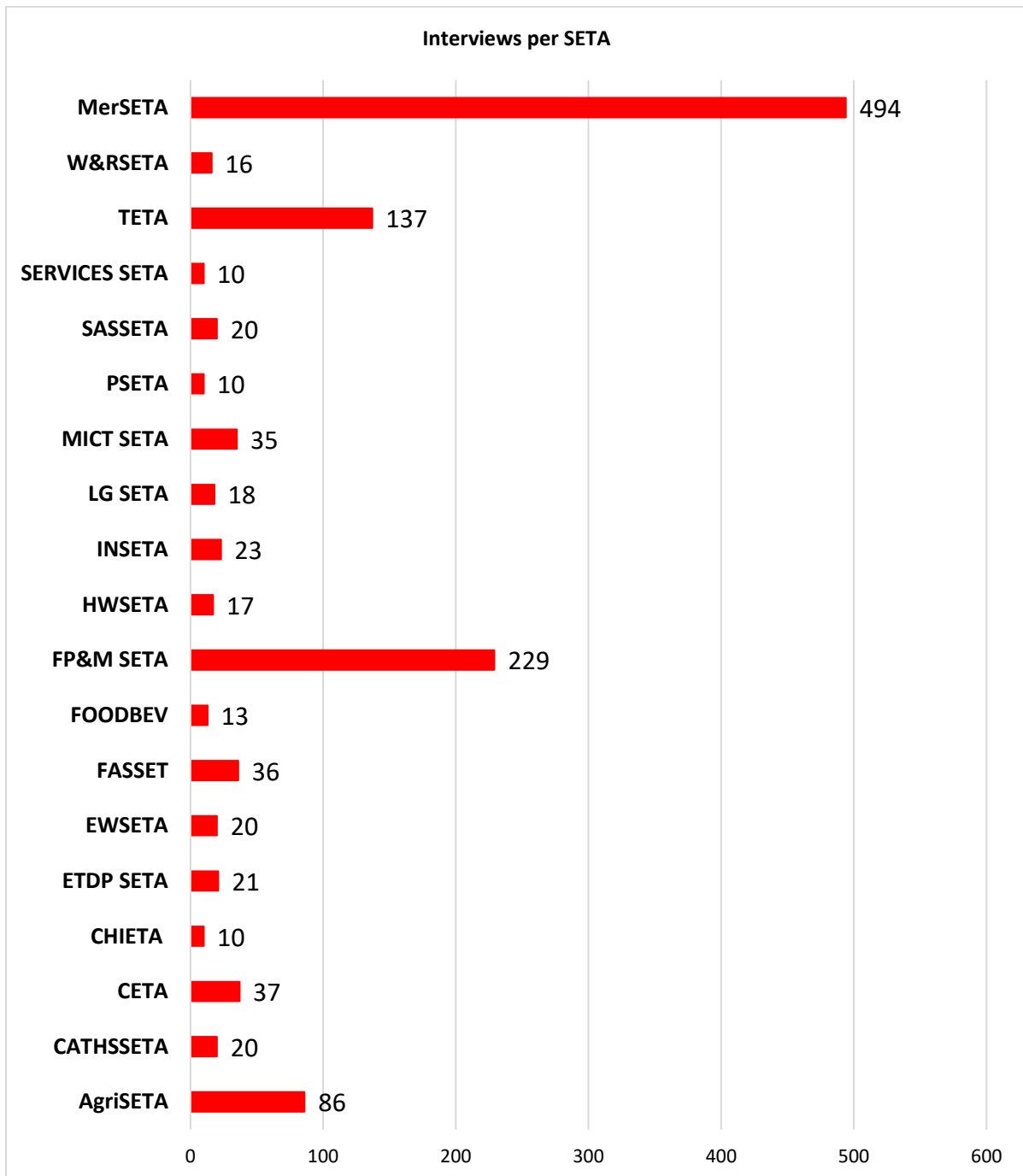
2. PEOPLE INTERVIEWED

The number of people (individual and groups) interviewed by occupational level across all economic sectors:



Source: SETA interviews (2020)

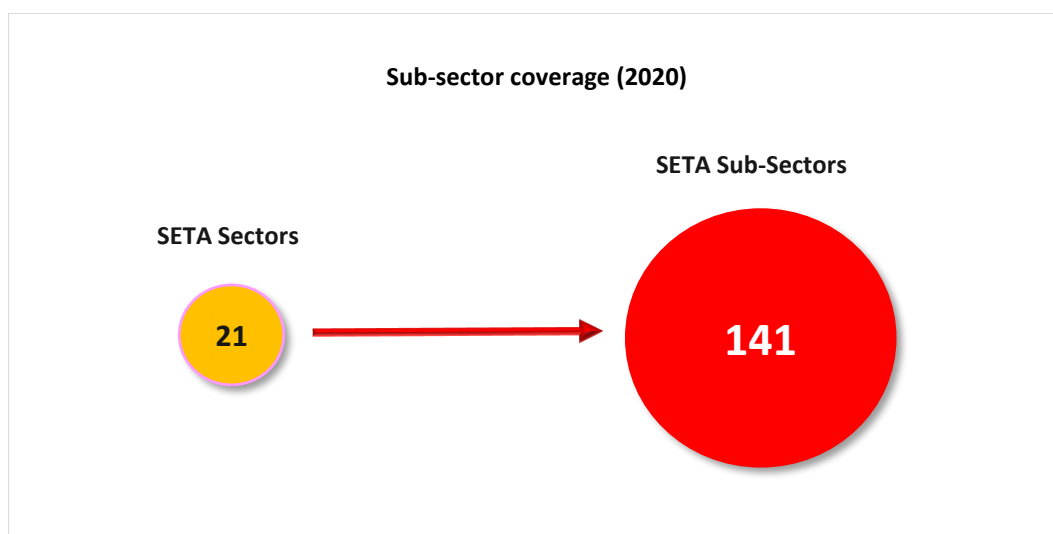
3. INTERVIEWS BY SETA



Source: SETA interviews (2020)

4. SECTOR COVERAGE

The number of sectors covered by SETAs:



Source: SETA interviews (2020)

SETA	SUB-SECTORS COVERED
AgriSETA	10
CATHSSETA	06
CETA	03
CHIETA	08
ETDP SETA	12
EWSETA	06
FASSET	06
FOODBEV	10
FP&M SETA	13
HWSETA	08
INSETA	04
LG SETA	01
MICT SETA	05
PSETA	04
SASSETA	05
SERVICES SETA	05
TETA	08
W&RSETA	09
MerSETA	06
BANKSETA	02
MQA	10
TOTAL	141

Source: SETA interviews (2020)

5. PROVINCIAL COVERAGE BY SETAS

The interviews conducted by SETAS by provinces are as follows:

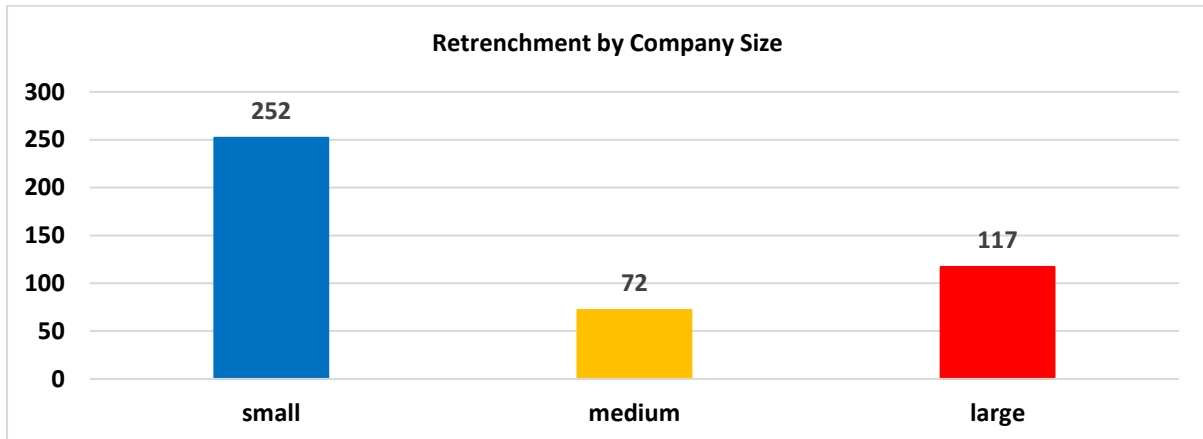
SETA	E. Cape	Free State	Gauteng	KZN	Limpopo	Mpumalanga	N. Cape	N. West	W. Cape
TETA	√	√	√	√	√	√	√	√	√
W&RSETA	√		√	√					√
HWSETA	√	√	√	√	√	√	√	√	√
MICTSETA			√	√					√
INSETA	√	√	√	√	√	√	√	√	√
AgriSETA	√	√	√	√	√	√	√	√	√
ETDPSETA			√	√			√		√
CATHSSETA		√	√	√	√	√	√		√
CETA			√		√			√	
FP&MSETA	√	√	√	√	√	√	√	√	√
LGSETA	√	√	√	√	√	√	√	√	√
SASSETA			√	√	√				
EWSETA	√	√	√	√	√	√	√	√	√
Chieta	√		√		√			√	√
Service	√	√	√	√	√	√	√	√	√
Fasset	√	√	√	√	√	√	√	√	√
PSETA	√		√	√				√	
Foodbev			√	√	√				√
MerSETA	√	√	√	√	√	√	√	√	√
BankSETA	√		√		√				
MQA SETA	No information provided								
TOTAL	14	11	20	17	16	11	12	13	16

Source: SETA interviews (2020)

6. IMPACT OF COVID-19

6.1 Retrenchment by Company Size

COVID-19 and the national lockdown is having a huge impact on employment. The graph below indicates the number of companies that retrenched employees.

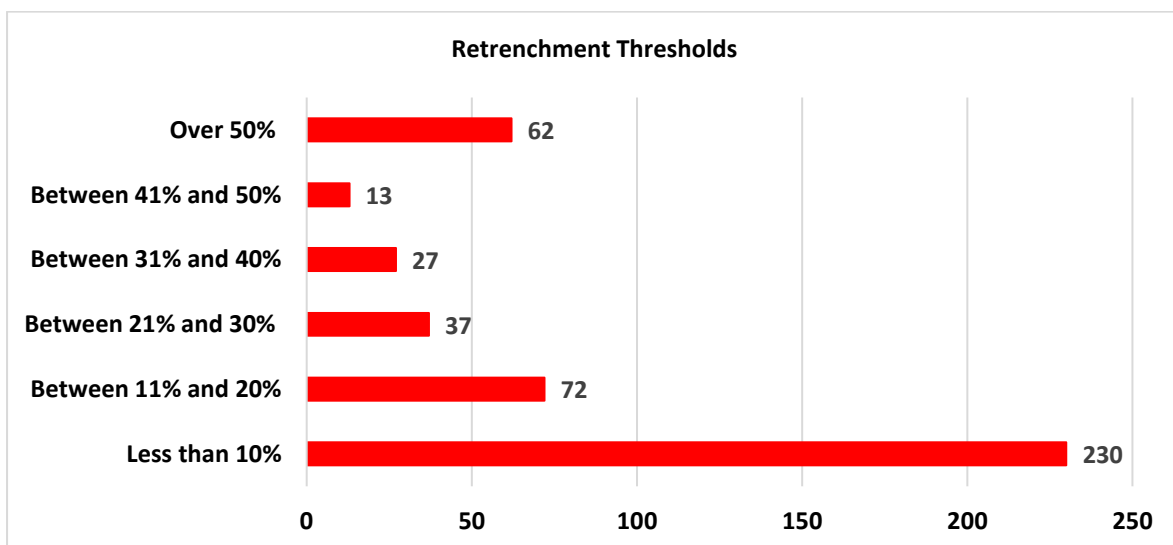


Source: SETA interviews (2020)

Small companies (1-50 employees) are the worst hit, making 57% of retrenchments. This is followed by large companies (+150 employees) with 27% and medium companies (51-149 employees) with 16%. From a total of 1 327 companies that participated in the survey, 441 indicated that they have retrenched employees. It is one-third of the sample of companies interviewed.

6.2 Retrenchment Thresholds

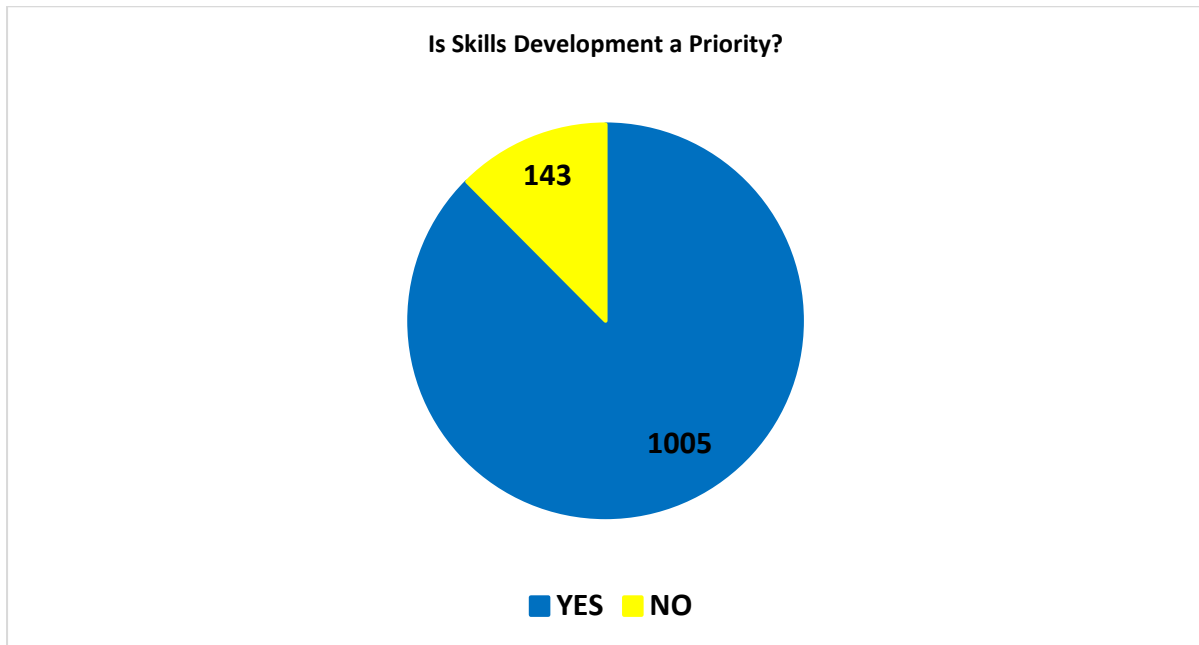
Most of the companies retrenched up to 20% of their workforce, although a high number of companies (62) retrenched more than 50% of their employees.



Source: SETA interviews (2020)

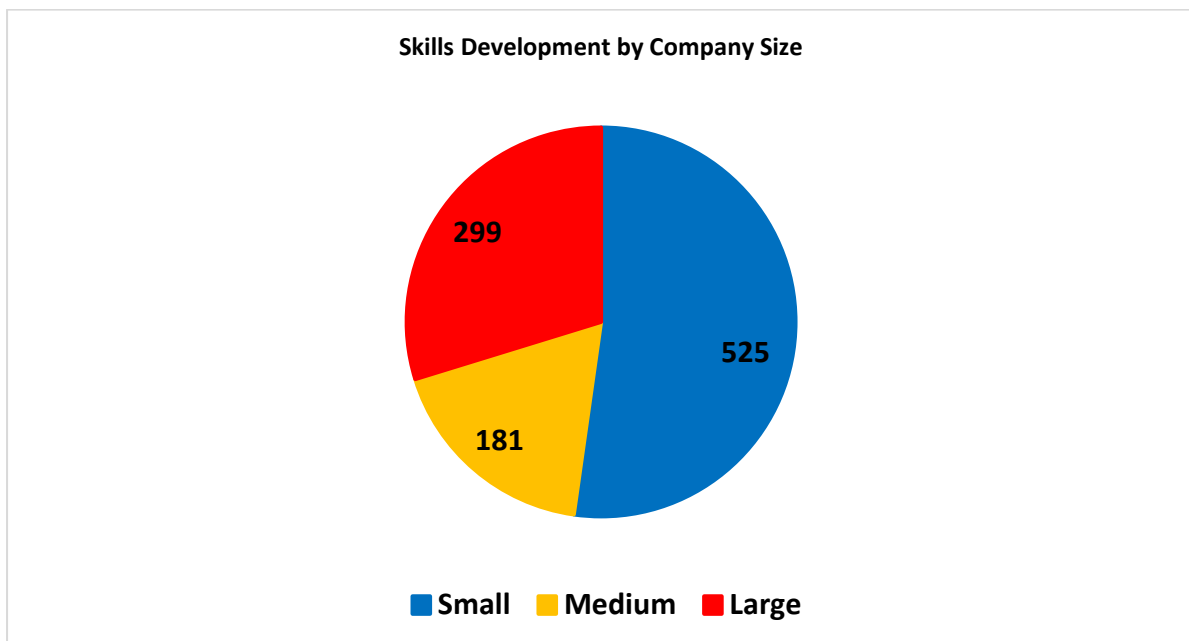
6.3 Is Skills Development a Priority?

Eighty-eight (88%) of companies indicated that skills development is a priority over the next 12 months compared to 12% who do not see it as a priority.



Source: SETA interviews (2020)

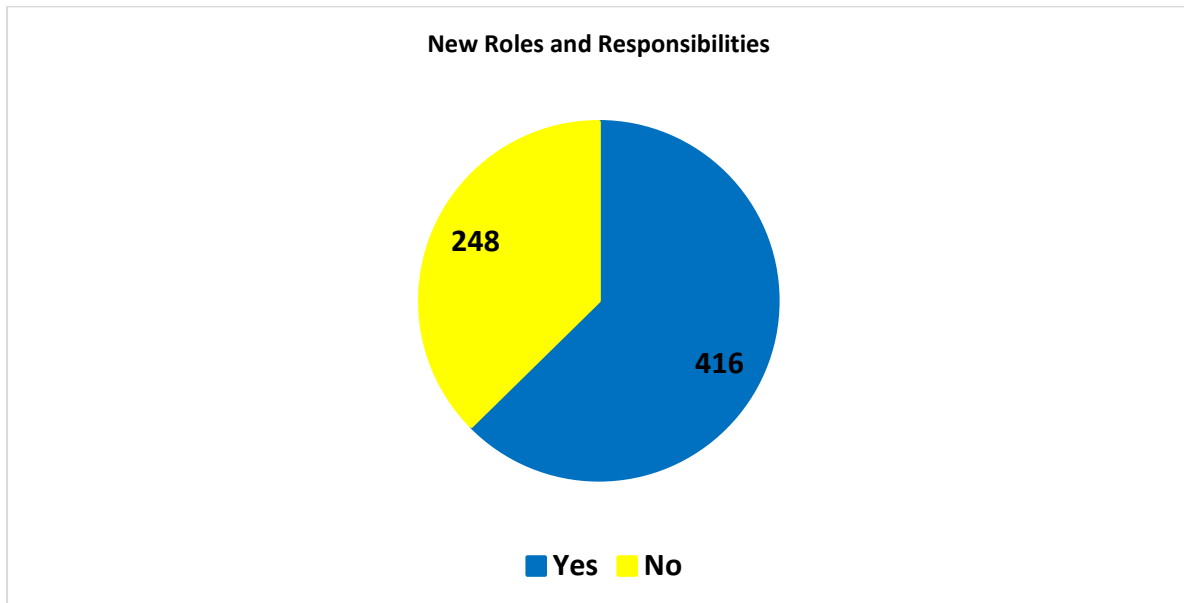
From the 1005 companies that indicated skills development is a priority over the next 12 months, 52% are small companies, 30% are large companies and 18% are medium-sized companies.



Source: SETA interviews (2020)

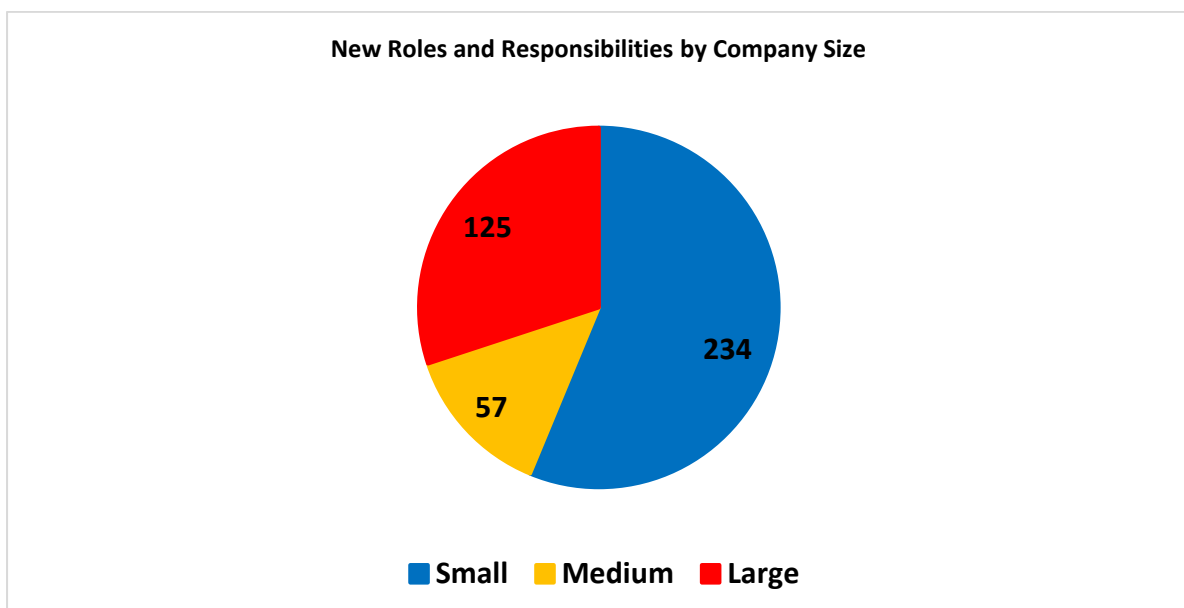
6.4 New Roles and Responsibilities

Sixty-three (63%) of companies will assign employees new roles and responsibilities because of COVID-19 compared to 37% who will not do so.



Source: SETA interviews (2020)

From the 416 companies that indicated that there will be new roles and responsibilities for employees, 56% are small companies, 30% are large companies and 14% are medium-sized companies.



Source: SETA interviews (2020)

7. HARD-TO-FILL VACANCIES

Interviewees identified a total of 242 occupations that were Hard-To-Fill Vacancies (*Refer to Annexure A for the full list*). Of these, the occupations identified most frequently (between 03 and 13 times by interviewees) were the following:

HARD-TO-FILL VACANCY OCCUPATIONS	FREQUENCY
Marketing and Sales Manager	13
Production / Operations Supervisor (Manufacturing)	9
Engineering Manager	9
Finance Manager /Chief Financial Officer	9
Data Scientist	7
Auditor	5
Project Manager	5
General Manager	5
Safety, Health, Environment and Quality (SHE&Q) Practitioner	5
Accountant	5
Plastic Surgeon	5
Cardiologist	5
Neurosurgeon	5
Radiation Oncologist	5
Pathologist	5
Industrial Engineer	4
Registered Nurse (Critical Care and Emergency)	4
Registered Nurse (Oncology)	4
Registered Nurse (Paediatrics)	4
Registered Nurse (Operating theatre)	4
Registered Nurse (Obstetrics)	4
Software Developer	4
Business Development Manager	3
Millwright	3
Water and Wastewater Technologist	3
Supply Chain Manager	3
Electrical & Instrumentation Technician	3
Laboratory Technician	3
Network Engineer	3
Attorney	3

Source: SETA interviews (2020)

NOTE: We did not list occupations identified as Hard-To-Fill Vacancies that scored lower than 3 times. It would make the list unnecessarily long.

8. REASONS FOR HARD-TO-FILL VACANCIES

The clusters in which the HTFVs fall into:

FINANCE	IT
<ul style="list-style-type: none"> ▪ Accountant ▪ Finance Manager / Chief Financial Officer ▪ Auditor ▪ Business Development Manager 	<ul style="list-style-type: none"> ▪ Software Developer ▪ Data Scientist ▪ Network Engineer
	LEGAL
	<ul style="list-style-type: none"> ▪ Attorney
HEALTH	MANUFACTURING
<ul style="list-style-type: none"> ▪ Medical Specialists: <ul style="list-style-type: none"> -<i>Surgeon Plastic</i> -<i>Cardiologist</i> -<i>Neurosurgeon</i> -<i>Radiation Oncologist</i> -<i>Pathologist</i> ▪ Registered Nurses: <ul style="list-style-type: none"> -<i>Critical Care and Emergency</i> -<i>Oncology</i> -<i>Obstetrics</i> -<i>Paediatrics</i> -<i>Operating theatre</i> ▪ Laboratory Technician 	<ul style="list-style-type: none"> ▪ Production / Operations Supervisor (Manufacturing) ▪ Engineering Manager ▪ Industrial Engineer ▪ Millwright ▪ Electrical & Instrumentation Technician
	CROSS-CUTTING (more than one sector)
	<ul style="list-style-type: none"> ▪ Marketing and Sales Manager ▪ Project Manager ▪ General Manager ▪ Safety, Health, Environment and Quality Practitioner ▪ Supply Chain Manager
Utilities	
Water and Wastewater Technologist	

Source: SETA interviews (2020)

The reasons for HTFVs cited for the most frequently identified occupations were:

Hard-To-Fill Vacancy	Reasons				
Marketing and Sales Manager	Red	Yellow	Dark Red		
Production / Operations Supervisor (Manufacturing)	Red	Yellow			
Engineering Manager	Red	Yellow	Dark Red	Green	
Finance Manager /Chief Financial Officer	Red	Yellow		Green	
Data Scientist	Red	Yellow		Green	
Auditor	Red	Yellow			
Project Manager	Red	Yellow			
General Manager		Yellow		Green	
Safety, Health, Environment and Quality Practitioner	Red		Dark Red		
Accountant	Red	Yellow		Green	
Plastic Surgeon	Red			Green	
Cardiologist	Red			Green	
Neurosurgeon	Red			Green	
Radiation Oncologist	Red			Green	
Pathologist	Red			Green	
Industrial Engineer	Red	Yellow			
Registered Nurse (Critical Care and Emergency)				Green	
Registered Nurse (Oncology)				Green	
Registered Nurse (Paediatrics)				Green	
Registered Nurse (Operating theatre)				Green	
Registered Nurse (Obstetrics)				Green	
Software Developer	Red			Green	
Business Development Manager		Yellow			
Millwright		Yellow	Dark Red	Green	Yellow
Water and Wastewater Technologist	Red			Green	Purple
Supply Chain Manager	Red	Yellow			
Electrical & Instrumentation Technician	Red				
Laboratory Technician	Red			Green	
Network Engineer	Red				
Attorney		Yellow		Green	

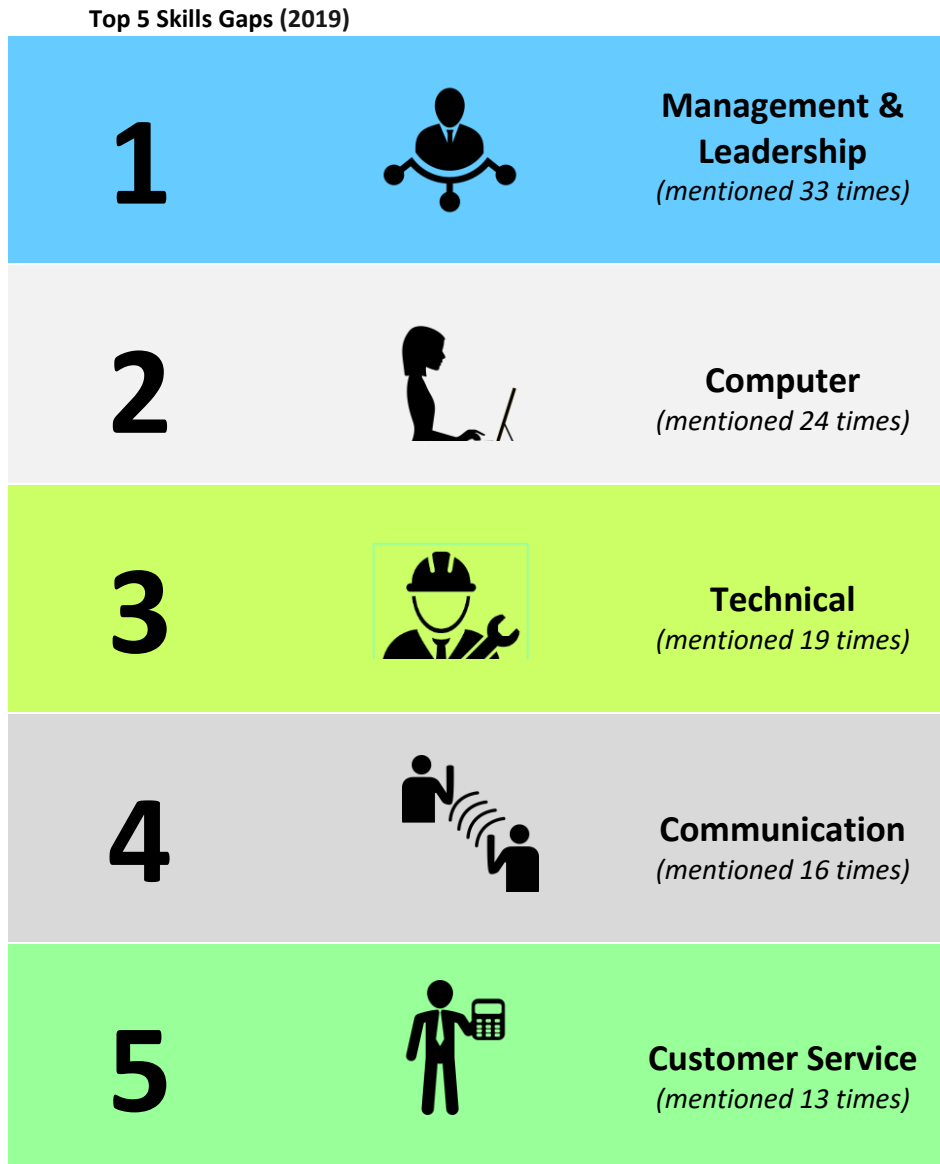
Source: SETA interviews (2020)

KEY:

Equity considerations	Red	Lack of relevant experience	Yellow
Poor salary	Green	Lack of relevant qualifications	Red
Unsuitable job location	Yellow	Slow recruitment process	Purple

9. TOP FIVE SKILLS GAPS

The top 5 skills gaps identified by SETAs by all occupational levels (high, middle and low) are the following:



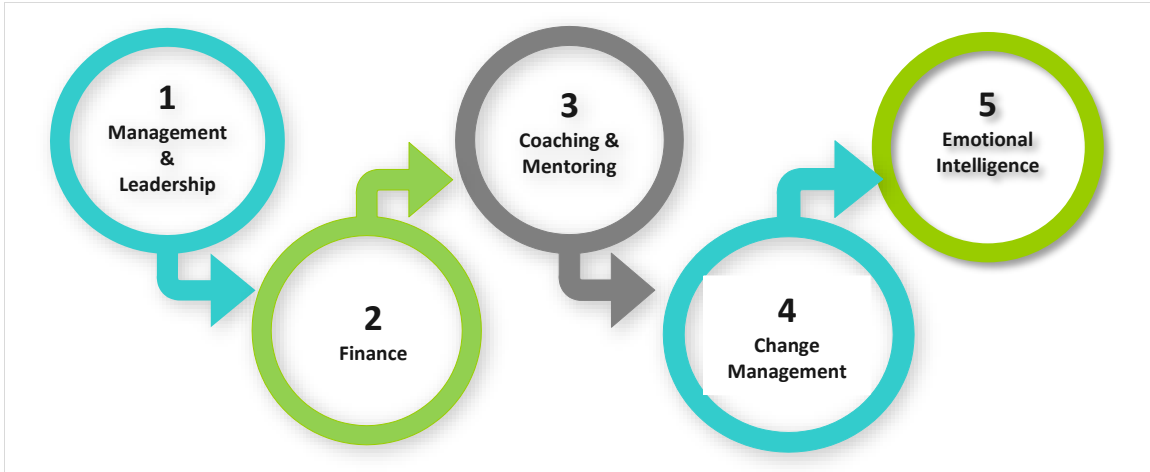
Source: SETA interviews (2020)

NOTE: The number of times the skills gap was mentioned by all SETAs is alongside.

10. MANAGERS AND PROFESSIONALS

The most common skills gaps identified for managers and professionals were:

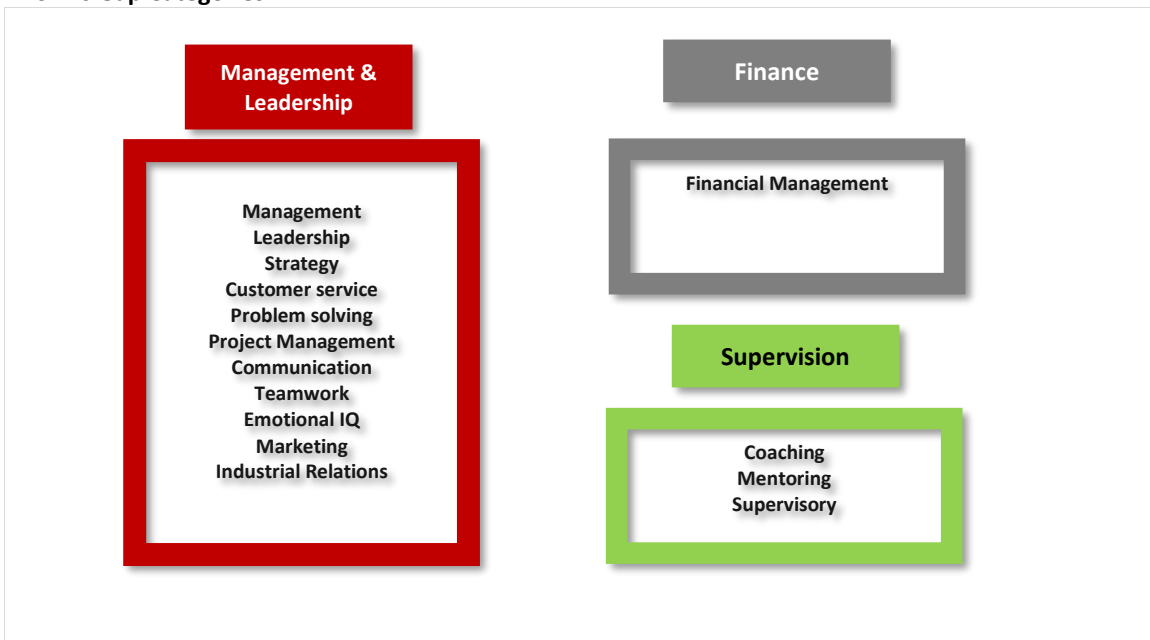
Most Common Skills Gaps for Managers



Source: SETA interviews (2019)

In terms of clusters, the skills gaps identified by SETA fit into 5 categories. The number of times it is mentioned by all SETAs are: Management and Leadership (25); Finance (5) and Supervision (4).

Skills Gap Categories

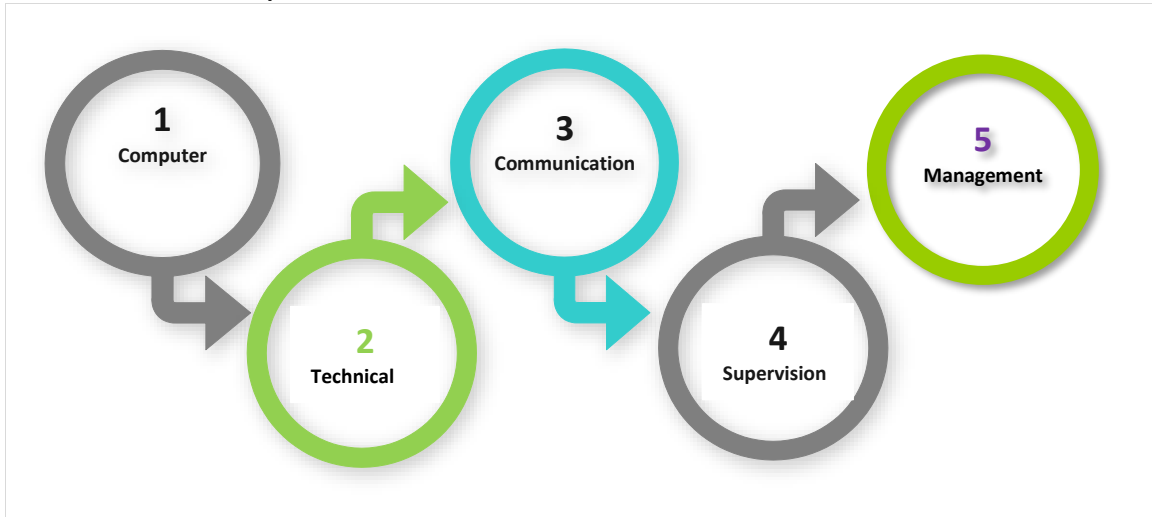


Source: SETA interviews (2020)

11. TECHNICIANS, ARTISANS AND CLERICAL

The skills gap categories identified by SETAs for technicians, artisans and clerical workers were:

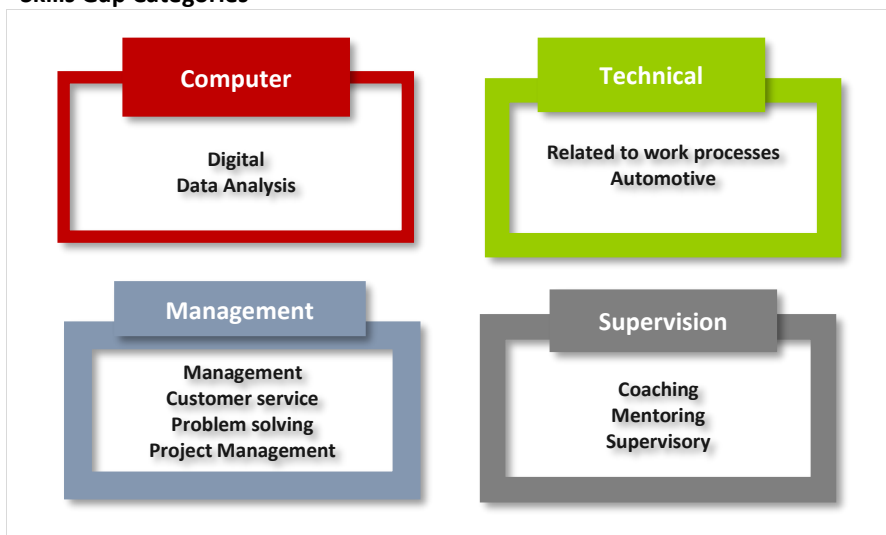
Most Common Skills Gaps for Technicians, Artisans and Clerical



Source: SETA interviews (2020)

In terms of clusters, the skills gaps identified by SETA fit into 5 categories. The number of times it is mentioned by all SETAs are: Computer (11); Technical (10); Communication (8); Supervision (5) and Management (4).

Skills Gap Categories

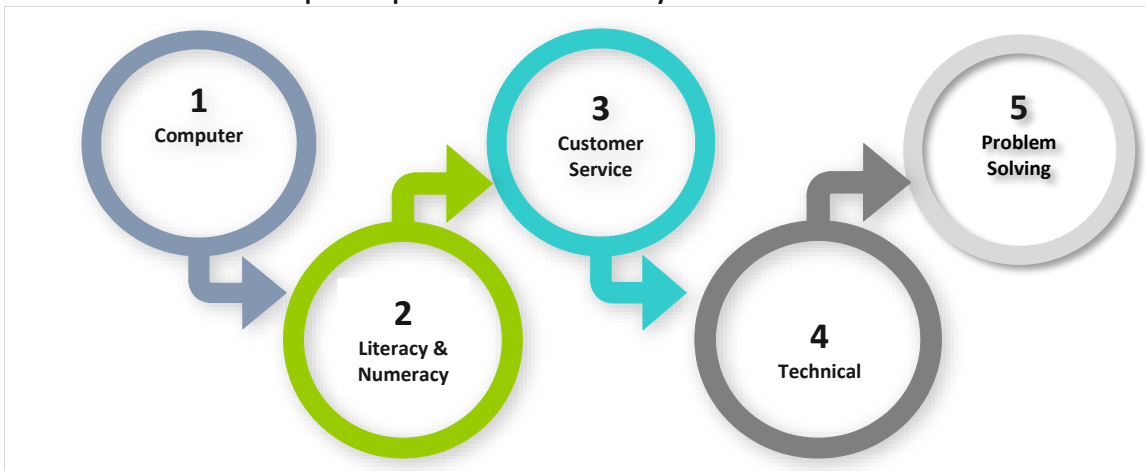


Source: SETA interviews (2020)

12. OPERATORS AND ELEMENTARY WORKERS

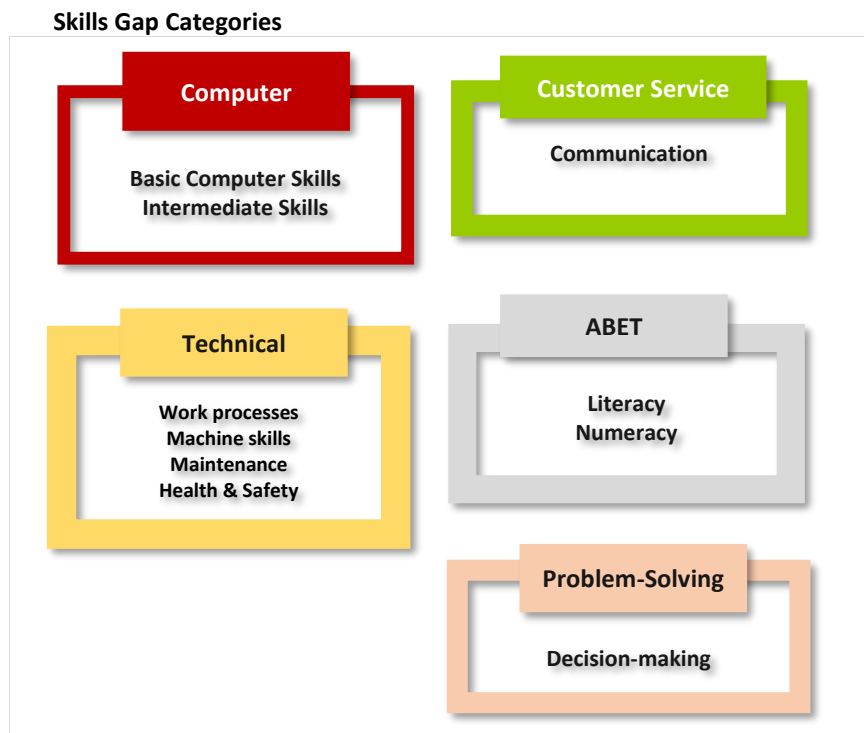
The most common skills gaps identified were:

Most Common Skills Gaps for Operators and Elementary Workers



Source: SETA interviews (2020)

In terms of clusters, the skills gaps identified by SETAs fit into 5 categories. The number of times it is mentioned by all SETAs: Computer (13); Technical (6); Literacy/Numeracy (9); Communication (5) and Decision-Making (5).

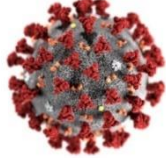






Source: SETA interviews (2020)

13. CHANGE DRIVERS

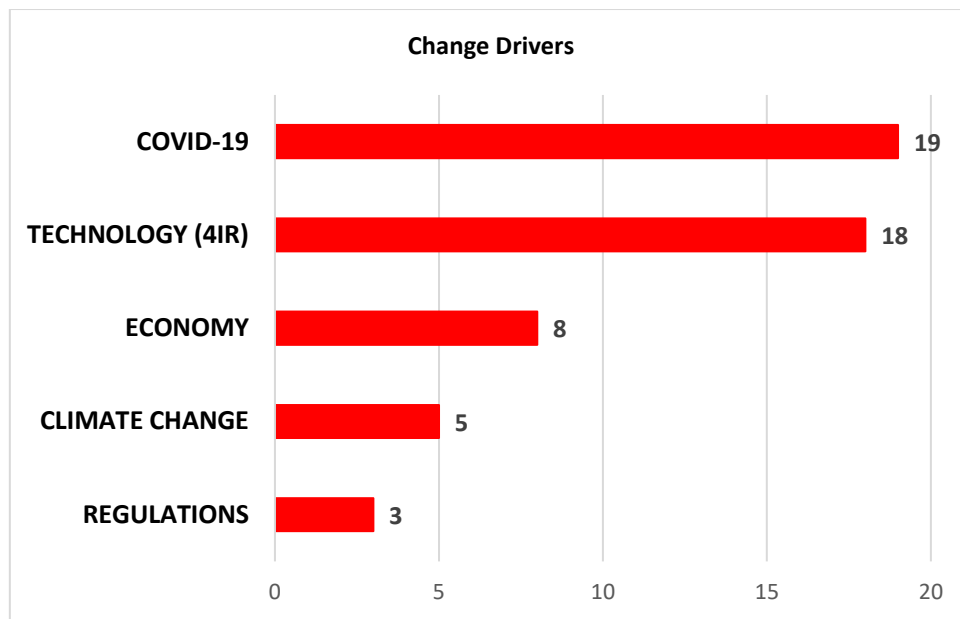
SETAs have identified the following change drivers that are having the most influence on economic sectors either positively or negatively:

Most Common Change Drivers

1		COVID-19 Pandemic
2		Technology (4IR)
3		Economy
4		Climate Change
5		Regulatory Environment

Source: SETA interviews (2020)

The number of times specific change drivers were mentioned by SETAs:



Source: SETA interviews (2020)

14. COVID-19 PANDEMIC

The COVID-19 pandemic has had the following effects on South Africans:

Business: COVID-19 has affected various aspects of office/work life. It has slowed economic activity due to consumers' ability to spend. Business will need to change the way they do business and introduce new products to keep the customers interested. There are financial set-backs due to non-trade during lockdown. COVID-19 has resulted in unplanned retrenchments, which has contributed to the reduction in training activities.

COVID 19 has impacted badly on firms. Most clients in the construction and hospitality industries have not been working for the past four months. It has negatively impacted finance and accounting sector businesses. Social welfare conditions of citizens has put extra strain on financial and human resources. Less money will be available for skills development interventions. Because of Covid-19, there has been an increase in policy claims and this necessitates a change in the way business is conducted.

Staff: Staff are unsettled, cannot focus on training. New health and safety measures in training rooms, less people in classes, more training groups. COVID-19 has caused delays in the implementation of training programmes. Labour regulations are changing regularly due to COVID-19, which will further impact training outputs and outcomes.

COVID-19 has resulted in the reduction of the training budget. However, the use of Mandatory Grants to support training will become even more critical in light of COVID-19. e-learning is

needed for delivering training. There are cost implications due to, e.g. protective clothing, masks, gloves, etc. which are required for training and significantly increases training costs.

COVID-19 has forced the organisation to mostly focus on working and training remotely by way of digital/electronic means, e.g. working and training online. The organisation's infrastructure is also not ready and capable of providing electronic means of training in an effective manner.

Data cost, internet access and uninterrupted electricity is essential to working remotely – for a new way of working, requires all staff to be dynamic and change management from the executive and senior levels. An increase in multi-skilling is required.

Staff needs to be retrained due to changing work tasks and dynamics. There is a need to redirect funds for purchasing digital resources and train employees. Training of lecturers to lecture digitally.

15. TECHNOLOGY (4IR)

New technologies: Emerging technologies are changing the way employers do business, deliver products, and interact with customers. They are also changing the way that people work. New technologies require workers to develop new skills sets in computers, digitisation, analytics, cyber security, social media, and so on. In some cases, it is leading to upskilling, and in others to deskilling as machines replace people. Technology and social media are making customers better informed, connected and more vocal. Therefore, customer service is now a priority.

Mobile technologies: Companies are using mobile technology to attract new customers who want more self-service options, online shopping and modern customer service tools. This requires a new breed of employees in the workplace to engage with these technologies. Companies now need to monitor the market; develop an enhanced mobile presence; focus on the user experience; and build partnerships in the mobile ecosystem.

Next-generation biometrics: Biometrics such as DNA matching, facial matching and retina recognition, replace PINs and signatures.

New currencies: When security and transactional integrity issues are ironed out crypto currencies, such as Bitcoin, have the potential to reshape business transaction.

Skills development: As technology advances, there is increasing levels of e-commerce, automation and digitisation. Therefore, the skills development agenda should be reviewed. There is a need for training in digitisation, automation, artificial intelligence and analytics. Qualifications development cannot keep pace with changes in industry. Therefore, there should be greater recognition for short courses to keep workers abreast of technology. There should also be a recognition for different forms of learning – formal, informal and non-formal.

16. ECONOMY

Weak performance: The domestic economy has been under-performing for many years. There are high levels of inequality, poverty and unemployment. A weak economy affects business planning, foreign direct investments and capital investments. This impacts on business sustainability. Policy uncertainty in energy policy, mining and land issues are adding to business woes. Xenophobia has reared its ugly head which is doing considerable reputational damage to the economy. The COVID-19 pandemic has exacerbated poor economic performance.

Unemployment: The narrow employment rate has trended upwards from 23,5% in the 1st quarter of 2008 to 29,1% in the 4th quarter of 2019. The corresponding figures for expanded unemployment, which includes discouraged work-seekers, grew from 30,9% to 38,7%. This translates into 10 381 million unemployed workers in the active labour force. Unemployment rates have risen steadily and are very much on an upward trajectory. We can expect a further one to two million job losses in the formal labour market with the COVID-19 shock.

Virtually all industries, with the notable exception of health care, IT and food production, are at a standstill. Retail, tourism, hospitality, construction, leisure, real estate, air travel and manufacturing businesses will face the full brunt of COVID-19.

17. CLIMATE CHANGE

Agriculture: Climate change adversely affects productivity, which, in turn, affects costs. Persistently dry weather patterns/conditions due to drought has resulted in fieldworkers not being able to extract water samples from the surface. This has therefore made it necessary to train hydrologists, which has significantly added to the overall cost of training. Such unforeseen circumstances place the company at great financial risk. Unfavourable weather conditions require alternative means of harvesting sun energy, which requires additional skills and training. Wind farm technologies require climate conditions to be optimal to implement operations and conduct training effectively. Therefore, training cannot be implemented amidst undesirable weather conditions.

Insurance: Climate change is one of the most significant challenges facing the insurance sector and is an immediate- to long-term issue. As climate change may be tied to the rise in frequency and severity of natural disasters, this appears to be a core issue for insurers, as well as the broader financial sector and economy at large.

The impact of climate change for the sector are the following: increased uncertainty for investors/loss of market confidence; asset fire sales causing falls in asset prices; reduction in insurance and lending to unaffected areas; fall in collateral values; weakening of household and corporate balance sheets; limited financing available for reconstruction from physical damage; and fall in output in affected areas.

Cross-cutting sectors: There is a need for skills development interventions targeted to support Green Industry initiatives. Appropriate skills that are aligned to local and international standards of environmental awareness and impact, need to be developed.

18. REGULATORY ENVIRONMENT

Broad-based Black Economic Empowerment (BBBEE): There is a concern in the agricultural sector about BBBEE.

Minimum wages: There is a concern among employers that minimum wage determination will lead to job losses, especially in small businesses.

Regulations: Companies and employees need to keep up-to-date with these regulatory changes. Issues such as skills development, BBBEE, employment equity and NHI are also impacting on companies. SETAs should make greater provision for training in these areas. Whilst government is going ahead with implementation, there is a lack of clarity on the technicalities and implementation.

Financial services: There is a raft of new local and international laws that impact on the financial services sector – banking and non-banking. Legislation such as FAIS Act, Basic Conditions of Employment Act and Labour Relations Act and Twin Peaks legislation requires significant training spend by companies.

Skills development: Legislative changes require the workforce to work within new regulatory frameworks. This requires skills development, especially in short courses.

19. NEW AND EMERGING OCCUPATIONS

SETAs identified the following new and emerging occupations:



Source: SETA interviews (2020)

SETAs identified the following new and emerging skills:

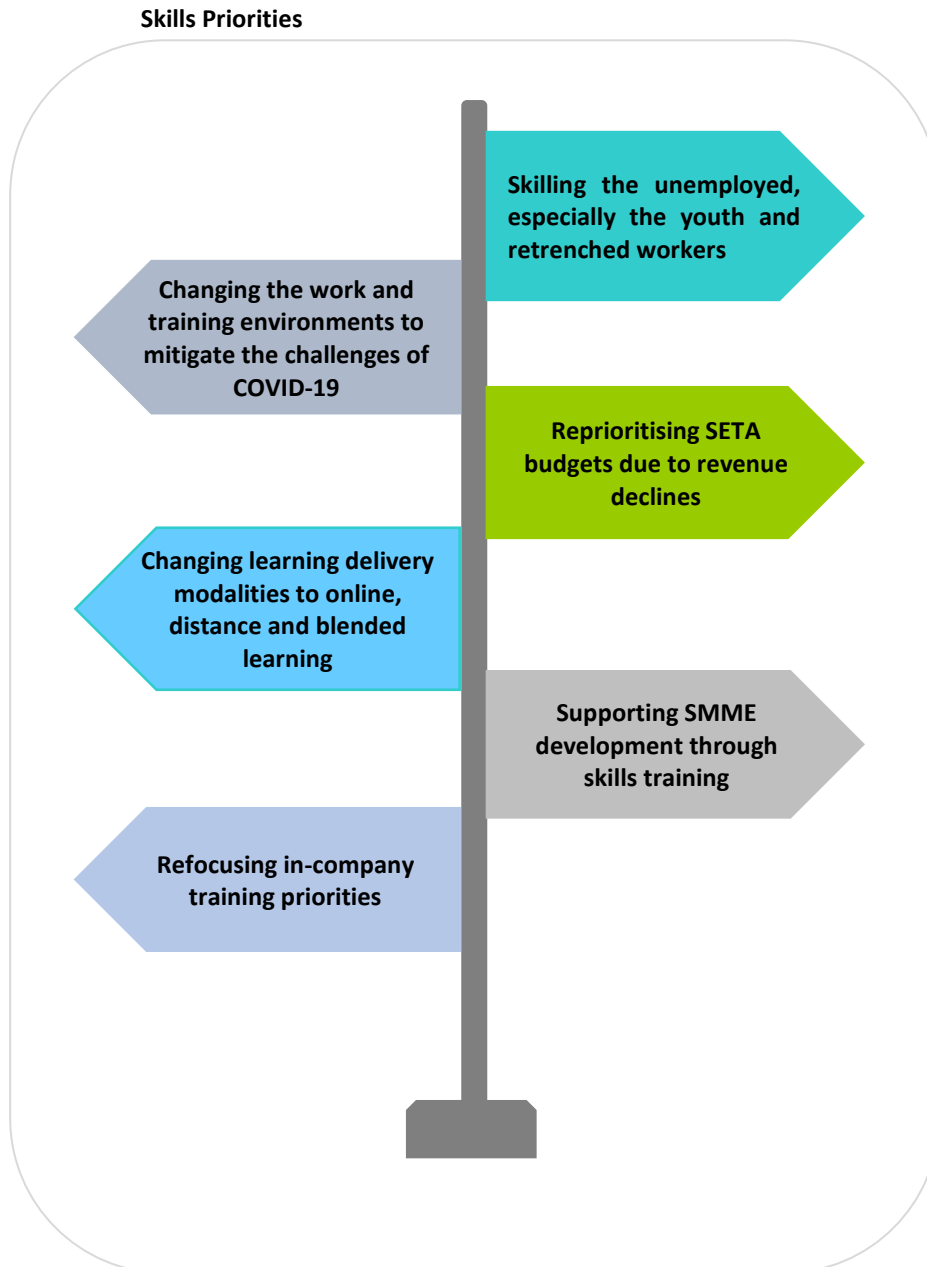
New and Emerging Skills



Source: SETA interviews (2020)

20. SKILLS PRIORITIES

SETAs identified the following top 5 skills priorities:



Source: SETA interviews (2020)

21. CHANGE DRIVERS

The change drivers for 2018; 2019 and 2020 are as follows:

2018	2019	2020
TECHNOLOGY (4IR)	TECHNOLOGY (4IR)	COVID-19 PANDEMIC
LEGISLATIVE ENVIRONMENT	ECONOMY	TECHNOLOGY (4IR)
ECONOMY	LEGISLATIVE ENVIRONMENT	ECONOMY
GLOBLISATION	POLITICS	CLIMATE CHANGE
CLIMATE CHANGE	COMPETITION	LEGISLATIVE / REGULATORY ENVIRONMENT

Economy: The poor performance of the SA economy, exacerbated by the COVID-19 pandemic and lockdown is a common feature of the last three years. It has affected industries, firms, employees and tax revenues. From a skills development perspective, a poor performing economy means that there is less monies in the education and training budget from training and skills rebates.

The problems afflicting the South African economy is a weak currency, high fuel and transport prices, lack of business growth, high costs of doing business, food inflation, restrictions in doing business, high costs of data, monopolies, poor governance of state-owned entities and local municipalities.

Technology: A common thread running through the findings is the ubiquitous power of technology. People need technological skills to survive and prosper in the 4th industrial revolution. Technology is also the key to teaching skills. Schwab (2016) states that technology is so pervasive that it is fundamentally changing the way we live, work, study, and relate to one another.

We are witnessing profound shifts across all industries, marked by the emergence of new business models, the disruption of incumbents and the reshaping of production, transportation, consumption and delivery systems. Every company, regardless of size, in every industry is compelled to reconsider their traditional ways of doing business to keep pace with rapidly changing technology and consumer expectations (Schwab 2016). Technology is also a great equaliser. Businesses, however small, that can harness technology are able to compete with their larger counterparts on a global stage.

22. LEGISLATIVE AND REGULATORY ENVIRONMENT

There is a concern among some interviewees that the costs of compliance is increasing the bureaucratic burden. It is also increasing the costs of doing business, thus making firms uncompetitive in the face of global competition.

REFERENCES

Interview reports (2020) from the following SETAs:

1. *Agriculture Sector Education and Training Authority*
2. *Banking Sector Education and Training Authority*
3. *Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority*
4. *Construction Education and Training Authority*
5. *Chemical Industries Education and Training Authority*
6. *Education, Training and Development Practices*
7. *Energy and Water Sector Education and Training Authority*
8. *Financial and Accounting Services Sector Education and Training Authority*
9. *Food and Beverages Manufacturing Industry Sector Education and Authority*
10. *Fibre Processing and Manufacturing Sector Education and Training Authority*
11. *Health and Welfare Sector Education and Training Authority*
12. *Local Government Sector Education and Training Authority*
13. *Manufacturing Engineering and Related Services Sector Education and Training Authority*
14. *Mining Qualifications Authority*
15. *Media, Advertising, Information and Communication Technologies Sector Education and Training Authority*
16. *Public Service Sector Education and Training Authority*
17. *Safety and Security Sector Education & Training Authority*
18. *Services Sector Education and Training Authority*
19. *Transport Education and Training Authority*
20. *Wholesale and Retail Sector Education and Training Authority*
21. *Insurance Sector Education and Training Authority*