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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. Statistically, it is a sector which is more volatile with respect to cyclical changes and global economic conditions than many other sectors. It is the fourth largest contributor to Gross Domestic Product (GDP) with a contribution of around 15% and employs around 22% of the total active workforce of the country.

Recent trends indicate that employment within 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 Western Cape. Collectively, these provinces make up 76% of the workforce of the sector. About 87% of the sector is made up of small enterprises, 9.5% medium and 4.5% large enterprises.

SA 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 SA. 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 efficiencies.

Traditionally wholesalers in SA 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.

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

- i. Technological, which includes the impact of:
 - a. **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 requiring completely different skills set.
 - b. **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.

ii. Legislative, which includes:

a. 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 on especially motor vehicles, homes, furniture and semi-durable goods sold on credit.

b. 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 not satisfied with their terms and to block approaches by direct marketers, amongst 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 would need to be implemented.

iii. Black empowerment

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.

iv. Social, which includes:

a. 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.

b. 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 “Decent Work for All” is substantial and government has targeted these areas as future priority areas for skills development.

v. 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.

vi. Casualisation

The most serious practical implication of casualisation with regard to skills development is 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 world-wide phenomenon is increasing with dire consequences for skills development.

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 CareerJunction into the supply and demand for skills in the Wholesale and Retail sector.

Within the Retail sector, capital barriers to entry are very low, skills required to enter the industry are not excessive and regulatory impediments are almost none existent – these factors make retail growth inevitable, especially within the non-regulated sector. In a recessionary environment, we expect the W&R sector to be an important creator of employment in South Africa. As jobs are shed in the manufacturing and other economic sectors, this sector therefore acts as a safety net. Employment growth creates a high demand for skills development as newcomers enter the sector. Unfortunately many of the jobs created are of a casual nature.

The sector has four career pathways namely merchandising and sales, promotion and public relations, general distribution and management/ entrepreneurship. Scarce and critical skills tend to fall within these clusters.

Provincial growth initiatives such as the Provincial Growth and Development Plans/ Strategies (PGDP) need to be considered, as provinces have different challenges. Once the challenge of integrating the strategic plans of W&RSETA with that of PGDP is addressed, significant broad-based improvement in skills is possible.

The racial profile of various provinces presents a major challenge to bringing about employment equity.

The Wholesale and Retail Sector is regarded as one of the least transformed sectors in terms of employment of African staff at senior management level. In government, 34.7 % of African males are employed at the senior management level whereas the percentage in retail is only 7%. Twenty percent of white males are employed at the senior management level in government whereas in retail, it is 51%. It is going to be a challenge for the W&RSETA to address this anomaly. There is a noticeable increase in demand for black staff by major retail companies trying to remedy their skewed employment ratios. This employment trend will have significant skills implications.

The growth in the demand for managers and service/ sales employees is in keeping with international labour markets trends in the W&R sector. Given the introduction of technology, work in this sector is becoming more knowledge-intensive with a hollowing out of unskilled labour.

There are a number of new trends emerging in the sector that are leading to the demand for new skills sets. These include: online retailing, new product markets, ethical sourcing and retailing, increasing complexity of business and supply chain efficiencies.

The requirement that training be done by public FET colleges has transformed the training provider landscape. Private training providers which are bulk training providers of the industry will see their roles changing into that of capacitating and partnering with the public FET colleges.

Fifty four percent of employees in the retail sector have not Matriculated and only 7% have a degree or a higher qualification. This presents the W&RSETA with opportunities for skills development. Twenty one percent of employees have not passed grade 9. This would necessitate an increase in AET programmes.

With technological advancements, competitive pressures and faster innovation cycles prevalent in the sector, there is clearly a need to increase the flow of employees into skilled occupations. The high proportion of unskilled employees in the sector puts it at a competitive disadvantage. Africans make up 22% of managers in the sector compared to 53% of Whites at the top end of the occupational structure. At the bottom end of the occupational structure Africans constitute 76% of labourers and 76% of casuals compared to 2% and 5% of Whites respectively. These occupational patterns inherited from the apartheid era are characterised by a high concentration of Whites in the high wage occupational categories and conversely a high concentration of Africans in the low wage occupational categories.

The lack of reliable data about the educational level of the W&R sector makes it difficult to assess the adequacy of skills in the sector as well as the supply of skills needed in the future. Most of the learnerships in the W&R sector are located in the further education and training band (NQF Level 2 – 4). Only the Certificate in Retail Operations Management (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 -7).

As work in the W&R sector becomes more knowledge-intensive in nature, advanced skilling for managers, professional, technicians and clerks is imperative to ensure competitiveness.

Over time, an extensive skills base has 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. Much of this expertise is not formally recognised with the result that no articulation with registered qualifications is possible. Effective implementation of RPL could go a long way to address the shortfall in skills in the Retail sector.

The following areas should be given priority by the W&RSETA to improve the quality of learning programmes and delivery in the sector: developing careers and retaining people, RPL and qualifications, research capacity, curriculum development, business compliance and international strategic partnerships.

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 worsened in the rural areas

where large retailers have curtailed operations to move to the larger urban centres. This would result 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 city areas.

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 a sector.

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 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 prevalent trend. Combined with the historical legacy of the apartheid educational provision, this trend is further differentiated by race, educational level and gender.

Basic skills needs identified at stakeholder workshops included, but was not limited to: life skills including AET 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 importantly, buyers. It is felt that there aren't sufficient trainers or assessors for specialist skills such as buyers.

There are certain occupations which, 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.

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. 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 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.

Chapter Five presents a strategic plan which 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.

Outcome number 5 of the government's priorities requires SETAs to build a *skilled and capable workforce to support an inclusive growth path*.

This outcome is underpinned by the following 4 outputs:

1. Increasing access to programmes leading to intermediate and high level learning. The following issues are addressed:
 - a. How AET NQF 1 will be delivered with a specific focus
 - b. High dropout rate at NQF 2 – 4
 - c. Alternative Matric
 - d. School engagement: career guidance
 - e. Retail business schools within FET colleges
 - f. Professionalise the sector: establish a professional body for the W&R sector
 - g. Casualisation of the workforce
2. Increasing access to occupationally directed programmes in needed areas thereby expanding the availability of intermediate level skills (with a special focus on artisan skills). The following issues are addressed:
 - a. The present demand from business for qualifications at this level
 - b. Constructing the needed occupationally directed qualifications
 - c. Establishing retail business schools with HETI's
3. Increasing access to high-level occupationally directed needed areas. The following issues are addressed:
 - a. The role of research in the emerging W&R SETA landscape
 - b. Serving the interests of the sector as a whole by W&RSETA activity at this level
 - c. The role for W&R sector business schools at this level of the NQF
 - d. Expanding on the success of the International Leadership Development Programme (ILDP)
4. Outstanding issues for consideration. The following issues are addressed:
 - a. Research development and innovation in human capital for a growing knowledge economy
 - b. Developing a comprehensive e-Learning system supported by W&RSETA
 - c. Implementing RPL across the W&RSETA remit
 - d. A rural development strategy for the W&RSETA

CHAPTER ONE: SECTOR PROFILE

1.1 Introduction

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 impacting on the sector.

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)
2. Human Resource Development Strategy for South Africa (2009)
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

The Sector Skills Plan also needs to consider provincial and local growth and development strategies and policies and strategies from other relevant government departments.

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.

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
- 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; and
- 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 HRD Strategy for South Africa

The HRDSA includes the following set of important issues:

- To ensure universal access to quality early childhood development, commencing from birth up to age four
- To eradicate adult illiteracy in the population
- To ensure that all people remain in education and training up to age 18
- To ensure that all new entrants to the labour market have access to employment focused education and training opportunities
- To ensure that levels of investment are above global averages for all areas of education and training
- To ensure that inequality in education and training outcomes is significantly less than the prevailing income inequality
- To ensure that education and training outcomes are equitable in terms of race, gender, disability and geographic location
- To ensure that the balance between emigration and immigration reflects a net positive inflow of people with priority skills for economic development
- To ensure that all adults in the labour market have access to education and training opportunities that will enable them to achieve a minimum NQF level 4 qualifications
- To ensure 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 do have implications for the Sector Skills Plan.

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 priorities listed, 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 in order 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 3 (NSDS III)

The Goals of NSDS III are:

- Establishing a credible institutional mechanism for skills planning
- Increasing access to occupationally directed programmes

- Promoting the growth of the public 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-, 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 South Africa together with the Medium Term Strategic Framework.

The SSP, as required by the NSDS III analyses the sector and its associated skills requirements. 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 National Human Resources Development Strategy 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 that Sector Skills Plans be signed off by the directors general of relevant government departments and will include:

The Department of Trade and Industry

This would imply that W&RSETA would have to align the Sector Skills Plan with that of the Industrial Policy Action Plan II (IPAP II).

The 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 due mainly to demographic considerations.

There are numerous training agencies which 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 is also influencing 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.

1.3 Methodology

Stakeholder participation is integral to the compilation of the Sector Skills Plan (refer to section on stakeholder participation under References).

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

- Review of existing data and information sources
A large section on the retail and wholesale sector is not reported. This study therefore uses a number of sources (Euromonitor, which relies on company reports for a large section of its data, Datamonitor, Businessmonitor, Stats SA and SA Reserve Bank). The data from each of these sources are no more accurate than any other and the agglomeration gives a better sense of the extent of the sector
- A literature study of the W&R sector nationally and internationally
- A review of workplace skills plans and annual training reports
The Workplace Skills Plan 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 dataset.
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
- In-depth personal interviews with key informants in the sector
- Group discussions with representatives of member firms
- Redevelopment of the Sector Skills Plan (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 SSP by 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 14% (StatsSA 2010).

Total wholesale and retail trade sales for March 2010 is R135 513 million of which R44 573 million (Statistics SA, Mar, 2010) is retail sales and R90 940 million is wholesale sales (Statistics SA Mar, 2010).

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 down-turn together with rising inflation and commodity prices was dampening 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 SA'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, etc.) have operations in foreign countries and are thus able to increase earnings through foreign revenue.

SA 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 SA. 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 experience. Franchising will necessarily entail training and improved standards.

Traditionally, wholesalers in SA acted as intermediaries between manufacturers and retailers. Today, large and medium retailers source goods directly from manufacturers and thus reduced 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 SA 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 1 800 000 people which constitutes 13% of the total active workforce in the formal employment sector of the country (Statistics SA Mar 2010, Quarterly Employment Survey).

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 sub-contracting) which is 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 SA 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.

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, under capacity in the manufacturing industry and pressure on exports from a strong currency.

1.5 Industrial Coverage

The 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&RSETA sector are as follows:

Wholesale	
SIC Code	Trade Category
61000	Wholesale and commission trade, except for motor vehicles and motor cycles.
61100	Wholesale trade on a fee or contract basis.
61220	Wholesale trade in food, beverages and tobacco.
61310	Wholesale trade in textiles, clothing and footwear.
61391	Wholesale trade in household furniture requisites and appliances.
61392	Wholesale trade in books and stationery.
61393	Wholesale trade in precious stones, jewellery and silverware.
61394	Wholesale trade in pharmaceuticals, toiletries and medical equipment.
61420	Wholesale trade in metal and metal ores.
61430	Wholesale trade in construction materials, hardware, plumbing and heating equipment.
61501	Office machinery and equipment including computers.
61509	Other machinery.
61901	General wholesale trade.
61909	Other wholesale trade not elsewhere classified (n.e.c).
Retail	
62000	Retail trade, except for motor vehicles and motor cycles; repair of personal and household goods.
62110	Retail trade in non-specialised stores with food, beverages and tobacco dominating.
62190	Other retail trade non-specialised stores.
62201	Retail trade in fresh fruit and vegetables.
62202	Retail trade in meat and meat products.
62203	Retail trade in bakery products.
62204	Retail trade in beverages (bottle stores).
62209	Other retail trade in food, beverages and tobacco n.e.c.
62311	Retail of non-prescribed medicine and pharmaceutical products other than by pharmacists.
62321	Retail trade in men's and boy's clothing.
62322	Retail trade in ladies' and girls' clothing.
62323	Retail trade by general outfitters and by dealers in piece goods, textiles, leather and travel accessories.
62324	Retail trade in shoes.
62330	Retail trade in household furniture appliances, articles and equipment.
62340	Retail trade in hardware, paints and glass.
62391	Retail trade in reading matter and stationery.
62392	Retail trade in jewellery, watches and clocks.

62393	Retail trade in sports goods and entertainment requisites.
62399	Retail trade by other specified stores.
62400	Retail trade in second-hand goods in stores.
63122	Retail sale of used motor vehicles.
63311	Sale of tyres.
63500	Retail sale of automotive fuel

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

SIC Code	Trade Category
61210	Wholesale trade in agricultural raw materials and livestock.
61410	Wholesale trade in solid, liquid and gaseous fuels and related products.
62310	Specialised retail trade in prescribed pharmaceutical, medical and orthopaedic goods.
62510	Retail trade via mail-order houses.
62520	Retail trade via stalls and markets.
62590	Other retail trade not in stores.
62600	Repair of personal and household goods.
63100	Sale of motor vehicle other than used motor vehicle.
63200	Maintenance and repair of motor vehicles.
63300	Sale of motor vehicle parts and accessories other than tyres.
63400	Sale, maintenance and repair of motor cycles and related parts and accessories.
64100	Hotels, camping sites and other provision of short-stay accommodation.
64200	Restaurants, bars and canteens.

1.6 Profile of the Wholesale and Retail Landscape

Figure 1-1: Retail Decomposition

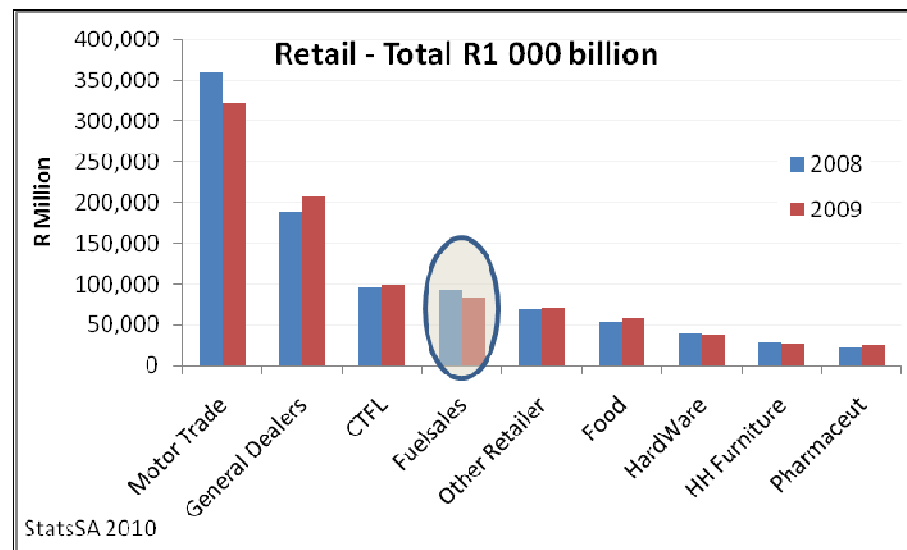


Figure 1-1 shows the retail breakdown by total sales. Fuel Sales (Forecourt Sales) has added to the W&R sector. Given the total turnover of Fuel Retail of around R100bn, total turnover in the W&R sector is now around R1.1 trillion.

Figure 1-2: Wholesale decomposition

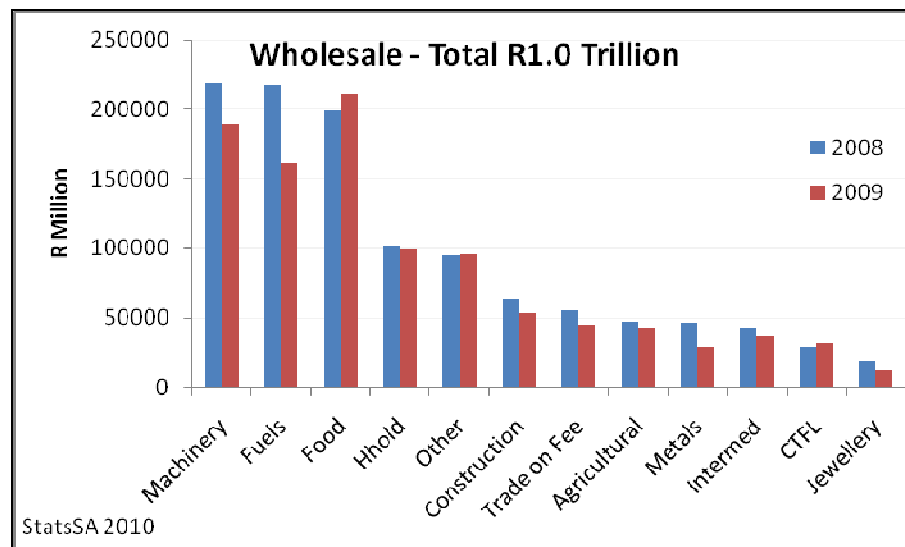


Figure 1-2 shows the decomposition of the Wholesale sector. Total turnover for 2009 is just over R1 trillion but is significantly down from 2008. The figure shows the impact of the global recession on retail from 2008 to 2009.

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

1.6.1 Hypermarkets

South African hypermarkets grew 13% in 2009 to reach just over R15 billion. Pick 'n Pay Retailers and Shoprite Holdings are the only players within 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 home ware 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 1-1: Hypermarket Data

	2009	
Hypermarkets		
PnP	9729	
Shoprite	5496	
Value of Total Sales Rm		15225
Outlets		
PnP	21	
Shoprite	24	
Total number of Outlets		45

Company Annual Reports – Euromonitor

1.6.2 Supermarkets

South African supermarkets grew 11% in 2009 to reach R106 billion across 3595 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 focussing 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 convenient food products.

Shoprite Holdings held a value share of nearly 42% in 2009, thus leading. 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 a 23% in 2009.

Traditionally Shoprite Holdings' Shoprite brand serves lower-LSM groups and the company is currently focussing 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 focussed on changing its target segment to more affluent consumers.

Table 1-2: Supermarket Sales Data

Supermarkets	2009	
Shoprite	44087	
Pick 'n Pay	36668	
Spar Group	21619	
Others	3603	
Value sales R million		105978

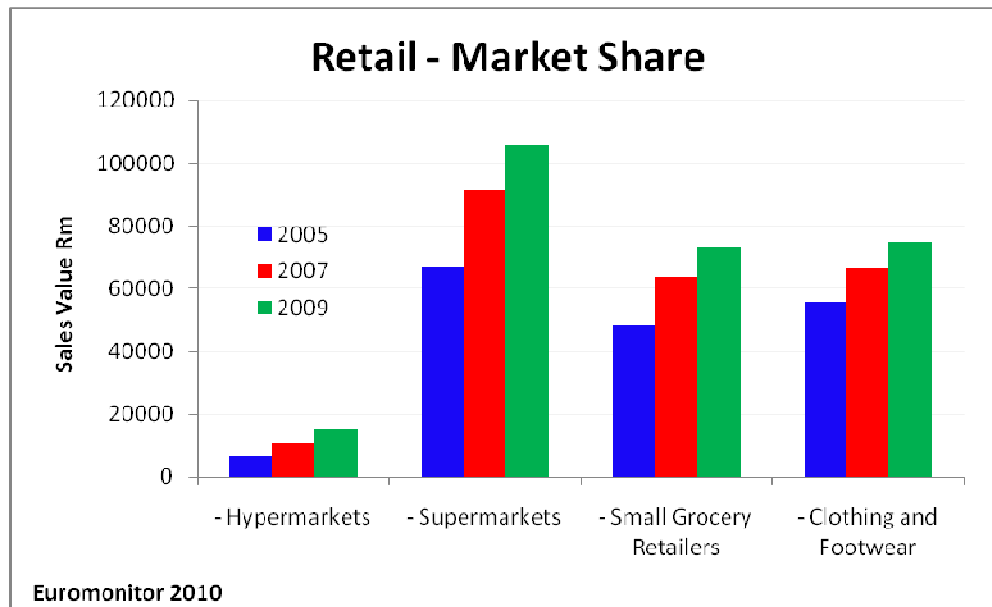
Company Annual Reports – Euromonitor

1.6.3 Discounters

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 within 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

Convenience Stores experienced marginal growth in 2009 with sales worth R6.4 billion. Woolworths Holdings continue to lead South African convenience stores with 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 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 on-going expansion.

Sasol Ltd opened 51 new Sasol forecourt retailers over 2008-9, 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 re-branded to Fresh Stop.

1.6.6 Mixed Retailers

Mixed retailers saw 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 towards 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 across 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 9% to reach R28 billion in 2009 with Clicks consolidating dominance of health and beauty retailers.

Leading supermarkets place increasing pressure on para pharmacies/ 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 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, chained 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 Furnishings Stores

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

The impact of the global recession is being 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 continues 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 4% in 2009 to reach R14.7 billion.

Spar Group with outlets totalling 270 dominates DIY, home improvement and garden centres with a market share of over 38% in 2009. It was followed by Massmart on 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 2008-9 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 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 2 and 10 outlets per brand over 2008-9. Foschini's Total Sports brand saw 53 new outlets open 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 chained 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 2008-9.

1.6.13 Vending

Vending saw 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 allows continual sales.

ABI (Pty) Ltd is the largest player within 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 has a 23% value share at the end of the review period.

1.6.14 Home Shopping

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

Verimark continues to dominate home shopping with 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 saw growth of 7% to reach just over R4.8 billion in 2009.

Kalahari.net remains 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 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 Stats 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 for 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. There is no data related to the value of the contribution.

1.7 Profile of Occupational Fields

The FMCG (Fast Moving Consumer Goods), Retail & Wholesale sector is one of South Africa's largest and most diverse industries. It is also an important contributor to employment, especially amongst the less skilled. 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. The Board of the W&RSETA facilitated training of 1 342 learners in 466 companies during 2007/ 08 and has put together extensive skills development programmes for 2009/ 10.

Recruitment remains moderate in the FMCG, Retail & 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 CJI for FMCG, Retail & Wholesale sector is currently positioned at 113 index points, signalling weakening recruitment conditions and possible market recovery. (CareerJunction Index Job Report Quarter 1 2010).

The limited workforce of available labour within certain Retail & 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 & 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 within the Retail & 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 & Manufacturing

Production & Manufacturing is the process of transforming raw materials into finished products. Such finished products are sold to wholesalers on a large scale 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 & Planning)

Operations Management is the process of optimising manufacturing processes by reducing lead time of product launching and work in progress inventories to allow for rapid response to product changes. Process & 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 of materials, compiling cost data, setting manufacturing schedules and managing industrial and process control machinery.

1.7.3 Procurement, Supply Chain & Logistics

Procurement and Logistics form a part of Supply Chain which is described as the movement of products from supplier to consumer through multifaceted procedures. The Supply Chain process involves the purchasing of materials and products, transforming of raw materials to finished products, storage of materials and products and finally delivery of materials 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 as well as optimise manufacturing flow.

1.7.4 Warehousing & Stock Control

Warehousing & 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 to 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 supposed 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 & Store Management

Branch and Store Managers are responsible for running and over-seeing a division of a large organisation. A Branch or Store Manager generally manages other employees who work in the same division. His/ 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

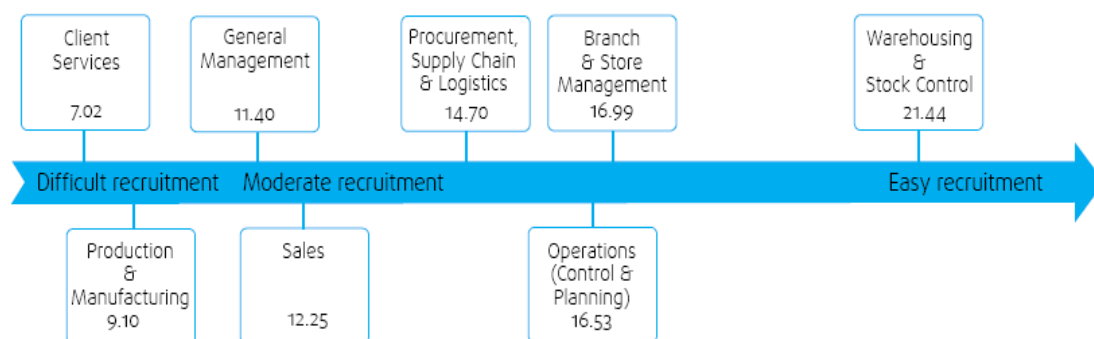
Client service professionals deal directly with clients before, during and after a purchase to ensure that they are satisfied with the product or service at all times. In the retail field, stores will have a desk or counter devoted to dealing with customer dissatisfaction. In the wholesale field, customer 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 within the organisation.

1.7.8 General Management

General Management includes all management level professionals across all occupational fields in the Retail & Wholesale profession.

Set out below are recruitment conditions experienced by each Retail & Wholesale occupational field by measuring the number of potential career seekers available for every job advert posted:

Figure 1-4: Recruitment and Occupational Groups



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. Consequently, the longest upswing in SA'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 with most sectors affected. The economy contracted by 1.8% in 2009. Weak consumer spending, job losses and large scale contraction in Europe, the US and Asia resulted in a declining sector.

1.8.3 Post-Recession

Data on the demand side reveals the SA economy is on the road to recovery. Five successive cuts in interest rates have seen the repo rate dropping 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 1.3 below shows that South Africa is expected to achieve real GDP growth of 2.6% in 2010, following an estimated 1.8% contraction in 2009. A key factor behind the relatively muted outlook is an expected contraction in private investment. The economy is emerging from recession, with real GDP growth of 0.9% quarter-on-quarter (q-o-q), or -2.1% year-on-year (y-o-y) on a seasonally adjusted annualised (SAA) basis in Q3 2009, following a 2.8% q-o-q contraction in Q2 2009 (Business Monitor International 2010: 19).

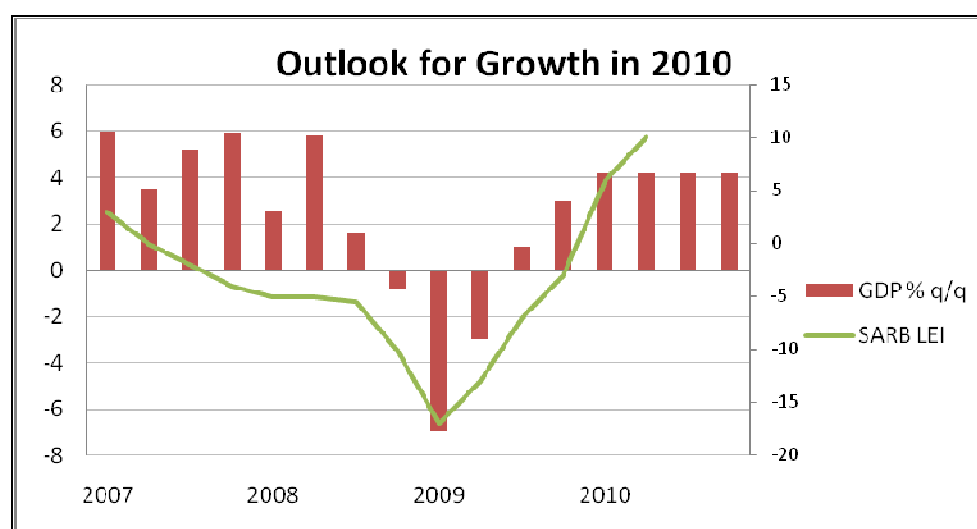
Figure 1-5 suggests that that real GDP is expected to hover in the 2.6% and 3.7% range up to 2014. Per capita GDP is expected to reach US\$9.354 in 2014 from a base of US\$7.049 in 2010. Employment for the same period would decrease from 24% to 20%. (Business Monitor International 2010: 20).

Table 1-3: South Africa – Economic Activity 2005 – 2014

	2005	2006	2007	2008	2009e	2010f	2011f	2012f	2013f	2014f
Nominal GDP, ZARbn	1,544	1,745	1,999	2,284	2,395	2,582	2,818	3,089	3,398	3,726
Nominal GDP, US\$bn	243.3	258.5	282.3	276.9	285.8	350.1	356.7	391.1	441.4	483.9
Real GDP growth, %y-o-y	5	5.3	5.1	3.1	-1.8	2.6	3.2	3.4	3.7	3.5
GDP per capita, US\$	5,190	5,456	5,900	5,688	5,812	7,049	7,111	7,719	8,625	9,354
Population, mn	46.9	47.4	47.9	48.7e	49.2	49.7	50.2	50.7	51.2	51.7
Unemployment, Labour %	26.7	25.5	24.9e	23e	25	24	24	22	20	20

Source: BMI Forecast, 2010

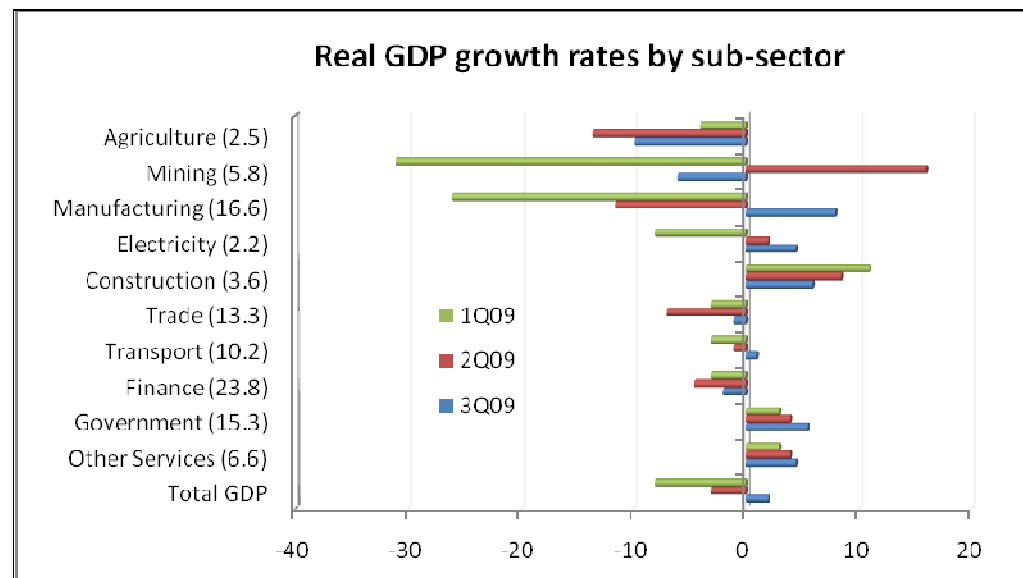
Figure 1-5: Robust GDP growth expected in 2010



Source: SARB, ABSA Capital

Despite a political focus on the Reserve Bank's 'new' mandate, rates reached their cyclical low following the 50bp interest rate cut in March 2010 (ABSA Capital SA Quarterly Perspectives Q2 2010, p 1).

Figure 1-6: % change (q-o-q) seasonally adjusted at an annualised rate



Source: Stats SA 2010

Figure 1-6 illustrates the growth rates for the various sectors in the economy. It is evident from the graph that only mining and construction sectors are showing declines 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 regulation 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 what 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 most likely need to track, document and disclose their caused CO₂ emissions in the future. Tracking carbon emissions may only be the first step though. 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

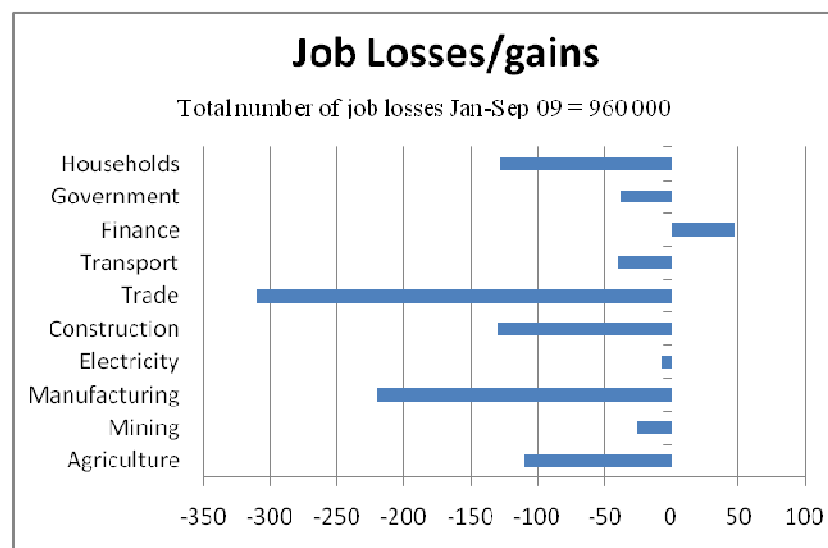
eventually manage these in such so as to reduce the carbon footprint of the organisation – and by extension its customers. They may also be able to offer customers "green credits" for more sustainable transportation options, or share their own expertise as eco-consultants. This would have a major impact on all sectors of the economy.

1.8.6 Unemployment

The 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 South Africa's quarterly labour force survey indicate that the official unemployment level increased to 24.5% in Q3 2009, up from 23.6% in Q 2009, with the total number of unemployed people at 4.2million in the quarter ending September 2009 (Business Monitor International, SA Insurance Report Q2, 2010, p 21).

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.

Table 1-4: Job Losses/ Gains



Source: IDC (2009)

Retrenchments in the manufacturing sector totalled 221 000 over the first three quarters of 2009, 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 (IDC Key Trends in the SA Economy Q4 2009, p 7).

Implications for Skills Development

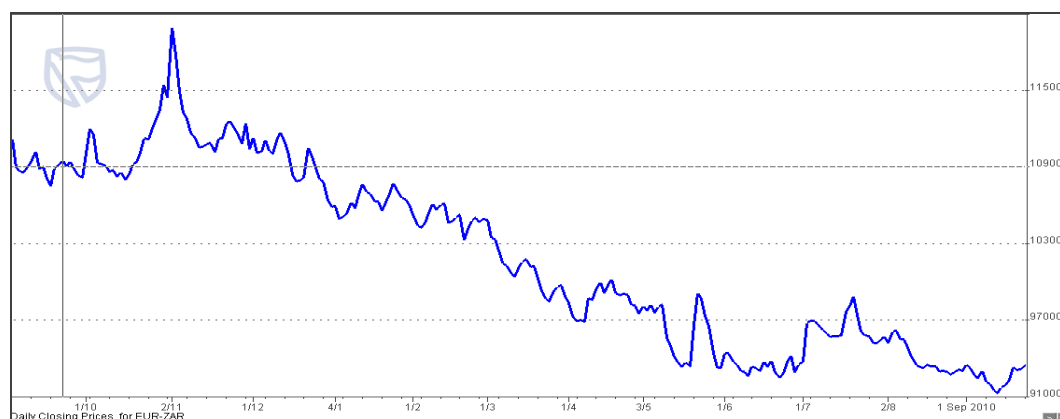
W&RSETA should incentivise the training of unemployed youth. Government has championed entrepreneurship amongst unemployed which may not be the most effective method to grow small businesses. International experience shows that there would be more money invested if older and experienced people, who are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

1.8.7 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 COSATU has called for the authorities to weaken the currency. The government's policy on the Rand has been less than clear. Confusion was caused in October 2009 when 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 4.0%. Although Minister Patel's comments were quickly dismissed and the Rand recovered its lost ground, some uncertainty remained.

Subsequent statements from the authorities suggest a change in policy on the Rand is unlikely. The medium-term budget policy statement recognised that a strong Rand was causing pain for exporters but the authorities would continue with their current approach to Rand management (Business Monitor International, SA Insurance Report Q2, 2010, p 22).

Figure 1-7: Exchange rate of the Euro vs. Rand 2010



Standard Bank Sep 2010

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 to trade within a 7.40-7.70 range until year-end (ABSA Capital SA Quarterly Perspectives Q2 2010, p 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 MPC's decision 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 2010 and expect the deficit 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 on-going improvement in the global economic environment, strong global commodity prices and a domestic economic activity picture that continues to improve, all weigh in favour of the ZAR, in our view. (ABSA Capital SA Quarterly Perspectives Q2 2010, p 1)

1.8.8 Inflation Targeting

The South African Reserve Bank has taken an 'inflation targeting' approach to monetary policy for some. 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 Q3 10, before rising slightly; and as an annual average, its baseline view is for an average inflation rate of 5.3% this year and 5.4% in 2011 (ABSA Capital SA Quarterly Perspectives Q2 2010, p 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, Q2, 2010, p 22).

1.8.9 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 2010 growth is expected to reach 3.3%. 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 may become another positive in 2010.

The South African economy has protected itself from becoming embroiled in the global financial turmoil. The country's banking sector was strictly regulated by the government and has therefore resisted the rising credit crisis that has affected most emerging economies. Although portfolio investments are volatile unlike the 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 our monetary challenges. Conservative measures in the past have resulted in our economy not being as harshly impacted as have most developed economies.

Table 1-5: Government Debt as Percentage of GDP

Countries	Govt debt % of	
	2007	2011
South Africa	27	30.3
Turkey	32	46.9
Spain	36.1	70.1
France	64.2	87.8
United States	65.7	100.9
Greece	95.6	121.1
Japan	187.8	221.5

South African Reserve Bank Quarterly Bulletin 2Q, 2010

Table 1-5 shows the healthy South African debt to GDP ratio. A debt ratio of 60% is regarded 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 amongst 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 multi-fold but include:

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

There are however threats which would mitigate the positive enthusiasm and they include:

- 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 Oct 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.

1.8.10 Implications for Skills Development

Given the expected growth in GDP in the coming years subsequent to the recent contraction, we would expect skills development needs to 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.

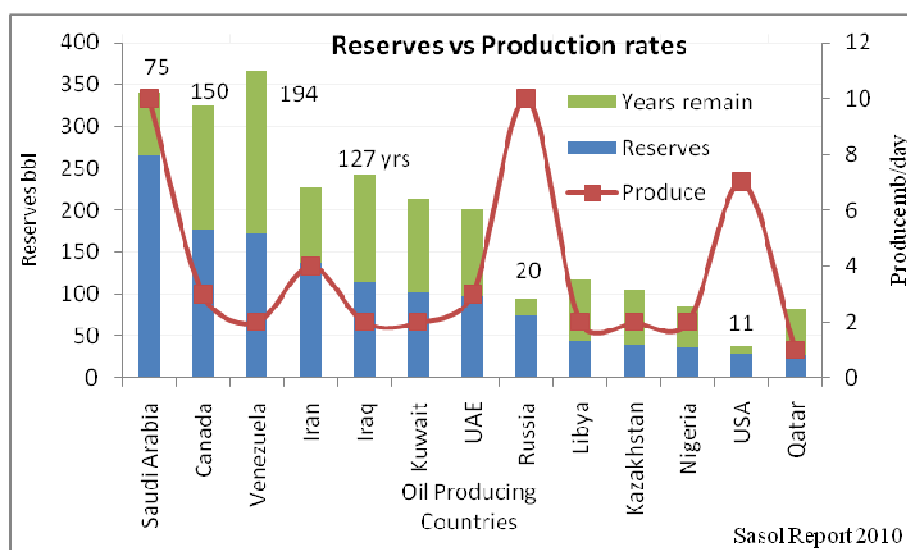
1.8.11 Risks to Economic Growth

1.8.11.1 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 1-8 illustrates the impending threat the sector faces from the low fuel reserves and the impact that it would undoubtedly have on future prices.

Figure 1-8: Fuel Reserves



V Figure 1-8 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 7 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 1-9: Fuel Taxes

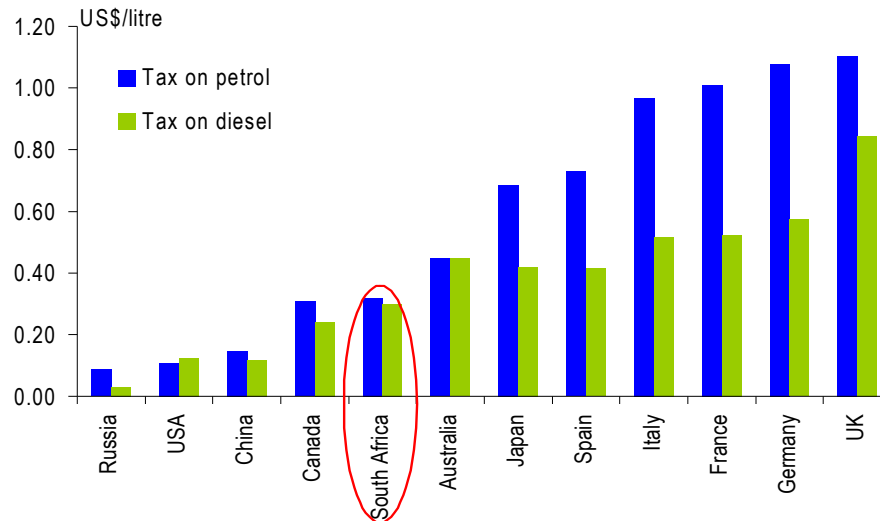


Figure 1-9 illustrates the relatively low taxes South African consumers are paying for fuel. Given the financial difficulties faced by the RAF and the increased cost of building and maintaining road infrastructure, we may likely see an increase in taxes on fuel with its resultant negative impact on consumer spending and retail.

1.8.11.2 Inflation

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

Figure 1-10

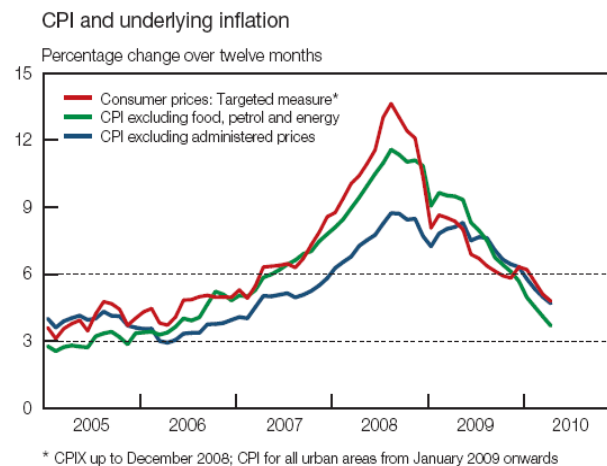


Figure 1-10 shows the trend in inflation and inflationary pressures. We see all indications are that inflation will fall well within the target range. This augurs well for further decreases in interest rates which in turn has a positive effect on Retail.

1.8.11.3 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, we would expect larger than normal increases over the coming few years.

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

Figure 1-11: W&R Earnings

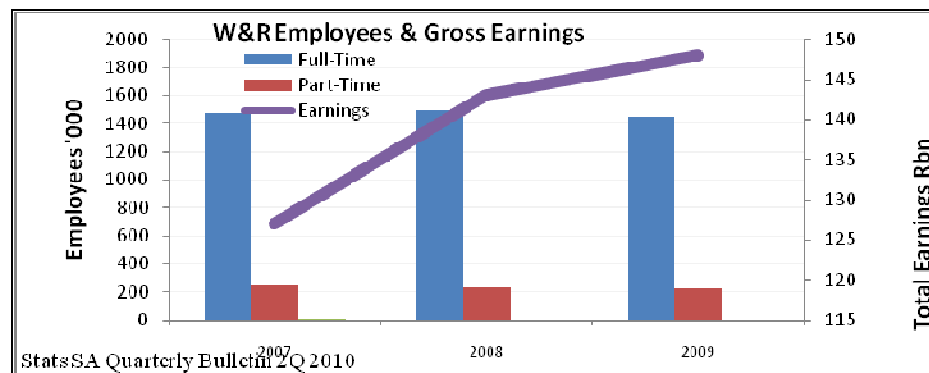


Figure 1-11 shows the relationship between earnings and total employment in the W&R sector. It is evident that whilst employment remained static in 2008 and showed a small decrease in 2009, total monthly earnings increased sharply in 2008 and to a smaller degree in 2009. This would imply that earnings per worker increased over the period.

Figure 1-12: Monthly Earnings in Various sectors

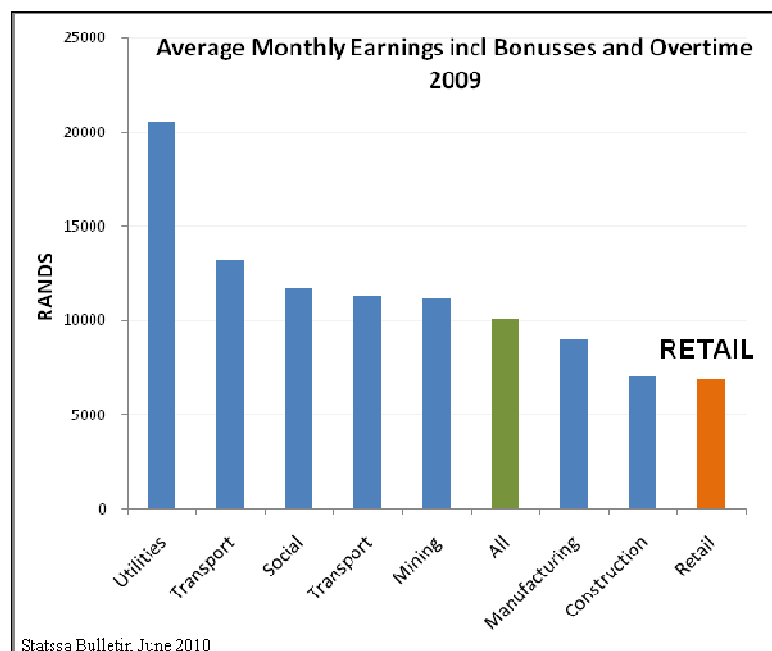


Figure 1-12 shows that the Retail sector wages lag all other sectors with Utilities being the best paid sector. It must be borne in mind that many workers are employed in low level entry level jobs such as cashiers and packers. Very often these workers are employed on less

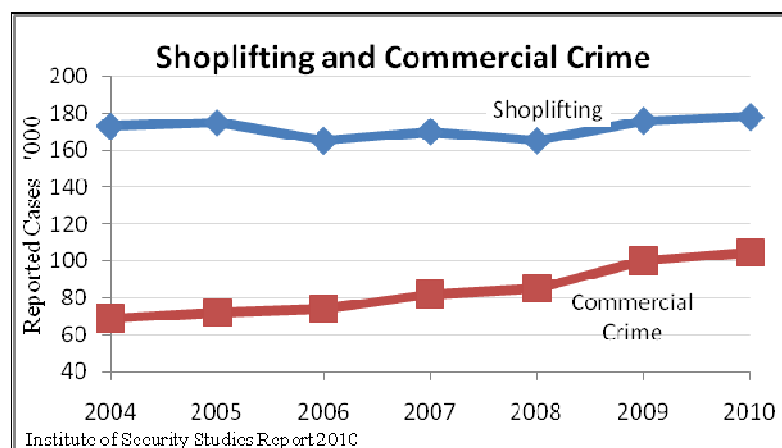
than 40 hours per week. There is also a tendency for employers to employ casual workers at lower rates than permanent workers.

1.8.11.4 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 1-13: Shoplifting and Commercial Crime



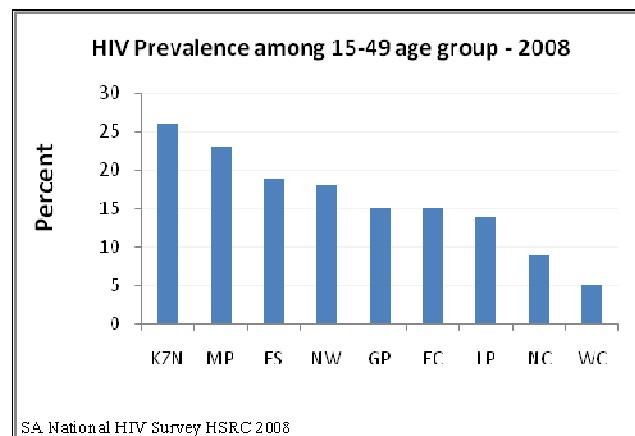
The figure illustrates that despite the trend that commercial crime is increasingly being under-reported, it is still on an upward trend. This does not augur well for the industry or for South Africa as a whole.

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

1.8.11.5 HIV/ AIDS Pandemic

The HIV/ AIDS crisis continues to threaten South Africa's economic and social progress. The number of people living with HIV/ AIDS is estimated at 5.24 million. Statistics also estimated that for 2010 about 1.6 million people aged 15 and older and nearly 183 000 children would be in need of antiretrovirals. The number of new infections for 2010 is estimated at 410 000.

Figure 1-14: HIV Prevalence

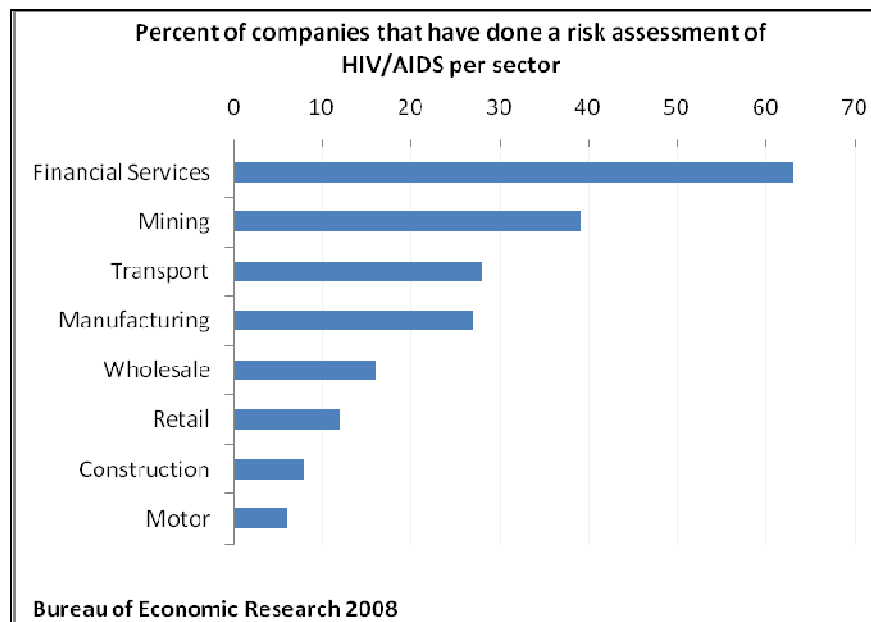


The above figure illustrates the prevalence amongst the vulnerable 15-49 age group with the figure above 25% in KZN. This is also the most productive section of the population.

Statistics show that 281 404 people had died from HIV/ AIDS in 2010, up 11 297 from 2009. It is also calculated that there are 1.99 million AIDS orphans in the country (The Natal Mercury, 21 July 2010, p 2).

In 2007, the average life expectancy was recorded at 42.5 years and is expected to further decline to 38 years by 2010. The number of people dying of AIDS each year continues to increase and is expected to plateau only after 2015. Rough estimates indicate that the cumulative total of people who have succumbed to the disease reached a staggering 2.53 million by the end of 2008. The Actuarial Society of South Africa (ASSA) 2003 survey further predicted that if necessary measures were not implemented, the cumulative HIV/ AIDS deaths in South Africa might reach 5.35 million by 2015.

Figure 1-15: AIDS Research per Sector



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 borne out by Figure 1-15.

Figure 1-16: Impact of AIDS

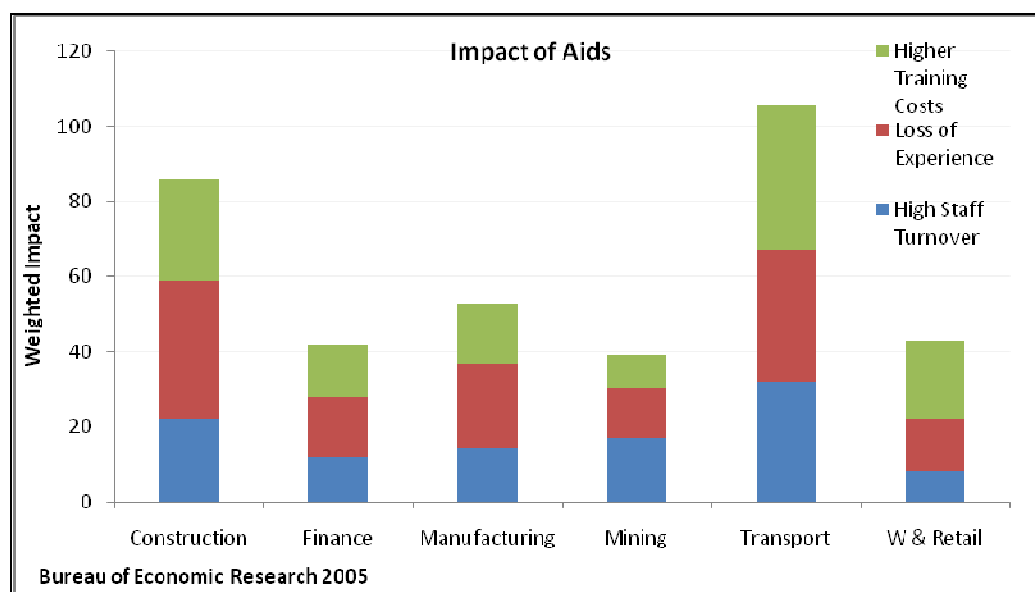


Figure 1.6 gives the weighted impact of AIDS on various economic sectors. For the Wholesale and Retail sectors, it contributes a small part of the high staff turnover but does add significantly to the higher training costs and the loss of experience. It must be noted however that the reported impact on the Wholesale and Retail sector is amongst 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 Services (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. And fifthly, in some sub-sectors 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 Quarterly Labour Force Survey (QLFS) and Quarterly Employment Survey (QES) published by Statistics SA.

The data for this section is extracted mainly from the SA Quarterly Labour Force Survey, Quarter 1, 2010; Labour Force Survey, Historical Revision March Series 2001 to 2007 and Stats SA, Labour Market Dynamics in SA 2008.

The Quarterly Labour Force Survey (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 within provinces at metro/ non-metro level. Within 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 within a metropolitan area the sample is representative of the different geographical types that may exist within that metro.

1.9.1 Provincial Employment Patterns

The three provinces, Gauteng, Western Cape and Kwazulu-Natal, dominate the sector. Together they account for more than 76% of the total workforce employed in the W&R sector.

Figure 1-17: Provincial Distribution of Employees

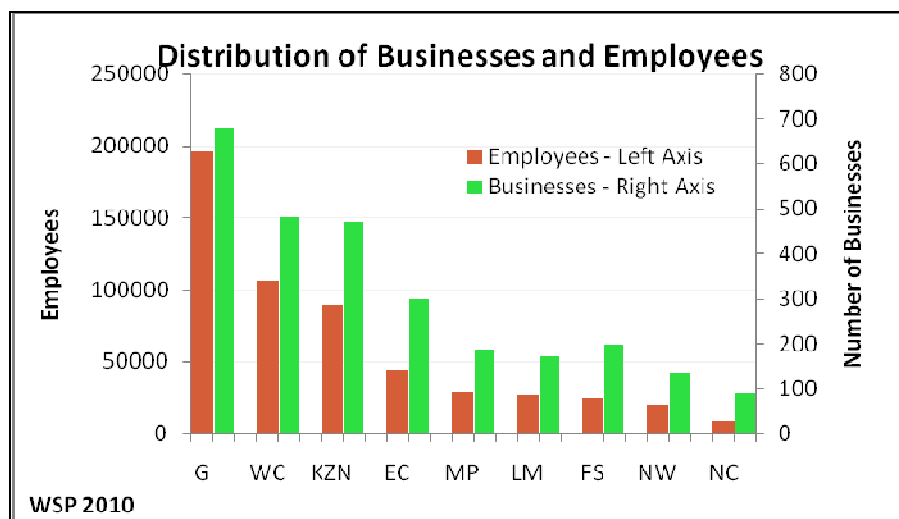
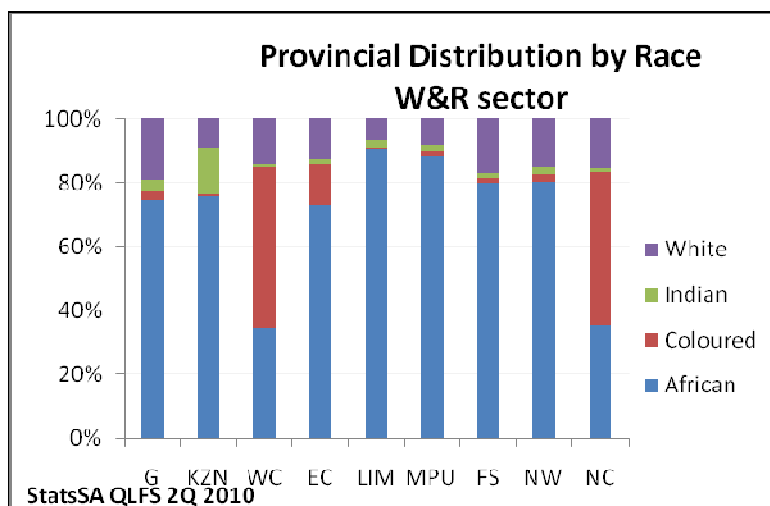


Figure 1-17 shows the number of Employees (brown – Left Axis) employed in the various provinces as given on the submitted WSP forms. Gauteng has close to 200 000 employees spread over around 700 businesses with the Western Cape having around 150 000 employees spread over 150 businesses. The Northern Cape has the lowest number of employees (whose data are captured in submitted WSP forms) at around 9000 spread over 90 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

Western Cape and Northern Cape have a starkly different racial composition to the other provinces. Coloured workers comprise less than 3% of the total workforce but 50% in the Western Cape and 48% in the Northern Cape. Africans account for over 75% of the workforce in all provinces except the Western Cape and Northern Cape where the percentage is 35% in both cases.

Figure 1-18: Provincial distribution by Race



Judging from Figure 1-18, as is expected 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 work seekers.

Table 1-6: Employment by Industry 2010 ('000)

Industry	Formal	Informal	Total
Agriculture			650
Mining	294	2	296
Manufacturing	1 514	195	1 709
Utilities	68	2	70
Construction	764	257	1 021
Trade	1 881	944	2 825
Transport	573	193	767
Finance	1 486	148	1 633
Community and Social Services	2 388	269	2 657
Private Household			1 169
Total			12 803
Stats SA Quarterly Labour Force Survey, Quarter 1, 2010			

Table 1-6 indicates the following:

There are 12 803 000 people employed in SA;

- The trade sector which is a proxy for the Wholesale and Retail sector employs 2 825 000 people comprising 22% of the total labour force;

- 66% of people in the sector are in formal employment, whilst 34% are in informal employment;

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 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 a Decent Work Agenda.

Figure 1-19: Retail as a proportion of the Total Employment

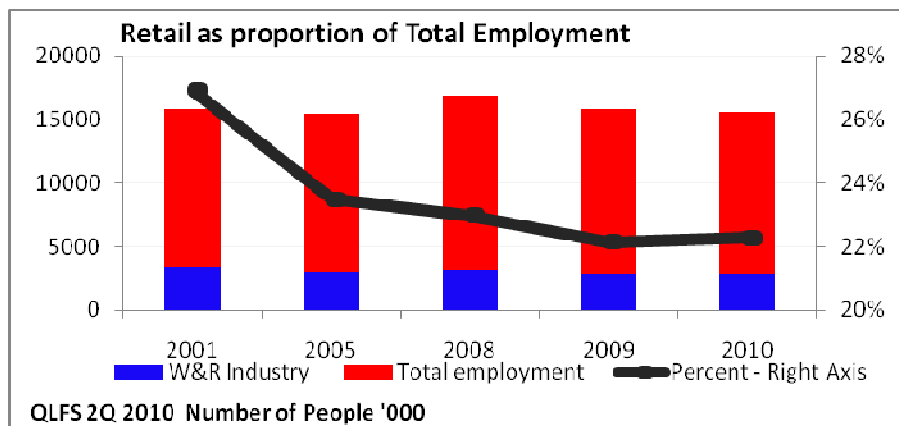
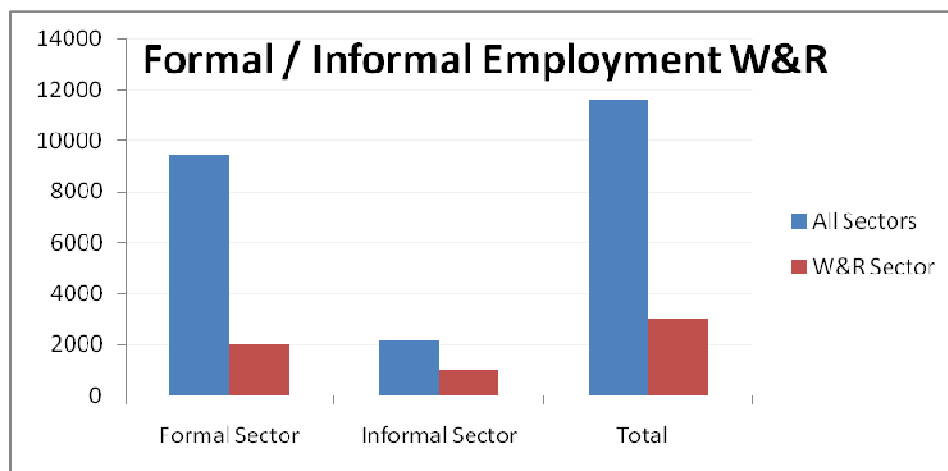


Figure 1-19 shows how retail has decreased as a percentage of overall employment but is still a large 22% of the total employment. It must be borne in mind that a number of people are employed in spaza shops and other informal trade such as hawking for which no data exists.

Figure 1-20: Formal & Informal Employment Employees ('000)



Statistics SA, QLFS, Mar 2010

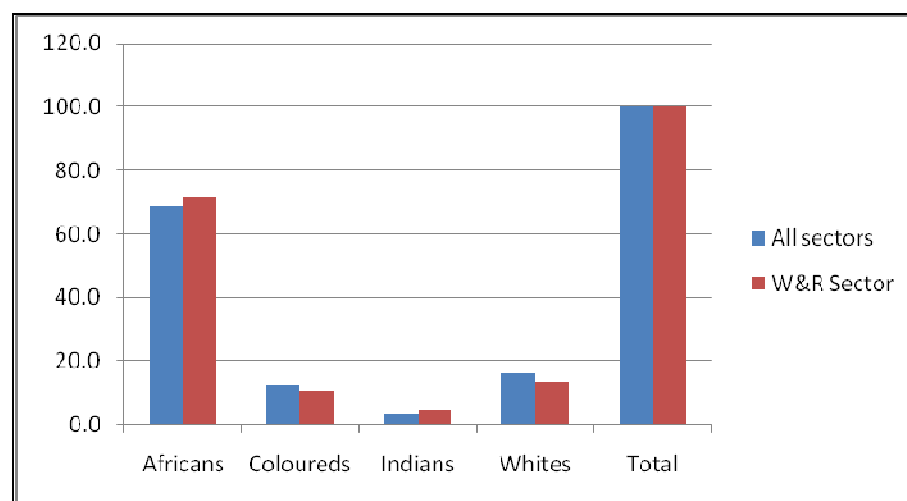
The W&RSETA sector contributes to 22% of total employment, 17% of formal employment and 8% of informal sector employment to the economy. The critical importance of this sector in augmenting economic growth and employment creation should thus be recognised.

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 1-21: Percentage Employee Distribution by Population Group



(Statistics SA, QLFS, Mar, 2010)

Figure 1-21 gives the breakdown of the W&R sector along racial lines. Africans make up 73%, Coloureds 9%, Indians 5% and Whites 13% 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 hereunder.

1.9.5 Employee Distribution by Occupation and Population Groups

Figure 1-22: Distribution of Occupations across Race

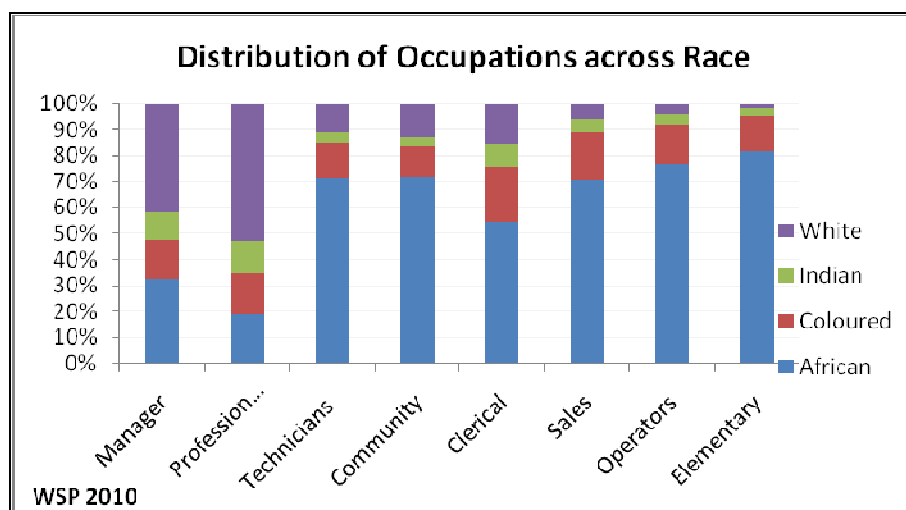
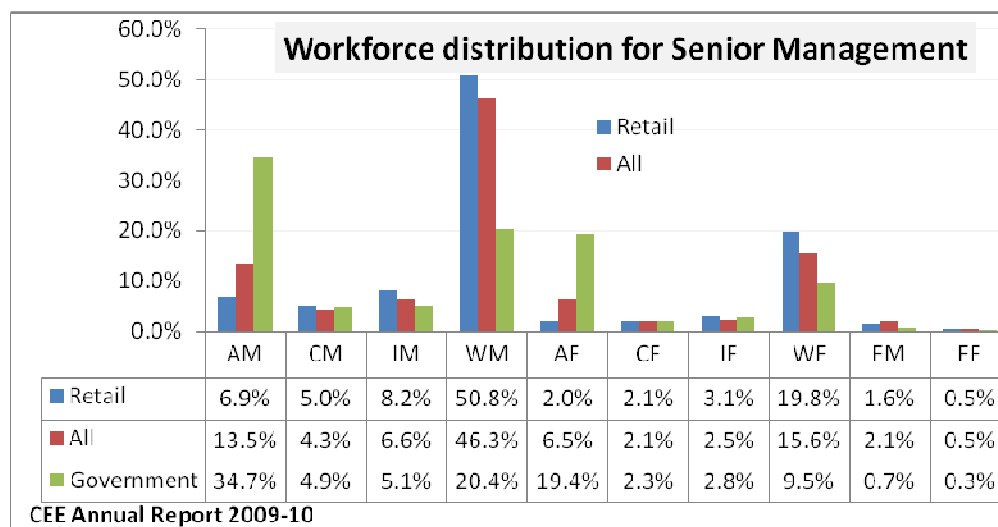


Figure 1-22 reveals the racial profile of each occupational group. It can be seen that senior management levels of Manager and Professional are dominated by white persons whilst that of the lower levels are dominated by Africans. It must be noted that the data for the above graph is derived from information supplied on the WSP forms.

Figure 1-23: Comparison of Racial Occupational levels in Retail versus Government



The data in Figure 1-22 and

Figure 1-23 seem contradictory for the Manager and Professional levels. It must be noted however, that the WSP data on which Figure 1-22 is based is a much smaller sample of larger businesses and only represents those businesses that have submitted WSPs.

If we regard Government as the ideal employer, then Figure 1-23 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 as follows:

Table 1-7 Percentage Employee Distribution by Gender (StatsSA QLFS, Mar, 2010)

Gender	Percentage
Male	56%
Female	44%

Males constitute 56% and females 44% 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 patterns.

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 not be high.

Figure 1-24: W&R Educational levels

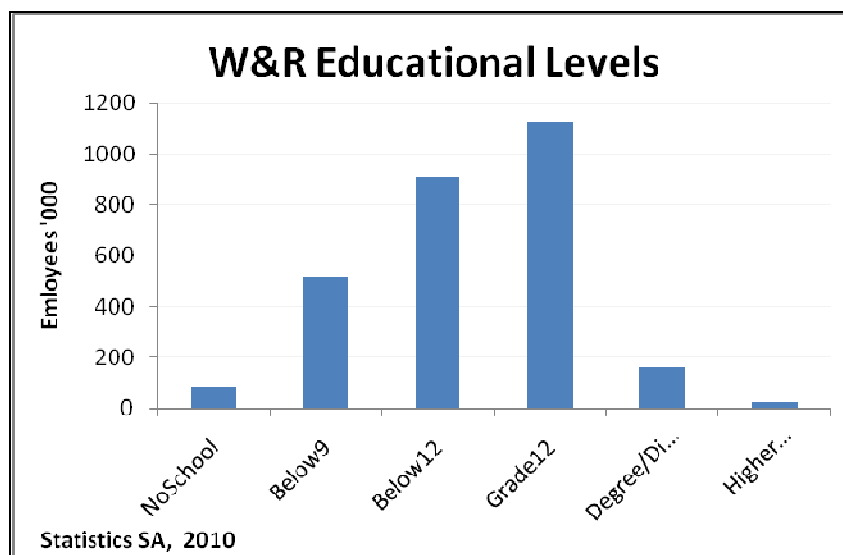


Figure 1-18 reveals that a very small percentage of employees in the sector have a degree or higher. This has important skills development implications for W&RSETA. Given that 21%

of workers have an educational level below 2, ABET will become increasingly important. Only 6% 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 1-25: Disabled

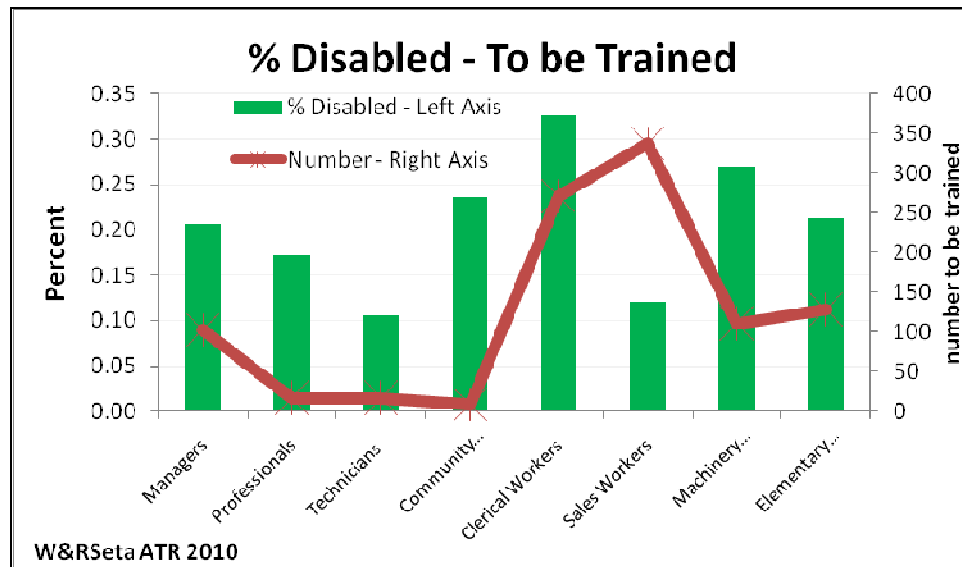


Figure 1-25 illustrates the low number of employment in the W&R sector. Amongst managers, professionals, technicians and trades workers and sales workers, the percentage of disabled in relation to the workforce is less than 0.2%.

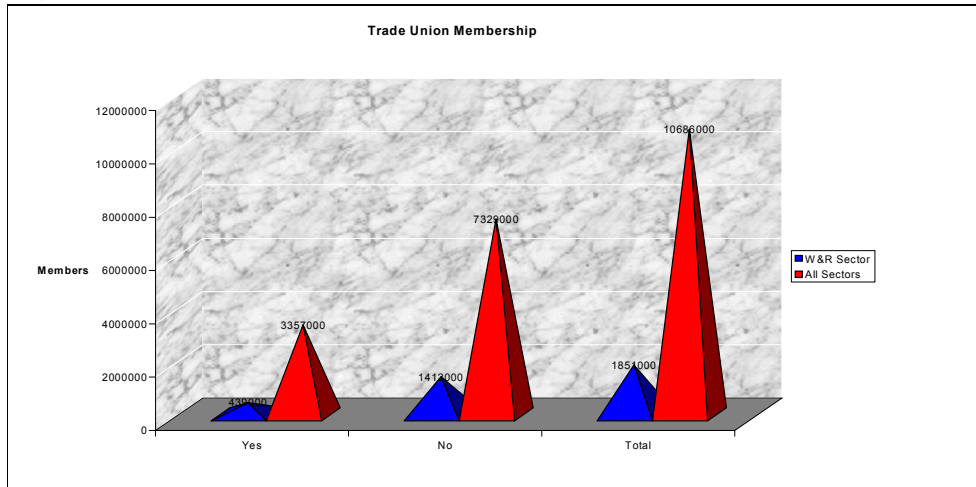
The percentage of disabled in the sector is very low despite it often being a low risk environment.

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. There is no later data on trade union membership other than the 2007 Statistics SA data.

Figure 1-26: Trade Union Membership (Statistics SA 2007)



Then graph reveals that 76% of the W&R workforce is non-unionised, whilst 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 and awareness programmes to support unionisation should be promoted.

1.10 Employer Coverage

1.10.1 Company Size

The industry is very diverse with small companies with less than 10 employees sharing the landscape with companies with in excess of 10 000 employees.

Figure 1-27: Size distribution in the W&R sector

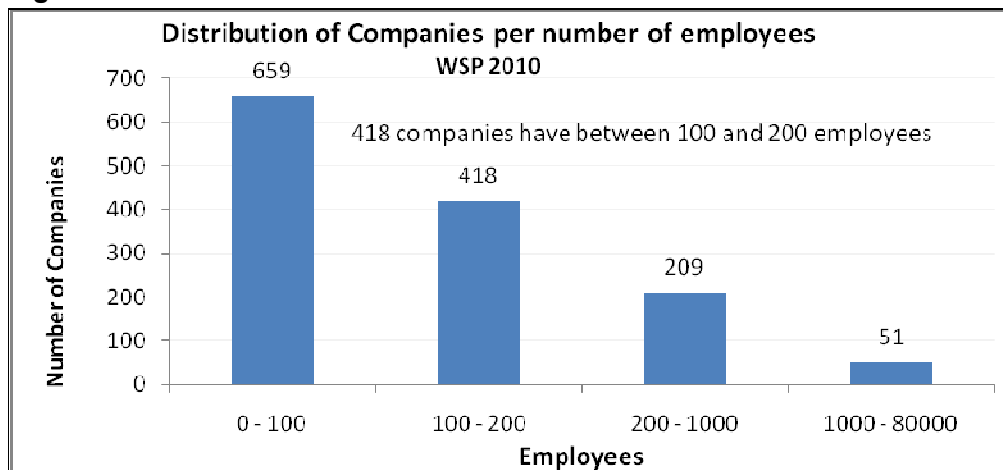


Figure 1-27 shows that 659 small businesses employ between 1 and 100 workers each and that 51 large business employ more than 1000 works each.

The above graph reveals the following:

87% 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.

Low participation by SMMEs is widespread. Very often, participation is seen as cumbersome and time intensive and which the small business has no capacity to engage with. The SMME enterprise typically has a key person who takes control of all activity and SETA participation is seen as secondary and 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 SMME's
- 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
- increase the participation rate by SMMEs
- a better marketing strategy to access the SMMEs is developed
- obtain accurate data related to SMMEs. There has always been a problem related to data submitted by this category. Many businesses remain unregistered and for which no data is available.

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

Small businesses by size in the SMME category in W&R sector:

Region	Total
Eastern Cape	2015
Freestate	768
Gauteng	9653
KwaZulu-Natal	5660
Limpopo	782
Mpumalanga	909
North West	929
Northern Cape	411
Western Cape	5331
Grand Total	26458

W&RSETA WSP 2010

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 WSP – there are many who are exempted from having to complete WSP and there are many who do not comply in completing the documentation.

Educational levels amongst the SMME category in W&R sector:

Educational Level	Total
BELOW GRADE 9/ STD7/ FORM2/ ABET4	1127
GRADE 9/ STD7/ FORM2/ ABET4	907
GRADE 10/ STD8/ FORM3/ NTCI	2952
GRADE 11/ STD9/ FORM4/ NTCII	1925
GRADE 12/ STD10/ NTCIII/ MATRIC	16218
CERTIFICATE/ DIPLOMA/ NTC IV, V, VI	2128
FIRST DEGREE/ HIGHER DIPLOMA	1000
HONOURS/ MASTERS DEGREE	195
DOCTORAL	6
Grand Total	26458

W&RSETA WSP 2010

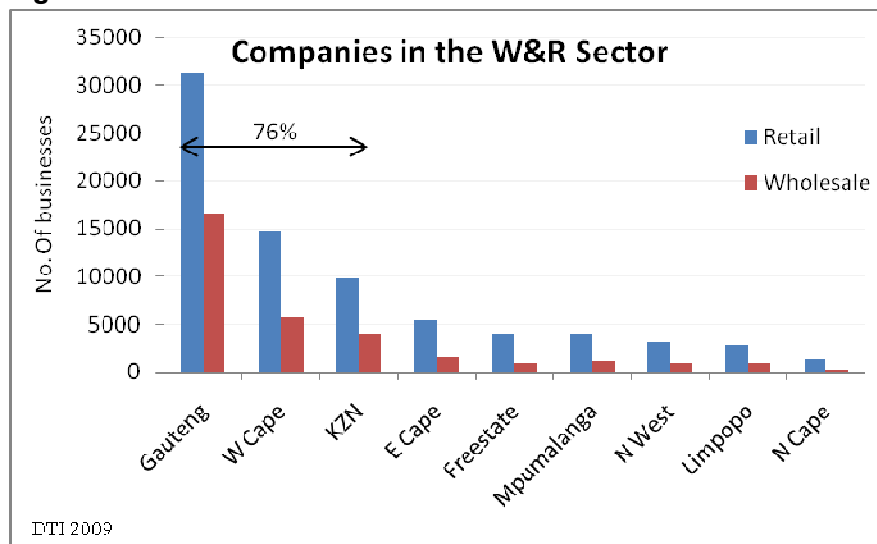
There is no significant difference between the educational spread amongst SMME category and larger companies. It can be seen that there is a need for targeted training in this area.

Anecdotal evidence indicates that the need for training amongst 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 1-28: Wholesale Retail Market Share



As can be seen from Figure 1-28, the number of wholesale businesses is much lower than those of retail. Since the beginning of the nineties, 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 1-28 also shows the concentration of wholesale and retail in the three major provinces.

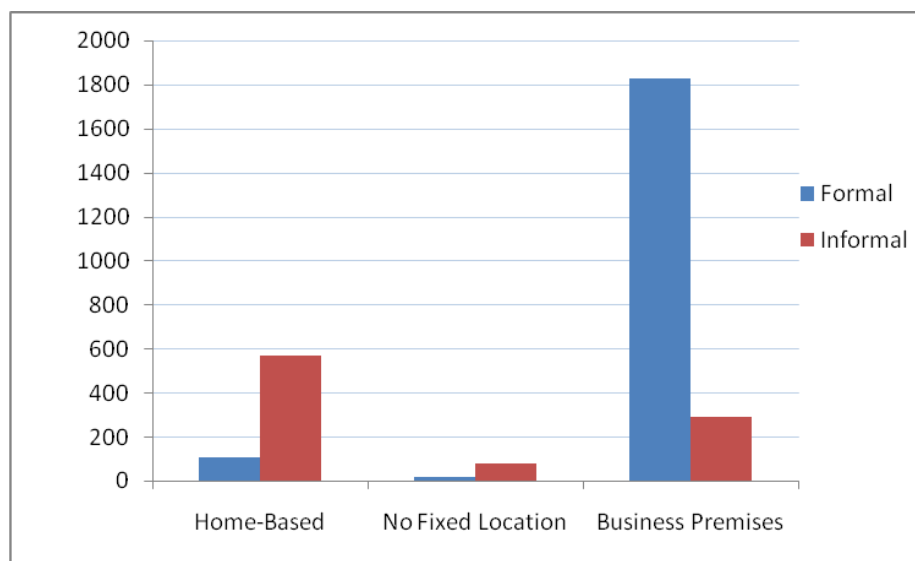
This section provides information about employers in the sector. The W&R sector displays two-tier characteristics with distinct formal and informal sectors.

There are 80 353 retailers and 33 427 economically active wholesalers in SA 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 Western Cape. Collectively, these provinces make up 76% of the population of the sector.

1.10.4 Location of Workers in Enterprises

Figure 1-29: Location of Workers in Enterprises (StatsSA)



94% of workers in the formal sector are employed in formal business premises such as a factory, office or service outlet such as a shop, compared to 8% in the informal sector. 5% of workers work from home in the formal sector compared to 61% in the informal sector. 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 home-based, footpaths, streets, corners and open spaces points to the need to pay serious attention to skills development, particularly with a view to improve 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 Retail Landscape

The changing landscape forces businesses to adapt to ever changing skills demands. W&RSETA need to develop programmes whereby these changes will not be inhibited by shortages 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 roll-out since its implementation in 2001 has exceeded expectation. 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 SA (Department of Labour 2009).

The informal sector market has an estimated value of R20 to 30 billion a year. This is an important contribution to the modern grocery distribution sector.

USDA's Global Agricultural Information Network (GAIN) estimated that there is over 100 000 "spaza" shops (tuck shops operating from home) in SA. 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

Despite the dropping of internet costs and the increased penetration of personal computers, internet shopping has yet to take off in any meaningful way. Growth rates of non-store based retailing lagged that of store-based retailing.

The majority of South Africans prefer to purchase items from traditional bricks 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, as well as in terms of attracting consumers into stores, will result in the further introduction of in-store pharmacies in coming years.

The lower-LSM consumers are 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 toward 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 the world over 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 2.1.2.2 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 as well as 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

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. But 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 an electronic procurement of goods. Amongst the advantages offered by this Internet based programme (i.e. e-commerce), is the potential to bypass the middleman. In this way, the costs of bringing goods to the consumer market are 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/ 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 in order 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. It will also mean that retailers selling traditionally male products

(automobiles, electronics and home improvement) 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 the above chapter the following conclusions can be drawn with direct implications for skills development for W&RSETA:

- SA 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 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 SA to work in foreign markets.
- Growing prosperity among the majority 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 to 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 gyrations 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 in order 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 TWO: DRIVERS OF CHANGE

2.1 Change Drivers in the W&R Sector

This section provides an indication of factors impacting on the sector and causing it to change in a particular way. Non-sector specific issues include factors that may not be directly linked to the sector but affect the broader environment in which the sector operates. Sector specific issues include factors directly linked and within the control of the W&R sector.

Change drivers have direct implications for skills development in the W&R sector. As the sector expands there is an increased demand for critical and scarce skills by employers.

These skills demands are located at low, intermediate and high skills levels depending on the nature of work. There are a myriad of change drivers in the W&R sector. This section focuses on the most influential change drivers impacting on the sector and the implications for skills development.

The major drivers of change:

2.1.1 Technological

2.1.1.1 Changing Technology

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 African) 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 would be introduced in the near future.

2.1.1.2 Internet Based Retailing

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 area of retail.

Implications for Skills Development

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 W&RSETA.

Internet retail by its nature is “skill-biased,” thereby 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.

W&RSETA should identify the changing nature of occupations as well as new occupations and occupations in decline. Learning programmes and assessments should take cognisance of 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.

2.1.2 Legislative

2.1.2.1 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%, mortgage slowed from 30% to just over 20% and credit-driven furniture and apparel sales are almost flat (Financial Mail Jul 2009).

The Act has tightened lending regulations ensuring that consumers pass the “affordability test”. The Act 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 world-wide credit crunch, dramatically constrained the Wholesale and Retail sector.

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

2.1.2.2 Consumer Protection Act

The Consumer Protection Bill is due to be passed into law in the first quarter of 2011. The delay is to afford businesses sufficient time to adjust their trading practices to comply with the Act.

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 over-selling is going to 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, to refuse to purchase "bundled" products or services, to cancel fixed-term agreements if not satisfied with their terms and to block approaches by direct marketers, amongst many others.

The Act will have a significant impact on the way business is conducted in South Africa.

Implications for Skills development

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

2.1.3 Black Empowerment and Affirmative Action

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

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.

Implications for Skills Development

Given the above rationale, 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. W&RSETA needs to incentivise the skills enlargement of black middle and senior management.

2.1.4 Social

The major social drivers are unemployment and the requirement to create Decent Work, HIV/AIDS and Crime.

Unemployment

An important driver which 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 which bears the burden of this income inequality.

Requirement to Create 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.

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 toward more practical skills and vocational training.

Crime was extensively dealt with earlier in the document.

Implications for Skills Development

W&RSETA should strive to implement the following:

- Incentivise the training of 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 ILO country programme on Decent Work
- Toolbox for enterprises
- Monitoring, measuring and evaluating of Decent Work

CHAPTER THREE: 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 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 forms the concluding section for this chapter highlights scarce and critical skills in the sector that would be the focus of SETA initiatives going forward.

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.

The quality of labour force statistics in SA is generally poor and occupational statistics are of even poorer quality. In many instances, these statistics are available only 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).

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, does provide 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.

3.3 Analysing Labour Supply-Demand Dynamics

There are three organisations conducting supply-demand analysis in the South African labour market presently. This limitation contributes to the lack of labour market intelligence

among users of labour market information. Thus it is difficult for SETAs to determine the quantum of skills shortages or surpluses in their respective sectors.

Manpower SA, CareerJunction and Adcorp Group Holdings conduct supply-demand analysis on a quarterly and monthly basis respectively.

Careers Junction uses its website which includes job vacancies advertised in the Sunday Times Careers section. This supplement is a nation-wide advertising medium for jobs and 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 3 month period.

- **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 companies advertise their jobs on CareerJunction and make use of the variety of services which they offer over and above the normal Job Board service.

The Career Junction Index (CJI) has been 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. CJI Executive Summary analyses supply and demand of professionals within their relevant industries only.

The CJI data is sourced from the Career Junction website, where over 1,000 of the country's top recruiters (both agencies and corporate companies) advertise their vacant positions to more than 1 million career seekers. With the Internet becoming an increasingly popular method of finding a job and sourcing candidates for positions, the Career Junction Index provides HR professionals and recruitment agencies with valuable insights into online labour trends in South Africa (Career Junction Index, 2010a, p 1).

- **Adcorp Employment Index**

Adcorp Group Holdings releases a monthly Employment Index which serves as a useful indicator in measuring labour demand across a range of industries, including transport.

- **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, "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, we use the term “Net Employment Outlook.” This figure is derived by taking the percentage of employers anticipating total employment to increase and subtracting from this the percentage expecting to see a decrease in employment at their location in the next quarter. The result of this calculation is the Net Employment Outlook.

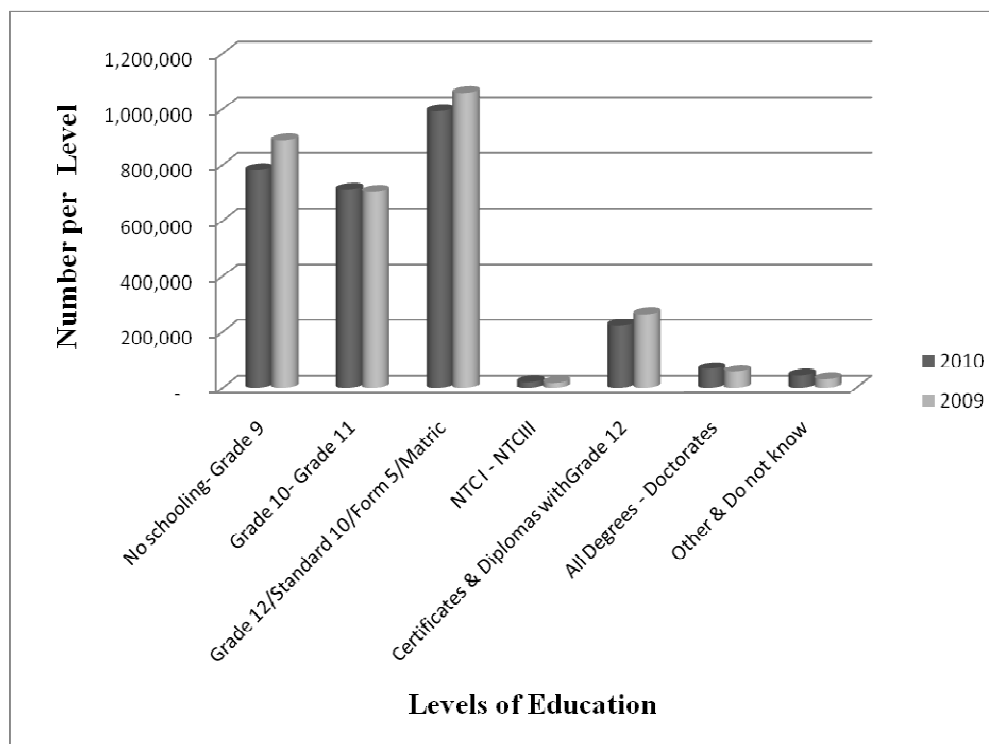
3.4 Education Levels in the Sector

The wholesale and retail sector has a unique set of skills required for occupations within the sector. The graph below 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 South Africa.

The wholesale and retail sector currently contributes 18,66% to South Africa’s workforce, with 1,27% of this workforce holding bachelor’s degrees, 4,35% with Matric and a diploma, 34,95% with Matric only, 12,86% with grade 11 and a 39,71% having education below grade 11. (Sigcau, AQLFS (2nd Quarter 2010) unpublished raw data.)

The Quarterly Labour Force Survey QLFS (1st Quarter 2009) showed that 3,020,666 people worked in the wholesale and retail sector in that period, whereas the QLFS (2nd Quarter 2010) shows that only 2,838,923 people are currently employed in the sector.

Figure 3-1: Education levels between Q1, 2009 & 2nd Q 2010



Source: Chatindiara K, QLFS (Quarter 1, 2009) & Sigcau, A, QLFS (2nd Quarter 2010) unpublished raw data.

Figure 3-1 above shows that about 88% of workers in the sector come from the schooling system and this might suggest that there is no prerequisite for entry in the sector.

The W&RSETA could locate these employees as they are already employed in the sector and channel them towards learnerships and 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 within the sector. This will not only improve the quality of skills in the sector but will help facilitate access, success and progression and will also assist companies improve their empowerment numbers.

3.5 Education and Training Provision

3.5.1 Supply of Skills from Schools

According to Sigcau, A, (QLFS, Quarter 2, 2010), unpublished raw data, the majority of employees in the wholesale and retail sector have education levels from Matric and below, as 34, 95% have Matric only, 12, 86% have grade 11 and 39, 71% have education below grade 11. This constitutes a shocking 87.52% of workforce in the sector.

Workforce entry into the wholesale and retail sector is currently not controlled, as there are no prerequisite educational or skills requirements anymore, especially at the lower levels of occupations. The single most visible entry is Matric as 34, 95% of the workforce has Matric only.

In 2008, 554 664 learners sat the Senior Certificate examination. Of these learners 106 047 qualified for Bachelor's programmes, 127 423 qualified for Diploma programmes, 105 847 qualified for Higher Certificate Programmes and 5 477 did not receive admission to Higher Education. (Source: 2008 Integrated Examination Computer System (IECS) database, March 2009.)

It is most likely that learners who enter the sector with Matric only did not receive university entry. This translates to a sector that has a large unskilled workforce and therefore low salaries. These workers need to be targeted with learnerships and PIVOTAL Occupational Programmes, offering discretionary grants and other incentives to companies that employ them.

3.5.2 Supply of Skills from FET Colleges

A Further Education and Training institution is an institution that provides further education in all learning and training programmes leading to qualifications from Levels 2 to 4 of the NQF contemplated in the NQF Act, which levels are above general education but below HE.

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" (Page 16, Report of the Further Education and Training Round Table of 9 April 2010). Government seeks to promote the colleges as 'institutions of choice' to address specific work-based skill

needs". (Page 18, Towards Finding Resolutions in Partnership with Stakeholders: FET Round Table, April 29, 2010).

FET Colleges were created as recently as 2002 in terms of the FET Act, no 98 of 1998 with the declaration of former technical colleges and colleges of education and training centres into 50 merged FET colleges. The reason for the reform was to combine smaller and weaker colleges with stronger institutions in order 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 fifty colleges has a minimum of three sites making them accessible to communities of students.

FET Colleges offer mainly the National Certificate Vocational (NVC) up to NQF Level 4. The NVC comprises of four subjects spread across 11 programmes or vocational fields of study, namely Engineering and Related Design, Marketing, Management, Office Administration, Primary Agriculture, Tourism, Civil Engineering and Building Constructions, Finance Economics and Accounting, Information Technology and Computer Science and Hospitality. The NCV responds to scarce and high demand skills, but is also heeding calls from employers to create "thinking" employees.

Public FET institutions accounted for 3.0% of public education system in 2008, where 418 058 learners registered for FET qualifications through 45 FET institutions. (Source: 2008 data, as extracted from provincial annual data sets). Based on the current offerings of FET Colleges, the W&RSETA can work with willing FET Colleges to re-package some of their programmes e.g. Marketing, Management, Office Administration, Finance Economics and Accounting, Information Technology and Computer Science and Hospitality to accommodate scarce skills demands in the sector.

Currently, colleges feel that their offerings are not aligned to W&RSETA scarce skills needs, but some have existing partnerships with private providers and through these partnerships, they are able to provide training in the scarce skills areas in the sector. The W&RSETA needs to reach out to colleges to ensure FET institutions play a pivotal role in addressing NSDS III priorities.

Public FET institutions views W&RSETA as one of the most difficult SETAs to begin accreditation processes with and according to the W&RSETA ETQA information, only six public FET institutions have provisional accreditation with the SETA and none have full accreditation. To increase its capacity, the W&RSETA needs to accredit a minimum of two FET Institutions per province.

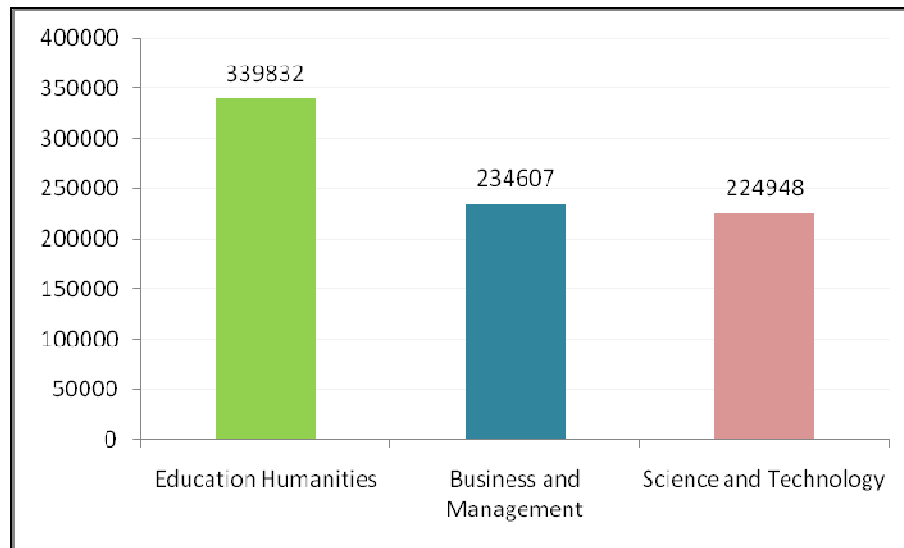
3.5.3 Supply of Skills from Higher Education Institutions

Public Higher Education Institutions (HEI) represented 5.7% of the public education system in South Africa in 2008, where 799 387 students registered in public HEIs (EMIS: 2008, page 12). The HEI mainly supply higher qualifications such as diplomas, undergraduate and postgraduate qualifications.

Higher Education Institutions cluster learning into three major fields of study namely 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 the Business and Management Studies in the formal education system.

Figure 3-2: Enrolments in Public HEI by Major Field of Study 2008



Source: 2008 EMIS, pg 39

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 the above graph, 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 myriad backgrounds. Graduates from these institutions may therefore exhibit the necessary skills to enter the retail sector but opt to positions in other industries.

3.5.4 Recognition of Prior Learning (RPL)

Recognition of Prior Learning (RPL) is a process whereby, through assessment, credit is given to learning which 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.

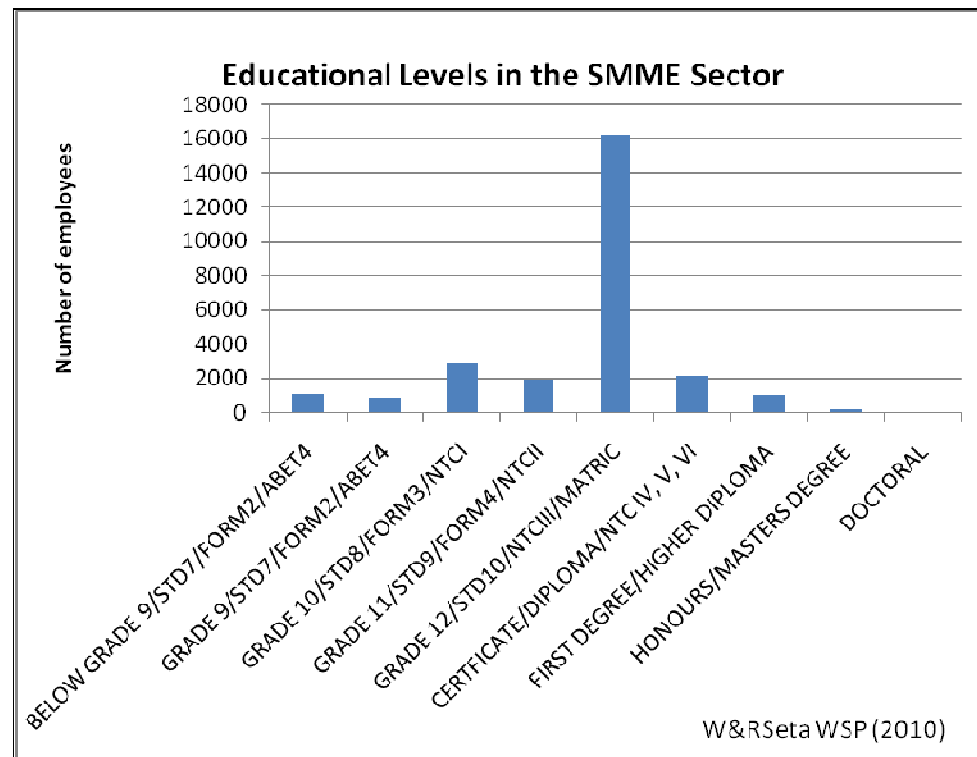
Proper implementation of RPL would assist in addressing some of the skills backlog. The topic is expanded on in the Strategic Plan (Ch5).

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

- A RPL toolkit must be developed to facilitate recognition of RPL
- Qualified assessors must be made available to assess prior learning and map this learning against requirements
- Providers are enabled to conduct RPL
- Organisations must be encouraged and incentivised by allowing learners to undergo the RPL evaluation
- Measures must be put in place to mitigate the high cost of assessments and the misunderstanding of what RPL entails

3.5.5 Small Medium and Micro Enterprises (SMME)

The educational distribution of employees in the SMME category (those who have submitted WSP data) is similar to that in the larger enterprises.



Anecdotal evidence however indicates that amongst the smaller companies – those who are either exempt from submitting WSPs or who are non-compliant, the educational levels are much lower.

This further suggests the need for targeted intervention by W&RSETA in increasing compliance and greater research into the needs of the SMME category.

3.6 Employees To Be Trained in the Sector

The Workplace Skills Plans (2010/ 2011) provide information on the number of employees to be trained by OFO, race, gender and NQF levels. This information helps the WRSETA to plan and support the sector in all skills development initiatives.

According to the Workplace Skills Plans submitted, companies in the wholesale and retail sector are planning to train a total of 266 919 employees in the 2009/ 2010 financial year across all occupations.

The graph below gives the summary breakdown of planned training in the sector for the current financial year.

Figure 3-3 Employees to be trained in the sector

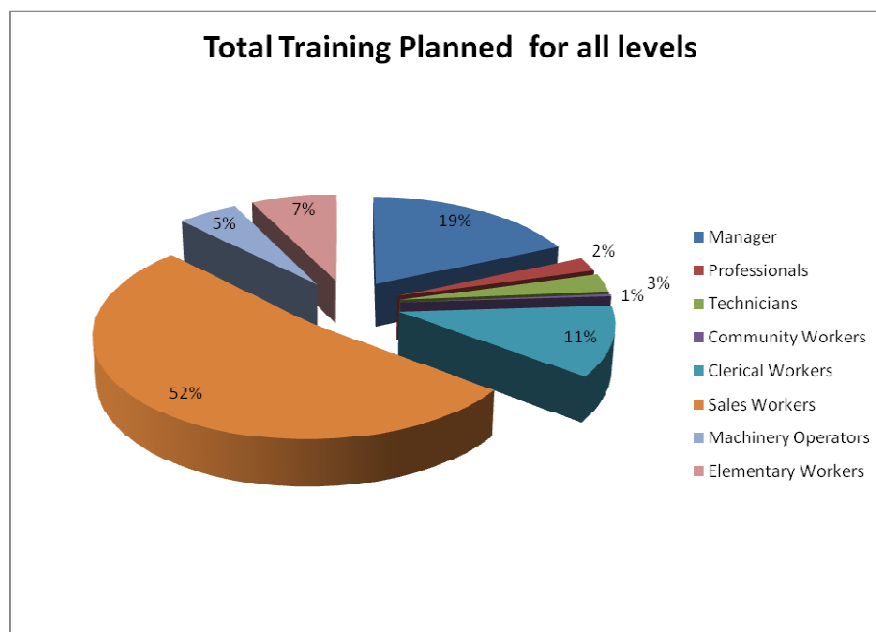
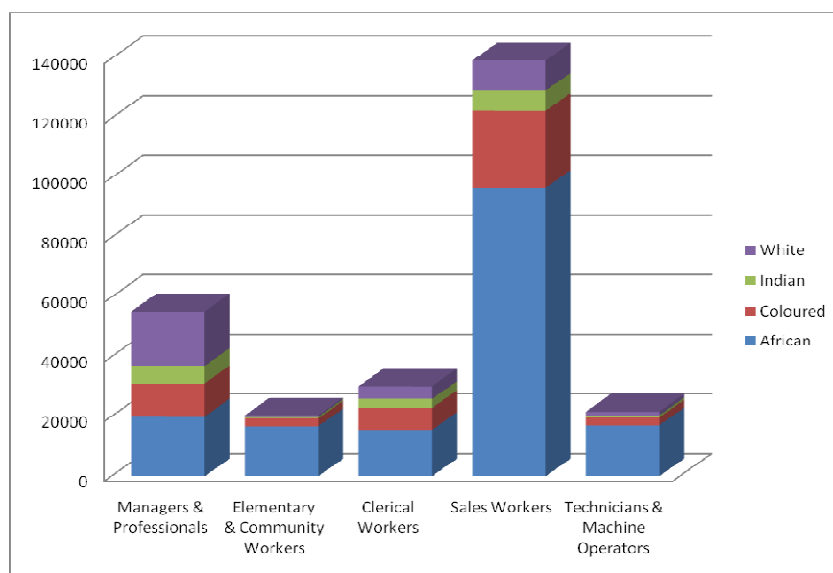


Figure 3-3: Total Employees to be trained in the sector

According to the figure above, planned training is at its highest levels for sales workers, followed by clerical workers, with managers closely behind indicating that the demands for training interventions are at their highest from NQF Level 1-4 and starts tapering off at NQF Level 5-8.

Figure 3-4: Employees To Be Trained by RACE AND OFO (WSP/ ATR 2009/ 10)



Source: WSP/ ATR 2009/ 2010

In terms of what is contained in Fig. 3-4, the demand for training is highest amongst African Employees (166008) across the Organised Framework of Occupations, followed closely by Coloureds (49543), with Whites (34349) and Indians (17019) trailing far behind. The demand for sales and clerical workers is still dominant amongst Africans (96658) and Coloureds (25856) while Manager skills demands are dominating between Africans (18164) followed by Whites (16056) with Coloureds (9970) and Indians (4969) trailing closely behind. For some reason, planned training for white professionals is dominant followed by Africans (1154) and Indians (900).

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

Fig. 3-4 above shows that, the highest numbers of employees to be trained are sales workers that are less than 35 years of age, followed by 35-50 sales workers. Sales workers represent the core skills of the wholesaling and retailing business and training younger workforce will ensure growth, productivity and stability going forward. The next group to be trained are managers aged between ages 35-55 followed by clerical workers at less than 35 years. Managers aged less than 35 are significantly high at 17 149, with elementary workers following closely at 11806. The bulk of employees to be trained are aged < 35 while those between 35-55 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 necessary experience to ensure long service potential.

3.7 Fuel Retailers

Fuel Retailers have been 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 with respect to forecourt outlets. Training is mandated by the oil companies and outlets are required to send certain key personnel for training. Given the educational levels amongst forecourt staff, there is a significant need for AET.

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.

Training required per Occupational category in the Fuel Retailers Sector

	African	Coloured	Indian	White
Artisan/ Trade	13388	3434	1683	7346
Computer/ IT	5208	2175	1127	7795
Engineering	4892	1663	611	4382
Financial	2623	643	267	3172
Health & Safety	67827	13227	4086	32410
HR Training	8008	3787	1245	6437
Instrument Use	6276	1828	316	1762
Management	3743	1347	1585	6858
Operator	49300	7008	2857	18490
Other	30664	8272	3013	14809
Petrol Attendant	3596	246	10	116
Product Knowledge	29143	13600	3089	20272
Sales/ Marketing	2490	817	778	6146
Soft Skills	18278	6144	2211	11694
Supervisory	2958	1049	383	1233
Grand Total	248411	65249	23261	142950

Merseta ATR (2010)

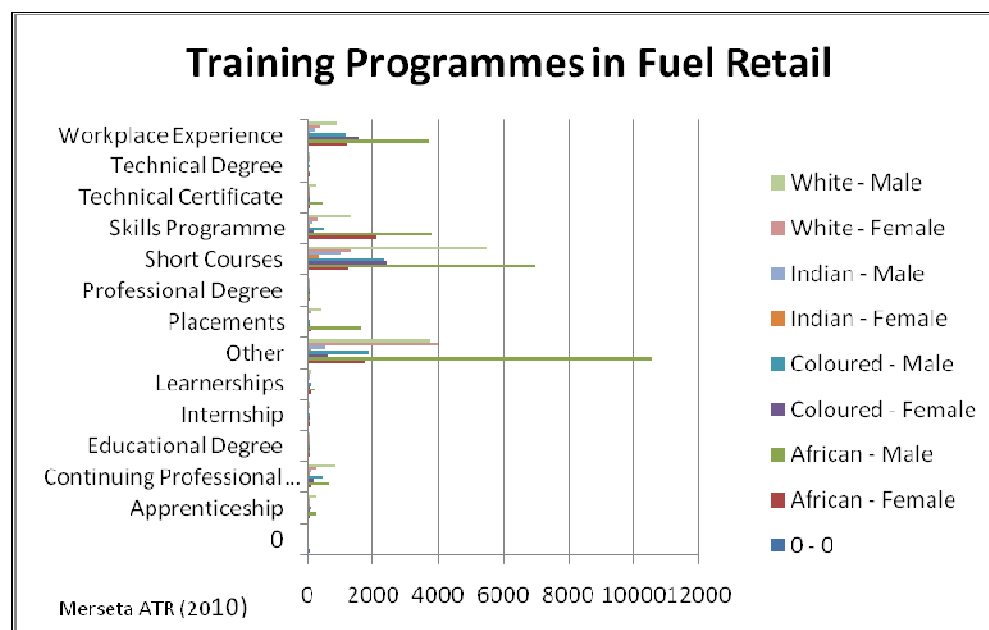
It can be seen that despite the number of petrol attendant staff in the sector, the number requiring training is low. This is because all oil companies require businesses to send their employees on training which is subsidised by the oil companies. Oil Company training also applies to staff employed in the forecourt located convenience stores as well as sales and marketing and supervisory skills.

Training Programmes required in the Fuel Retailers subsector

	African	Coloured	Indian	White
Apprenticeship	4146	921	425	2567
Continuing Professional Development	10554	2901	1833	11560
Educational Degree	460	220	80	369
Learnerships	5241	1458	1162	1558
Other	33232	11406	3214	14494
Short Courses	103143	27816	10813	75278
Skills Programme	25136	5117	1921	11305
Technical Certificate	1308	321	220	1134
Workplace Experience	60842	14778	3422	23370
Grand Total	244062	64938	23090	141635

Merseta ATR (2010)

No CareerJunction information is available for this sector. We would assume the other categories such as Computer/ IT, Management, Financial etc. to be similar to the demand of supply of similar skills in other W&R subsectors.



The training programmes for all the occupational categories are shown above. "Other" includes training by the oil company and onsite training as well as training that does not fall within the other categories. Indian female is listed a zero in all categories. This must be interrogated.

We see 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

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, the government also provides tax breaks for companies registering learners and ensuring they complete their learnerships.

Most of the learnerships in the W&R sector are located in the further education and training band (NQF Level 2 – 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 -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)

The W&RSETA entered into MoUs with other SETA in order to advance the skills development agenda and attract more skilled workers into the sector. This collaboration saw 4172 MoUs being signed between the W&RSETA and other SETAs between the years 2005 and 2010. This relationship yielded 1116 completed with 2437 learnerships still active under the W&RSETA banner. This collaboration needs to improve as this will improve the quality of skills of the workforce in the sector.

3.7.3 W&RSETA Learnership Statistics Between 2005-2010

The Wholesale and Retail SETA registered a total of 18784 learnerships between 2005 and 2010, of these 7744 were completed, 5832 are still active, 3864 are stagnant and 4610 were terminated.

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

Altogether the Wholesale and Retail SETA has in the past five years successfully completed 21163 learnerships including learnerships completed as a result of MoUs entered into with other SETAs and **4116 were terminated**. There is a variety of reasons for terminating learnerships, such as abscondment, resignation, incompetence, project cancellation, people getting permanent employment etc. This translates to 21163 certified learners by the WRSETA in past five years.

3.7.4 Training Providers, Assessors and Moderators by Region

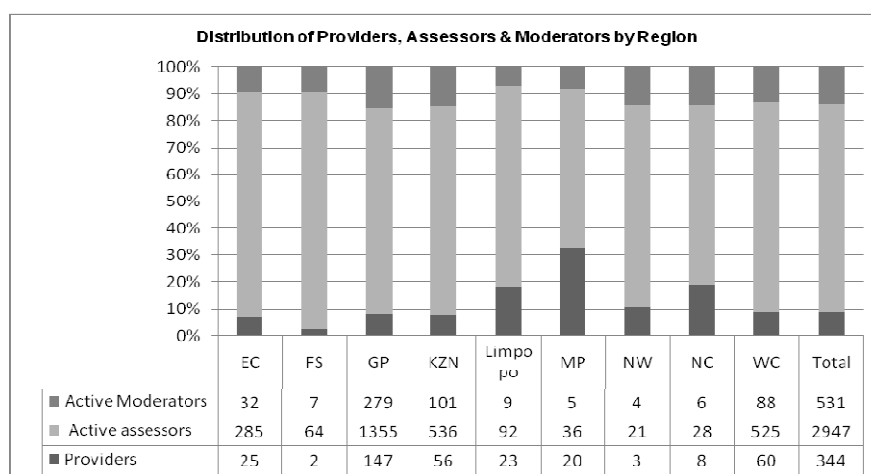
As a part of establishing its delivery capacity, the W&RSETA registers training providers, assessors and moderators that are subject matter experts in the wholesale and retail sector. These specialists assess and validate all learning taking place in the sector.

The W&RSETA has registered a total of 344 accredited training providers, 2947 assessors and 531 moderators that are distributed across all nine provinces.

These providers provide a menu of offerings of both full qualification and non-full qualifications.

Figure 3.10: Distribution of Providers, Assessors & Moderators by Region

Figure 3-4 Distribution of Providers, assessors



Source: WRSETA ETQA DIVISION

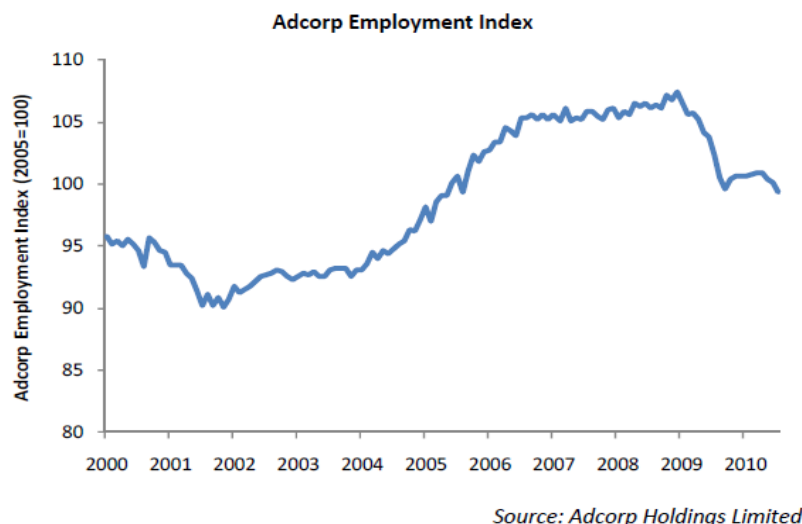
Of the 344 providers, only 100 providers have scope for full qualifications.

3.8 Recruitment Conditions

The Adcorp Employment Index (July 2010, p 2) fell sharply in July at an annual rate of 8.1%. All sectors, provinces and occupations recorded declines in employment, except for modest growth in government employment (2.4%). However, recruitment activity (which tends to lead the employment cycle by roughly 6 months) turned positive in all sectors, suggesting that, toward the end of 2010, South Africa's on-going job losses would ease. Specifically, since the beginning of 2010, recruitment activity for permanent positions increased by 18.0% over the year-earlier level 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.

Although employment fell sharply in July, recruitment activity gathered momentum in all sectors. Recruitment activity tends to lead employment by roughly 6 months, which suggests

that the South African economy's continuing pattern of job losses will ease toward the end of 2010. As indicated in the following figures, recruitment levels for permanent and full-time positions grew at an annual rate of 28.0% in July, the highest rate since January 2007. Recruitment levels for temporary and part-time positions grew at an annual rate of 4.6% in July, the highest level since June 2008.



According to Adcorp Employment Index (2010) employment in the W&R sector fell by 8.27% in July from the previous month. This pattern is consistent in all sectors. Such a development is likely to have occurred due to preoccupation with the World Cup tournament in June and July in South Africa.

Table 3-1 Employment and Growth by Industry

Employment by Industry July 2010		
Sector	Employment July 2010 (000s)	Percentage change vs. June 2010
Mining	302	-11.17
Manufacturing	1,464	-8.25
Electricity, gas and water supply	87	-4.22
Construction	557	-13.1
Wholesale and retail trade	1,624	-8.27
Transport, storage and communication	525	-6.25
Financial intermediation, insurance, real estate and business services	1,618	-2.83
Community, social and personal services	2,498	2.44
Source: Adcorp Employment Index (2010)		

In terms of employment by occupational categories for July 2010, all categories recorded month-on-month declines (Adcorp Employment Index July, 2010, p3).

Table 3-2 Occupational Employment by Industry

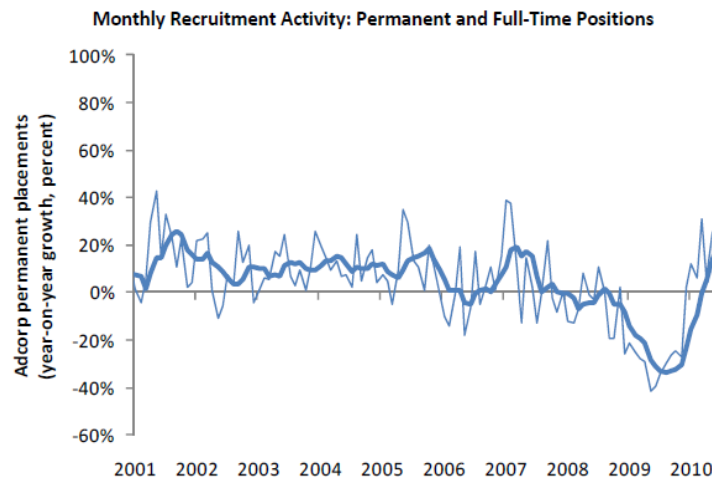
Occupation	Employment July 2010 (000s)	Percentage change vs. June 2010
Legislators, senior officials and managers	997	-3.08
Professionals	639	-2.16
Technical and associate professionals	1,467	-8.52
Clerks	1,446	-4.36
Service workers and shop and market sales workers	1,773	-5.21
Skilled agricultural and fishery workers	107	-2.29
Craft and related trades workers	1,490	-11.22
Plant and machine operators and assemblers	1,069	-9.63
Elementary occupation	2,486	-8.35
Domestic workers	823	-4.12
Source: Adcorp Employment Index, July 2010		

All occupational levels across the economy experienced negative employment growth for the period July 2010.

3.9 Recruitment Activity

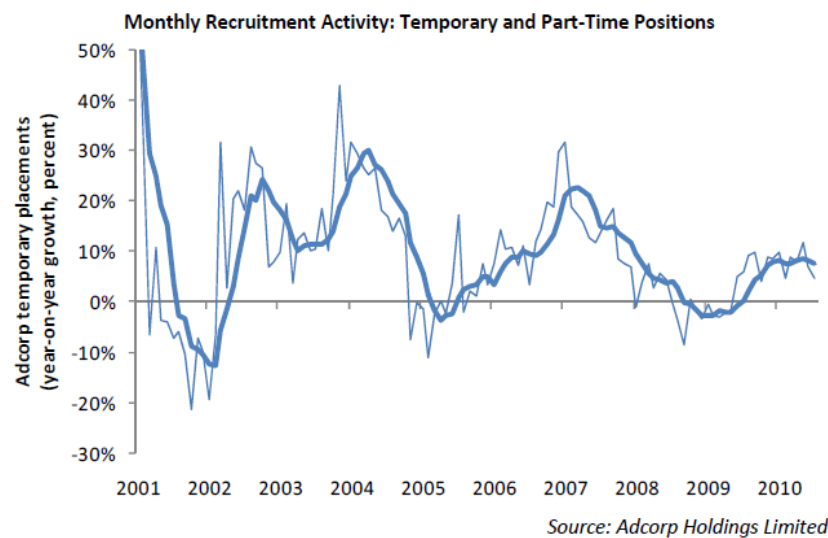
Adcorp's Employment Index (July 2010, p 2) shows that recruitment (labour demand) in SA remained stable between 2001 and 2007 at around 20%, but steep decline was experienced in 2008 and 2009 as a result of the global financial crisis. Permanent and full-time recruitment has picked up in the latter part of 2009 and 2010.

Figure 3-5: Recruitment Activity



Adcorp's Employment Index (July, 2010, p 4) shows that recruitment for part-time and temporary positions performed better than full-time and permanent positions indicating that structural constraints exist in the labour market inhibiting hiring of labour. Even during the recession, recruitment dropped marginally and picked up steadily in 2010.

Figure 3-6 Recruitment Activity Temporary Workers



3.10 Sector Comparisons

The table below illustrates supply and demand trends experienced by all industry sectors over a 6 month period, where the first 3 months' data are compared to the next 3 months' data (CareerJunction, 2010d, p 16).

Table 3-3: Supply and Demand Trends

	Index	Supply Trend		Demand Trend		Potential career seekers per job advert	
Distribution, Warehousing & Freight	167.14	-7.1%	-	55.2%	+	9.37	Less than 10 potential career seekers per job advert
Beauty	157.57	-15.4%	-	33.4%	+	9.12	
Medical	147.98	-11.3%	-	31.2%	+	8.38	
Finance	124.05	4.6%	+	29.8%	+	7.67	
Engineering	112.84	1.6%	+	14.7%	+	6.47	
Travel & Tourism	205.78	-2.9%	-	99.8%	+	18.79	Between 10 and 30 potential career seekers per job advert
Transport & Aviation	184.99	-6.4%	-	73.2%	+	21.79	
Science & Technology	175.38	-14.5%	-	50.0%	+	19.19	
Human Resources & Recruitment	164.06	-16.1%	-	37.7%	+	10.48	
Legal	153.25	4.4%	+	60.0%	+	16.61	
Safety, Security & Defence	151.27	-6.2%	-	41.9%	+	21.56	
Media	144.30	-4.6%	-	37.6%	+	14.44	
Design	142.80	-2.4%	-	39.3%	+	15.08	
Manufacturing, Production & Trades	140.69	-14.8%	-	19.8%	+	12.91	
Mining	140.68	-0.4%	-	40.1%	+	12.27	
Marketing	140.57	0.0%	+	40.6%	+	13.76	
Property	140.20	1.9%	+	42.9%	+	24.92	
Telecommunication	138.95	17.4%	+	63.1%	+	19.43	
Petrochemical	135.70	2.3%	+	38.8%	+	14.41	
Motor	129.16	-11.6%	-	14.2%	+	13.53	
Building & Construction	123.18	-1.0%	-	22.0%	+	14.10	
Hospitality & Restaurant	112.02	2.2%	+	14.5%	+	21.20	
Sales	111.56	-1.1%	-	10.4%	+	14.58	
Agriculture	110.05	21.4%	+	33.6%	+	19.25	
Maritime	108.23	-25.3%	-	-19.1%	-	15.93	
FMCG, Retail & Wholesale	79.78	137.5%	+	89.5%	+	13.87	
Information Technology	73.70	-59.5%	-	-70.2%	-	10.55	
Social & Community	329.41	-6.4%	-	208.3%	+	34.75	More than 30 potential career seekers per job advert
Sport & Fitness	266.25	1.3%	+	169.8%	+	50.90	
Admin, Office & Support	130.18	-3.4%	-	25.8%	+	60.19	
Education	129.20	-9.2%	-	17.3%	+	100.26	
Arts & Entertainment	120.53	-9.4%	-	9.2%	+	37.97	
Business & Management	111.37	11.3%	+	24.0%	+	34.07	
Government & Local Government	82.61	-2.1%	-	-19.1%	-	87.75	
Botanical	39.47	24.2%	+	-51.0%	-	79.02	

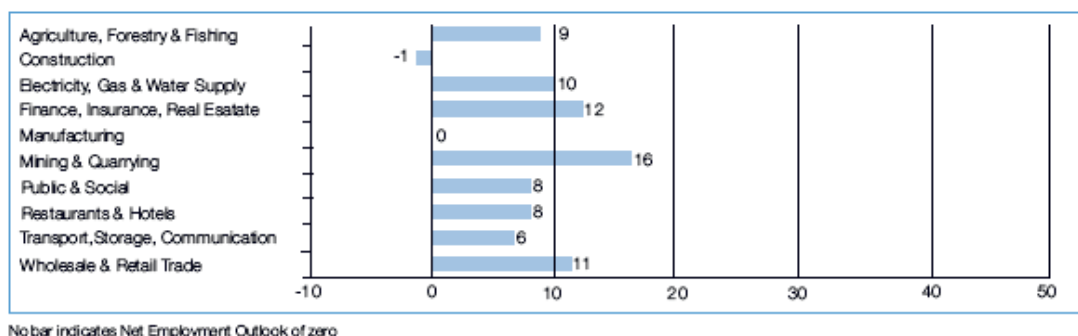
A six months analysis of the online labour market in South Africa reveals an overall decrease in online labour supply. Demand for labour has increased during this period. As a result, recruitment conditions have weakened across most industries. Recruiters currently face difficult recruitment conditions in the Distribution, Warehousing & Freight and Engineering sectors. The supply pool of talent is limited to less than 10 potential career seekers per job vacancy within these sectors.

In the W&R sector the supply of labour is 137.5% and demand is 89.5%. There are 13.87% career seekers per job advert (CareerJunction, 2010, p 16).

3.11 Net Employment Outlook

Employers in eight of the 10 industry sectors anticipate headcount growth during Quarter 2 2010. The strongest hiring prospects are reported in the Mining & Quarrying sector, where the Net Employment Outlook is +16% (Manpower SA, 2010, p 12).

Figure 3-7: Net employment outlook



W&R sector employers anticipate respectable headcount growth in Quarter 2 2010, reporting a net employment outlook of +11%. Quarter-over-quarter, the outlook weakens by a slight 3 percentage points, while year-over-year, employers report an 8 percentage point decline (Manpower SA, 2010: p 11).

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 SA for this period. There 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. But despite the signs of a reviving market, a lack of skills still poses a threat to one of the most vibrant sectors in the world.

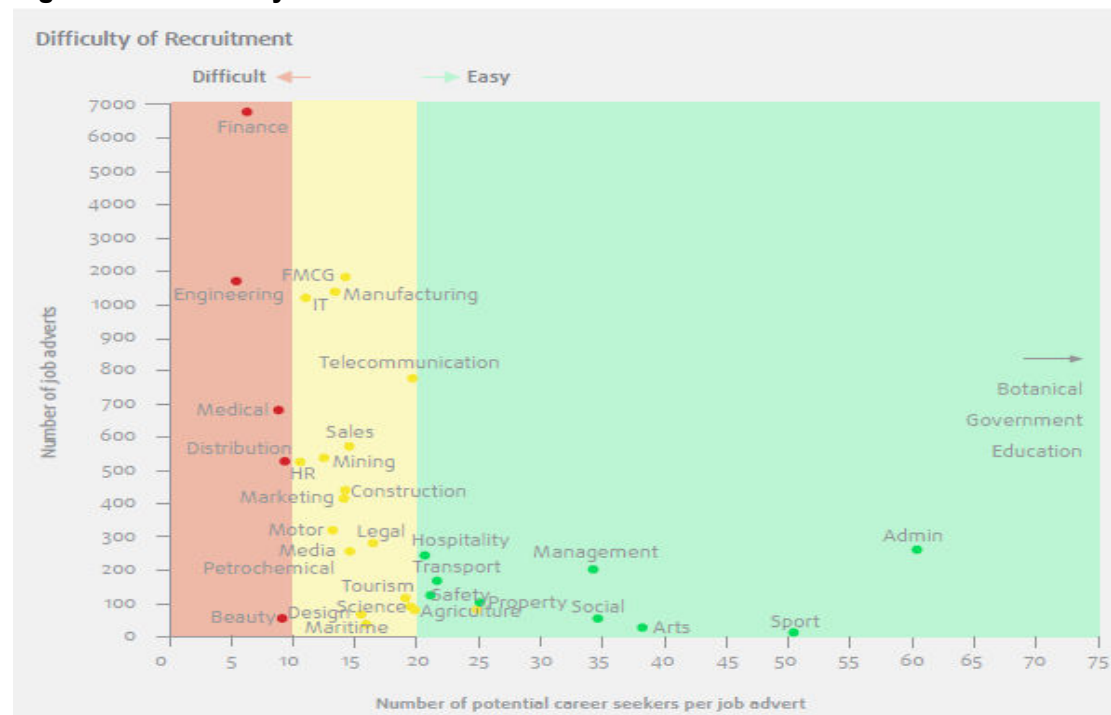
Various skills development programmes have been put in place as long and short term strategies in an attempt to improve the current skills crisis. The Wholesale and Retail SETA facilitated training of 1 342 learners in 466 companies during 2007/ 08 and has put together extensive skills development programmes 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 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 CJI for W&R sector is currently positioned at 113.12 index points, signalling weakening recruitment conditions and possible market recovery (Careers Junction, 2010b, 12).

The limited workforce within 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 possibility leave recruiters with severe skills shortages across a large part of the Retail & Wholesale 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 amount 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 3-8: Difficulty of Recruitment



Recruitment in the Wholesale and Retail 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 6 months (CareerJunction, 2010d, p 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 Wholesale & Retail profession and are believed to be as a result of poor training and education facilities as well as a lack of experience. The current skill 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 within 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 within the senior level category seems to be balanced in most occupational fields. On 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 occupational fields of:

- Sales (lack of skilled level labour)
- Client Services (lack of skilled and management level labour)
- Branch & 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 (CareerJunction, 2010a, 19).

3.14 Recruitment Conditions for Skills on W&R Scarce Skills List

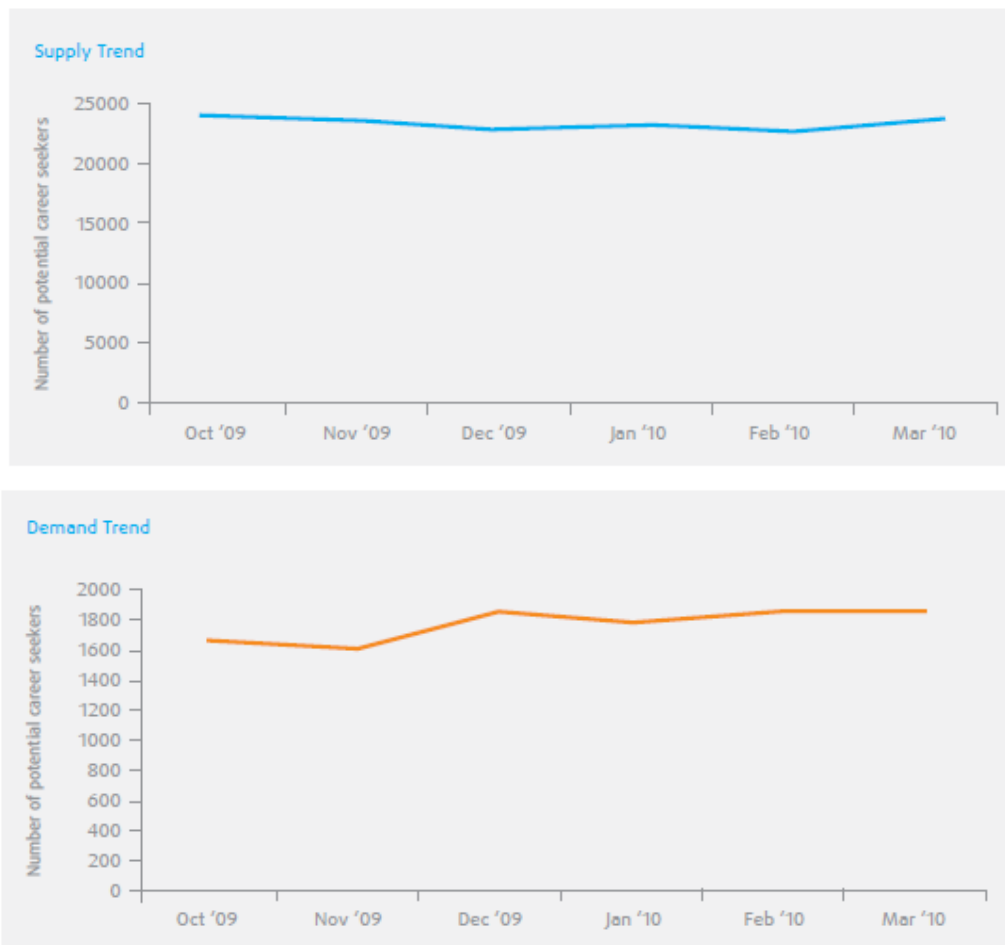
Below is a table of the current online labour market situation, taking into account the amount of active career seekers and the amount of advertised jobs on the CareerJunction website.

Table 3-4: Recruitment Conditions for Skills on W&R Scarce Skills List

	Occupational Fields	No. of career seekers per Advert	Comment on Recruitment
1	Client Services	7.02	Difficult
2	Sales	12.25	Moderate
3	General Management	11.40	Moderate
4	Procurement, Supply Chain & Logistics	14.70	Moderate
5	Operations (Control & Planning)	16.53	Moderate
6	Branch & Store Management	16.99	Moderate
7	Warehousing & Stock Control	21.44	Easy
8	Financial Management	6.68	Very Difficult
9	Quality Control & Assurance	36.56	Very Easy
10	Training & Development	53.26	Very Easy
11	Accounting	9.26	Difficult
12	Credit Control	15.76	Moderate
13	Purchasing & Procurement	22.41	Easy
	Source: CareerJunction, Job Report, 1st Quarter, 2010(a)(b)(c)(d)		

There are various occupational fields found within 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.

The graphs below display the supply as well as demand trends experienced by the W&R sector over the last six months.



Recruitment conditions have weakened in the occupational field of W&R sector during the first quarter of 2010 due to an increase in hiring activity. Recruiters currently have access to more than 10 potential career seekers per job advert, signalling moderate recruitment conditions.

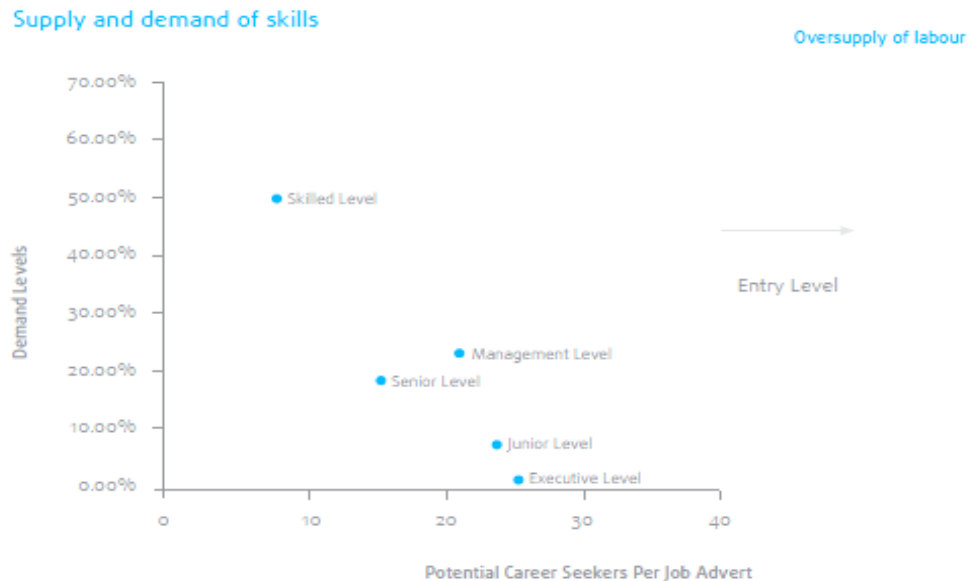
Businesses should be aware that the limited labour force in this field can create difficult recruitment for professionals at certain skill levels as well as in certain provinces where demand for labour is high. This is particularly important once markets revive and demand for labour starts to grow. Thus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

3.15 Skills Levels

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

Supply & demand (by skill level) as indicated for the first quarter of 2010 (January 2010 - March 2010):

Figure 3-9: Supply & Demand of Skills - Career Seekers per Job Advert



Entry and Junior Level: Entry and junior level professionals are not in high demand within the W&R sector. Supply of these professionals however is high, therefore creating an oversupply of labour. The oversupply of talent could be used to alleviate skills shortages elsewhere by means of training staff to the appropriate skill level.

Skilled Level:

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

Senior Level:

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

Management Level:

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

Executive Level:

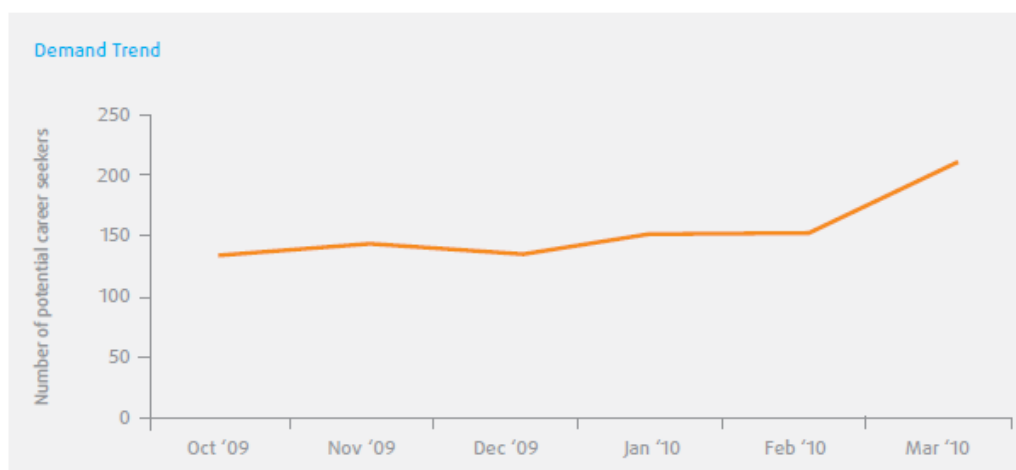
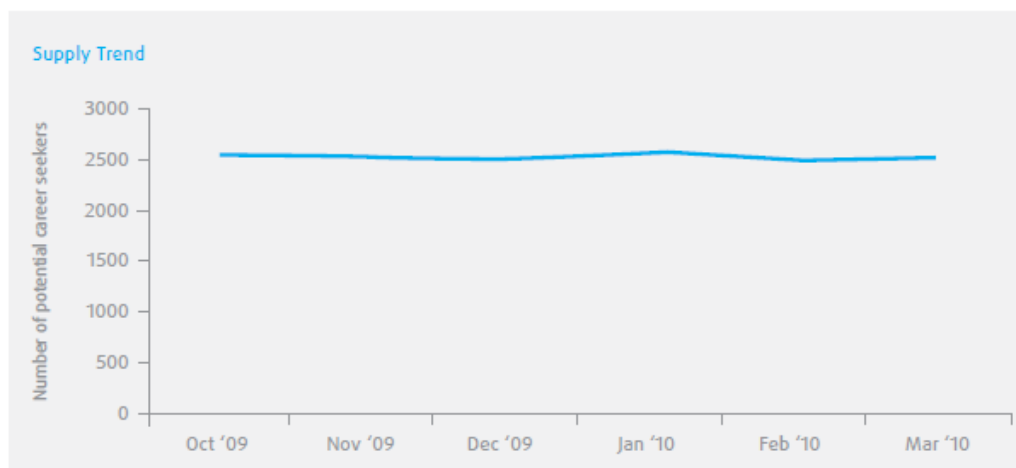
Headhunting is generally used for filling executive level positions, thus demand is low. Nevertheless the supply pool of available talent is large and recruiters face no difficulty in finding suitable candidates (CareerJunction, 2010, 27).

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):

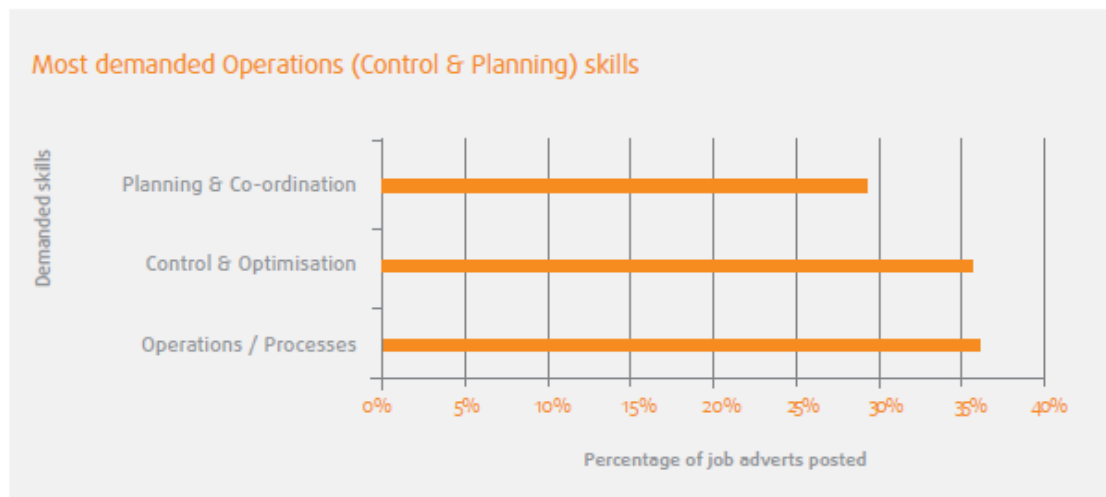
3.16 Supply And Demand Characteristics

3.16.1 Operations (Control & Planning)

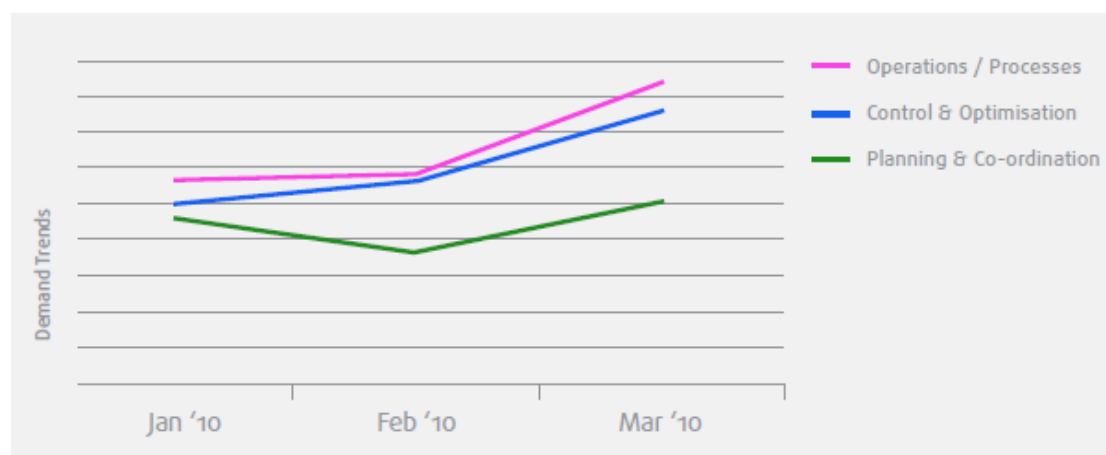
Recruitment conditions are currently moderate for professionals in the occupational field of Operations (Control & Planning). Due to a steady increase in online labour demand during the first quarter of 2010, available labour is limited. The limited workforce in this field indicates difficult placement of certain skills, particularly in regions where demand is slightly higher.



There are various types of skills found within the occupational field of Operations. When examining these skills, it is advantageous to analyse the levels of demand in order to distinguish which skills are most required.



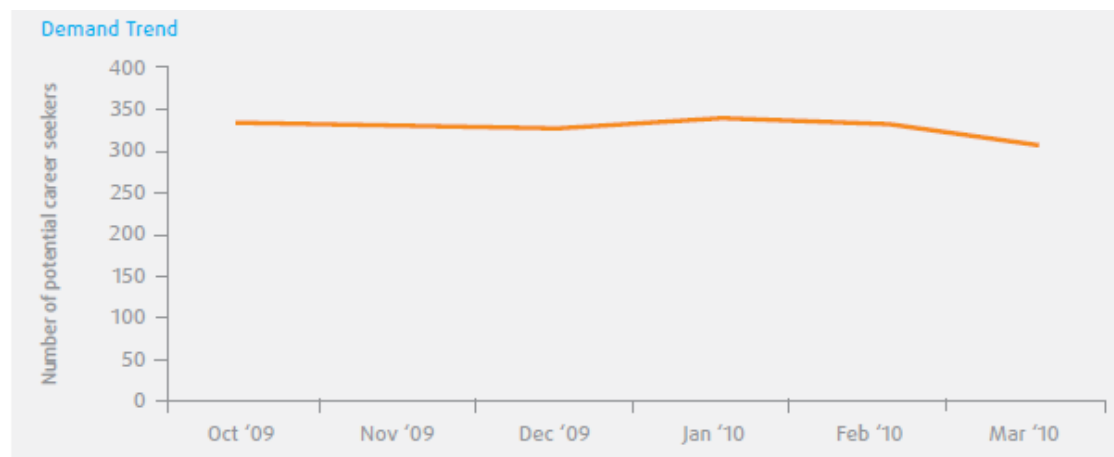
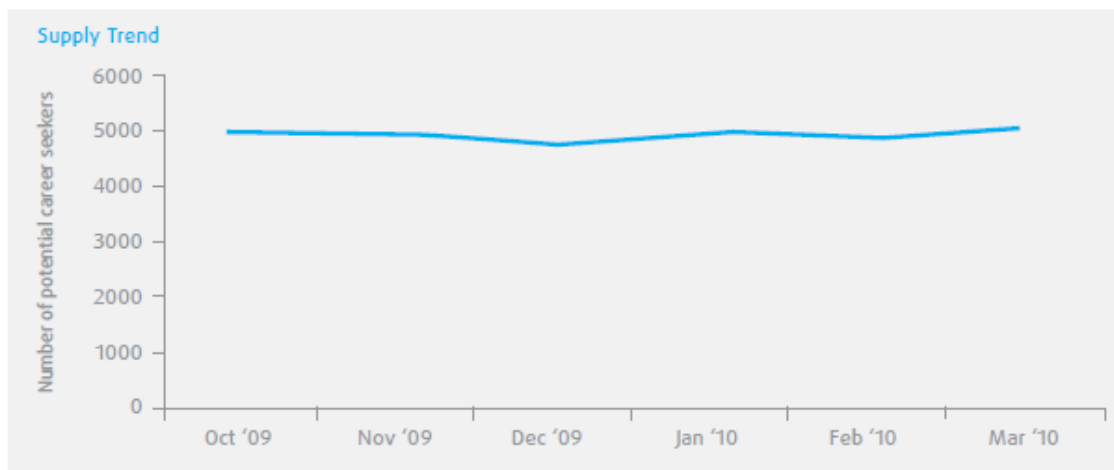
The graph below provides an overview of the trends experienced by the various skills that are in high demand:



Skills such as Operations/Processes, Control & Optimisation and Planning & Co-ordination are in high demand. Notable increases in hiring activity are evident for these sets of skills during the first quarter of 2010. Recruitment activity picked up substantially for Operations/Processes and Control & Optimisation skills while demand for Planning & Co-ordination skills experienced a moderate increase.

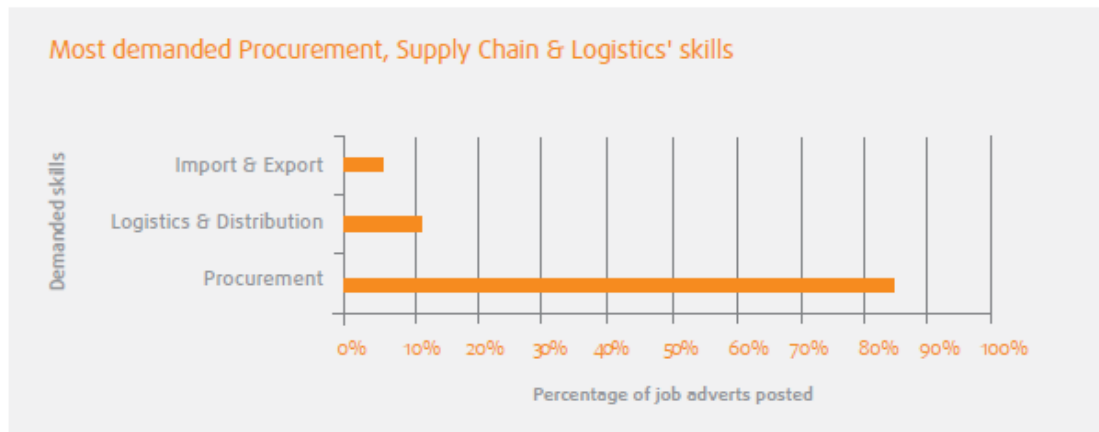
3.16.2 Procurement, Supply Chain And Logistics

The graphs below display the supply as well as demand trends experienced by the occupational field of Procurement, Supply Chain & Logistics over the last six months.

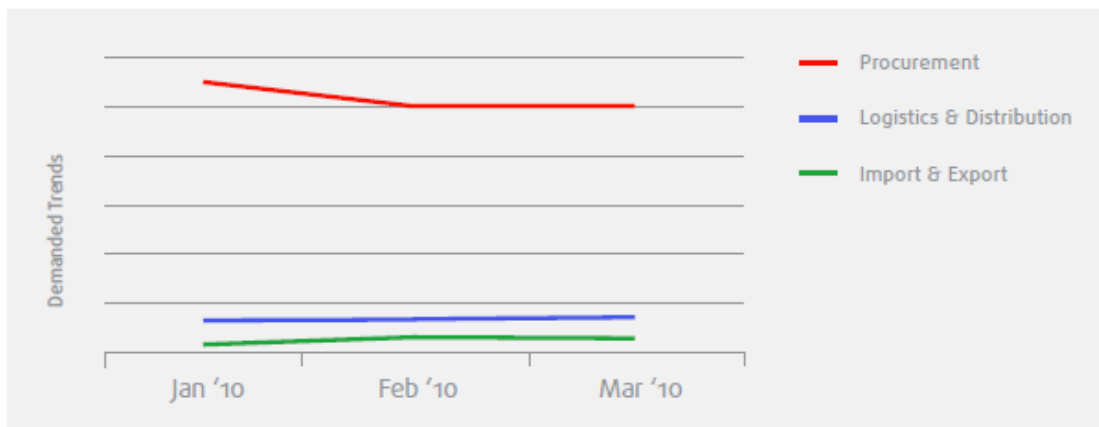


Recruitment conditions remained stable in the occupational field of Procurement, Supply Chain & Logistics over the last six months. Recruiters currently face moderate recruitment conditions. However, the limited labour force in this field is a cause for concern. Businesses should be aware that the limited labour force can create difficult recruitment conditions in certain provinces or for professionals at certain skill levels. This situation can further be 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 within the occupational field of Procurement, Supply Chain & Logistics. When examining these skills, it is advantageous to analyse the levels of demand in order to distinguish which skills are most required.



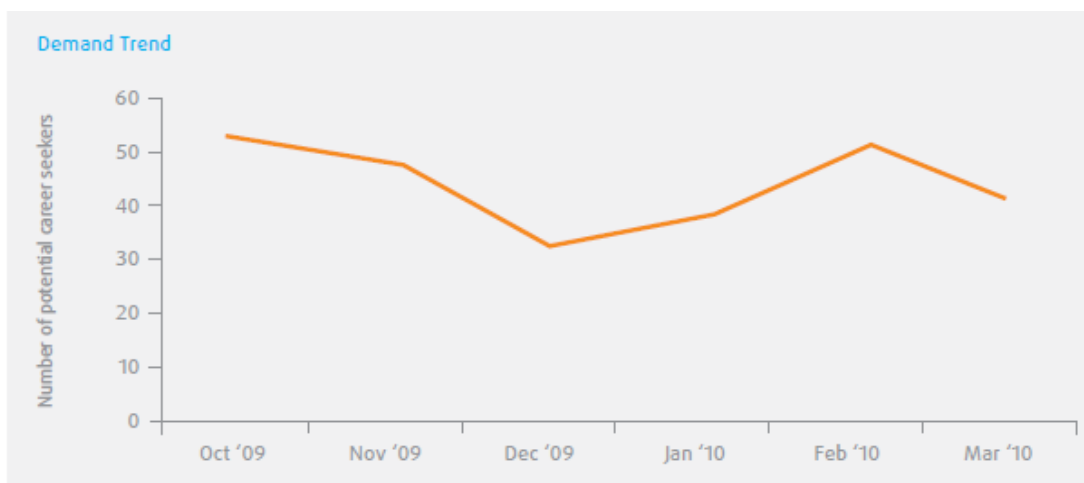
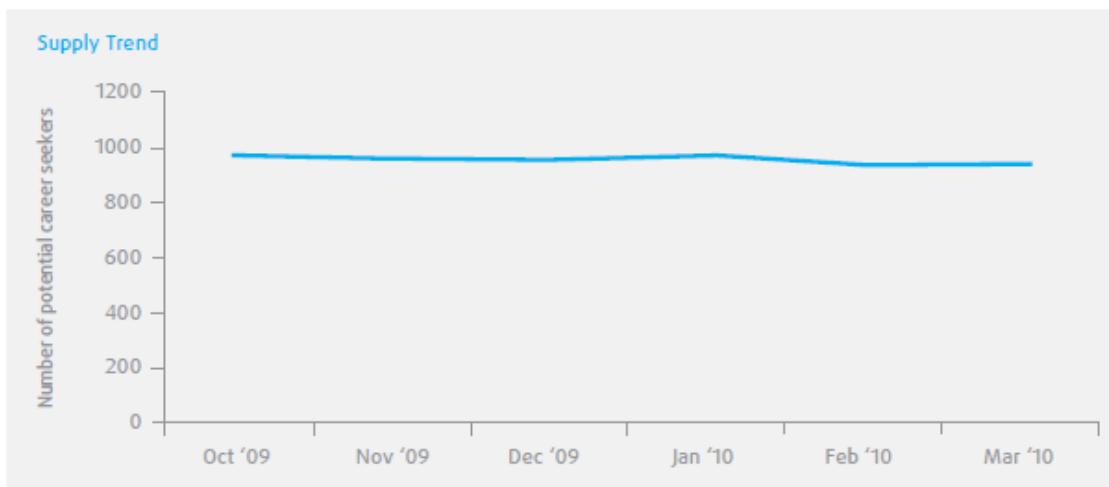
The graph below provides an overview of the positioning for the various skills that are in high demand:



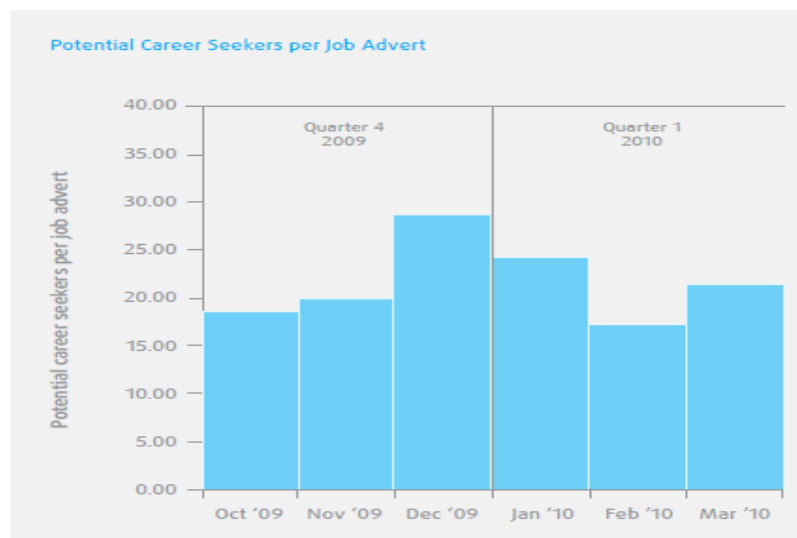
Procurement is undoubtedly the most required set of skills in the occupational field of Procurement, Supply Chain & Logistics. Import & Export skills as well as Logistics & Distribution skills make up a very small percentage of online labour demand. Demand for Procurement professionals dropped slightly during the first quarter of 2010.

3.16.3 Warehousing & Stock Control

The graphs below display the supply as well as demand trends experienced by the occupational field of Warehousing & Stock Control over the last six months.



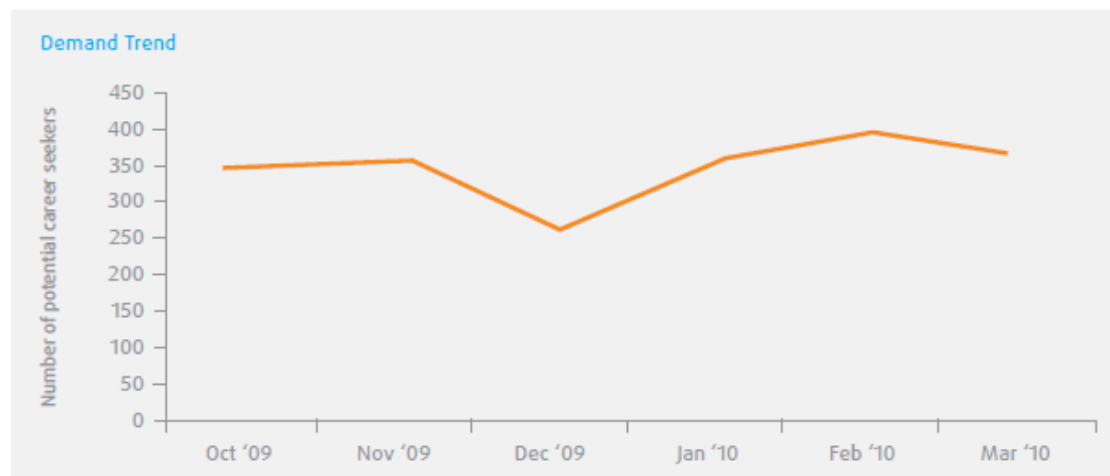
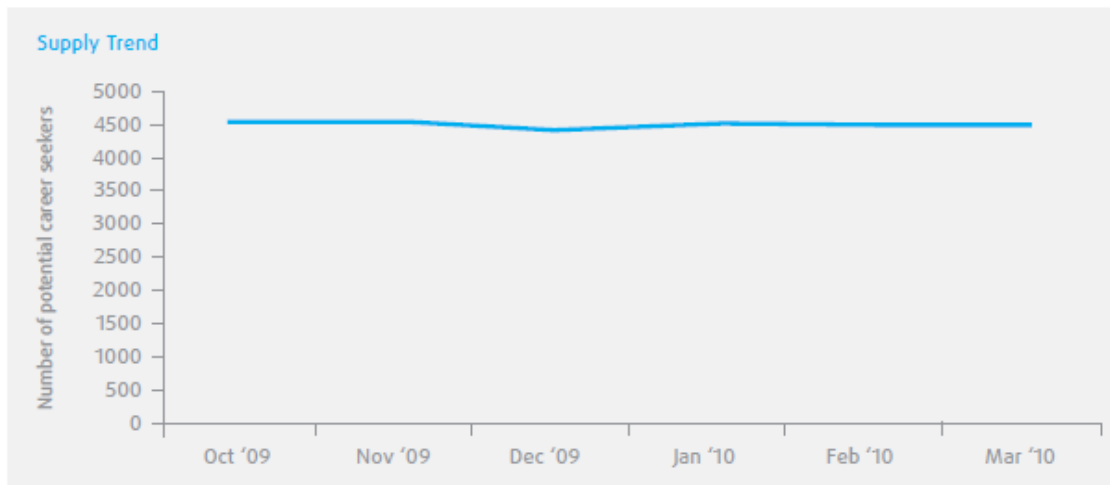
The occupational field of Warehousing & Stock Control experienced a decline in labour demand of 20% over the last six months. An increasing trend however is evident for the first quarter of 2010. The workforce in this field is sufficient, thus recruitment is easy.



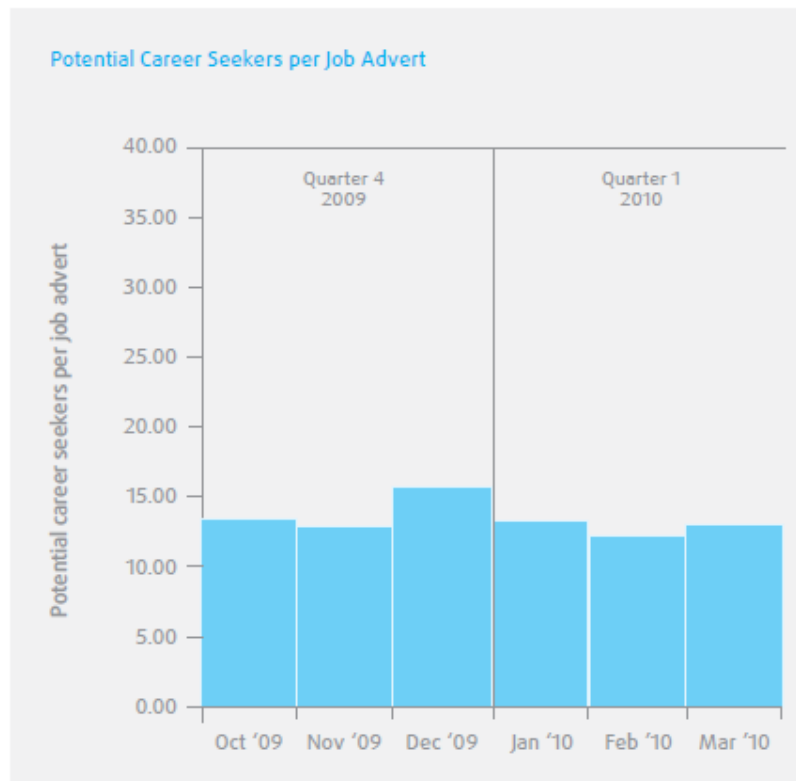
Recruitment conditions have fluctuated over the last six months. The large pool of available talent creates a prosperous recruitment environment where recruiters have access to more than 20 potential career seekers per job advert.

3.16.4 Sales

The graphs below display the supply as well as demand trends experienced by the occupational field of Sales over the last six months.



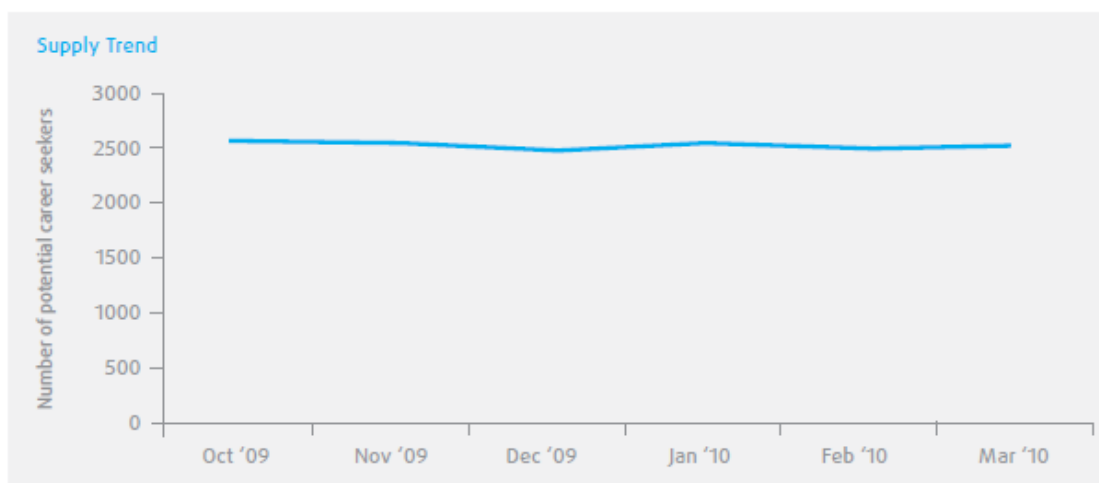
The graph below illustrates the amount of potential career seekers available per job advert posted in the occupational field of Sales over the past 6 months. It provides a good indication of recruitment trends.



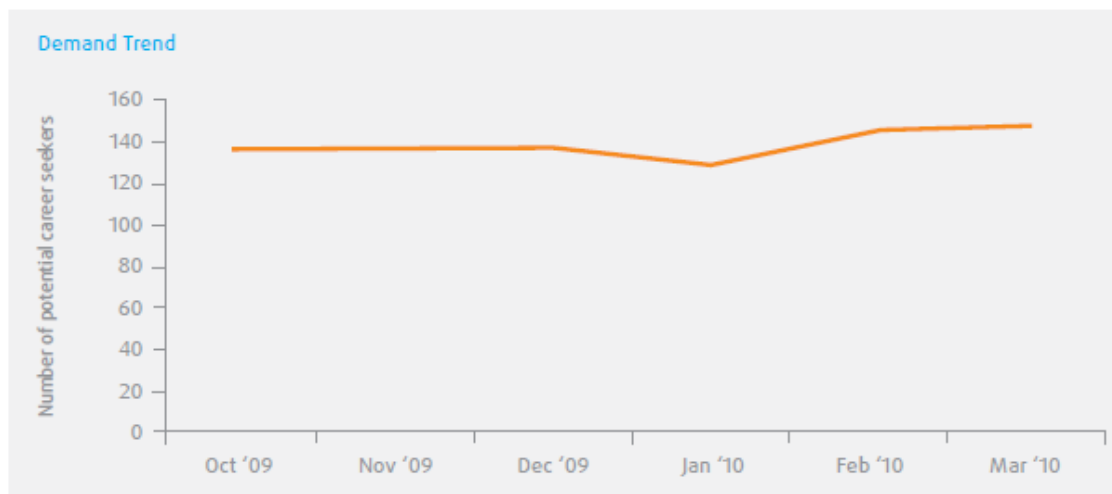
Recruitment conditions were moderate throughout the fourth quarter of 2009 and first quarter of 2010. A weakening trend is evident for these months with the exception of easing recruitment conditions during December 2009 and March 2010. Businesses should be aware of skills shortages in certain regions as well as skill level categories which 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 as well as demand trends experienced by the occupational field of Branch & Store Management over the last six months.



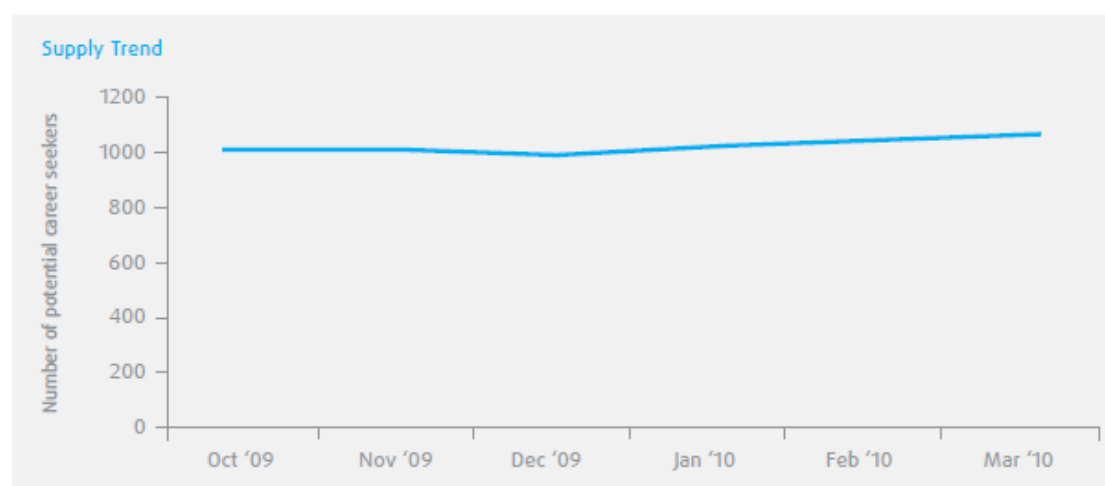
The graph below illustrates the amount of potential career seekers available per job advert posted in the occupational field of Branch & Store Management over the past 6 months. It provides a good indication of recruitment trends.

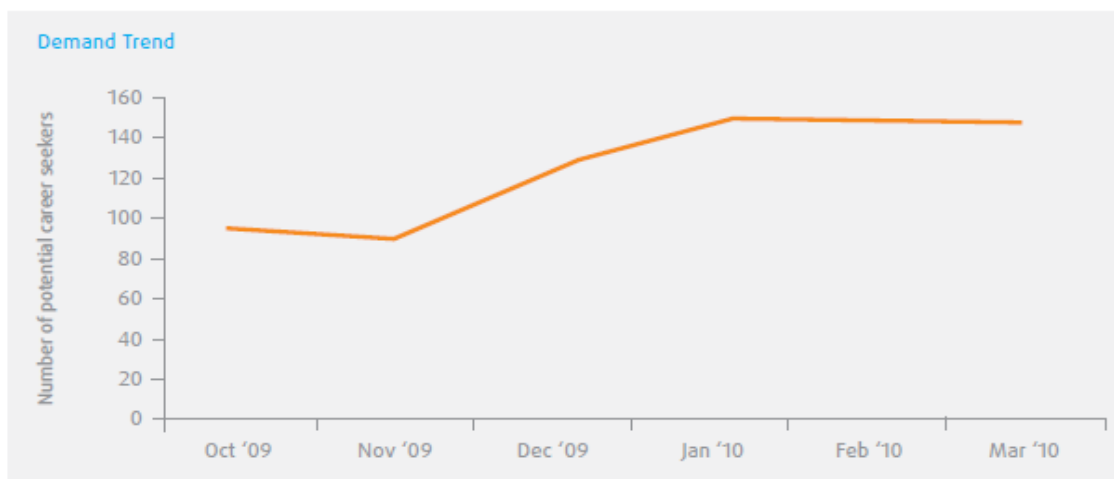


Recruitment conditions have slightly weakened in the occupational field of Branch & Store Management since October 2009 due to a rise in labour demand. As more job vacancies become available, access to available labour becomes limited. Despite moderate recruitment conditions, businesses should be aware 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.

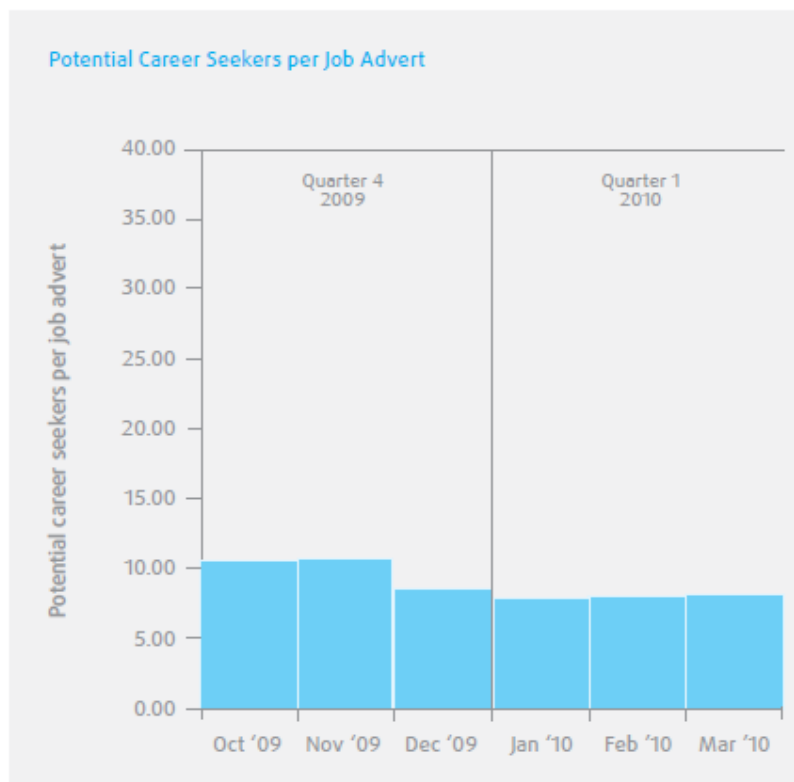
3.16.6 Client Services

The graphs below display the supply as well as demand trends experienced by the occupational field of Client Services over the last six months.





Client Services professionals are in short supply in the South African online labour market. Demand for labour has increased substantially since November 2009, thus weakening recruitment conditions. The workforce has slightly expanded during the first quarter of 2010. The graph below illustrates the amount of potential career seekers available per job advert posted in the occupational field of Client Services over the past 6 months. It provides a good indication of recruitment trends.

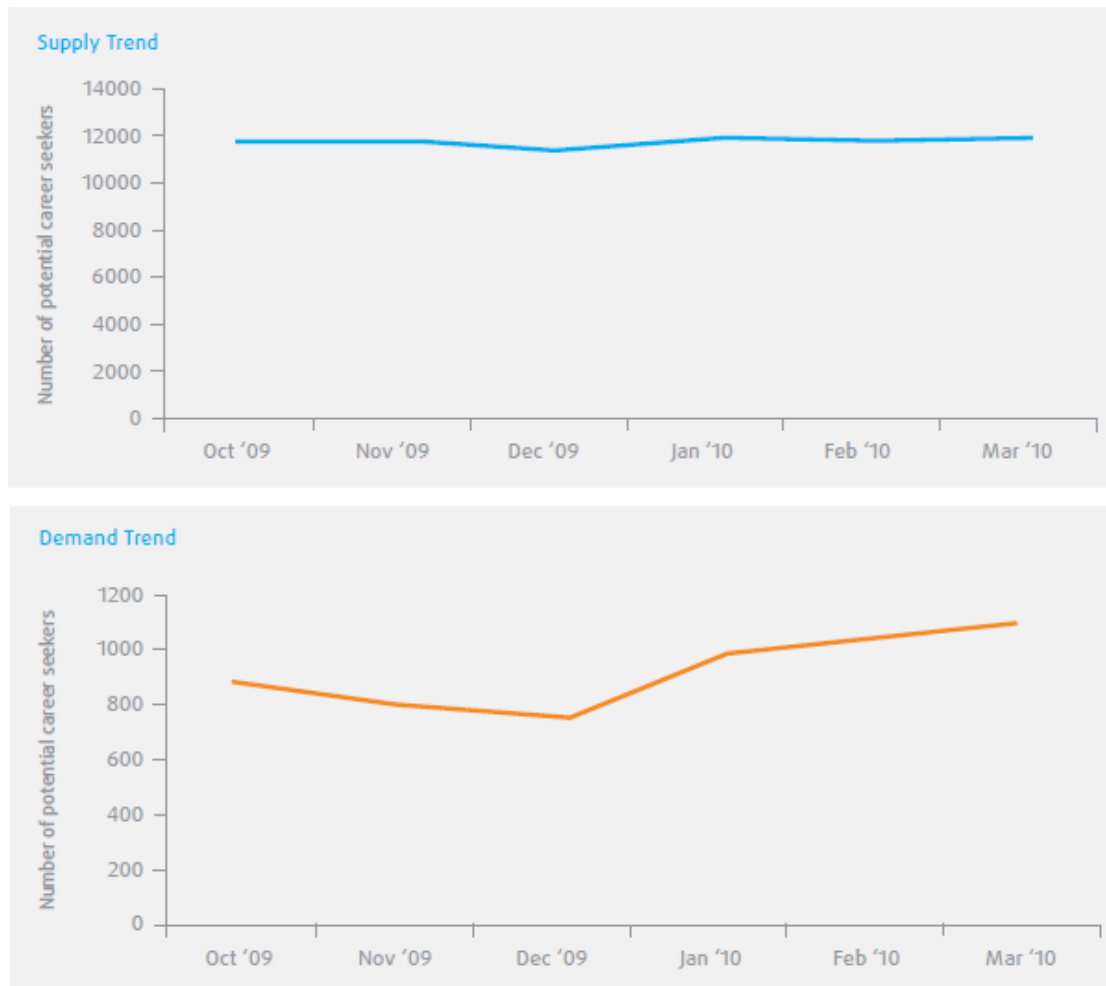


A shortage of Client Services professionals is a cause for concern in the W&R sector. Recruiters currently have access to less than 10 potential career seekers per job advert, signalling difficult recruitment. This is a particular concern for professionals at certain skill

levels as well as in certain regions. Thus efficient recruitment strategies need to be implemented by HR professionals in this field in order to sustain future growth of businesses.

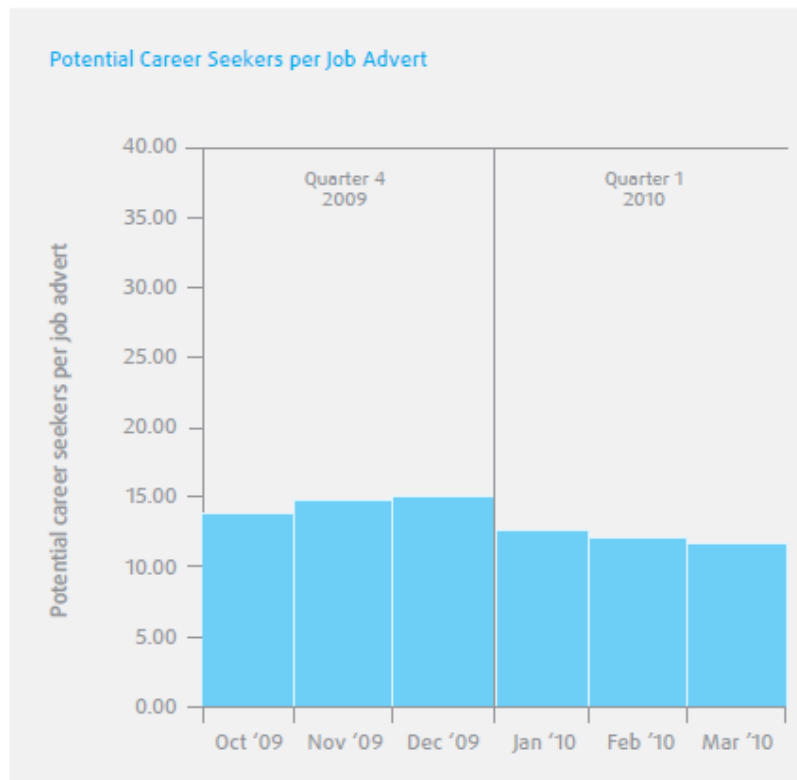
3.16.7 General Management

The graphs below display the supply as well as demand trends experienced by the occupational field of General Management over the last six months.



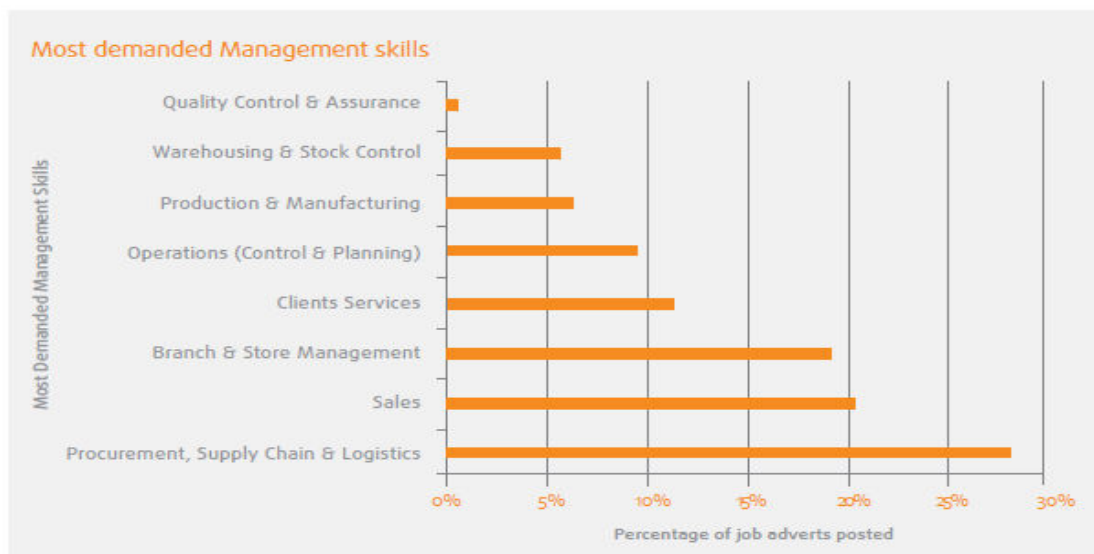
General Management is undoubtedly the most required type of labour in the W&R sector. Recruitment conditions are currently moderate; however the online workforce is limited. A significant rise in labour demand during the first quarter of 2010 has weakened recruitment conditions.

The graph below illustrates the amount of potential career seekers available per job advert posted in the occupational field of General Management over the past 6 months. It provides a good indication of recruitment trends.



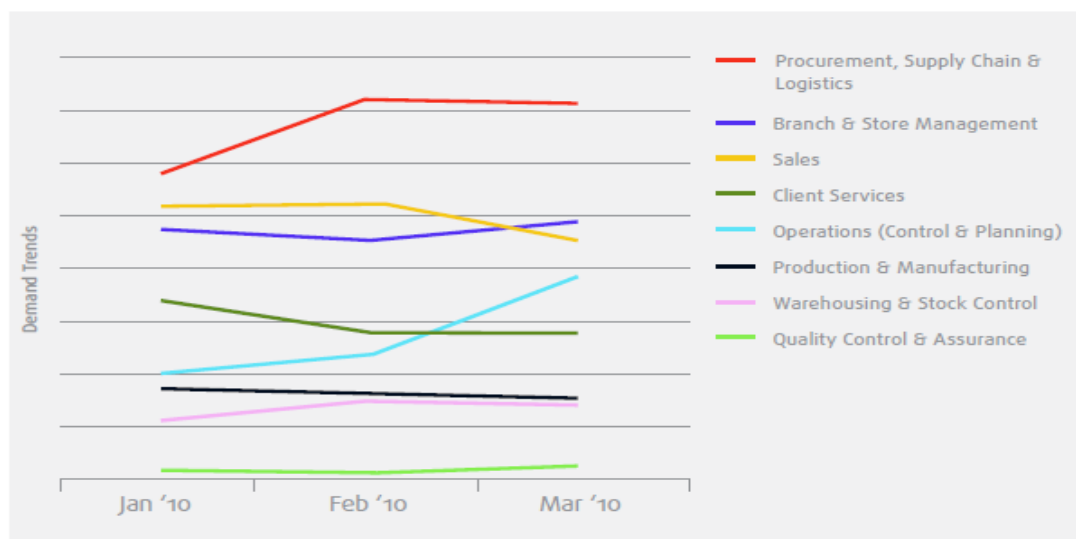
The high demand for talent in the occupational field of General Management makes recruitment slightly more challenging. Due to a steady increase in labour demand during the first quarter of 2010, recruitment conditions have weakened. For every job advert posted in this field, there are less than 15 potential 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 within 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.



Occupational fields that demand the highest levels of General Management professionals include Procurement, Supply Chain & Logistics, Sales and Branch & 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 & Assurance, Production & Manufacturing and Warehousing & Stock Control.

The graph below provides an overview of the positioning for the various skills that are in high demand:

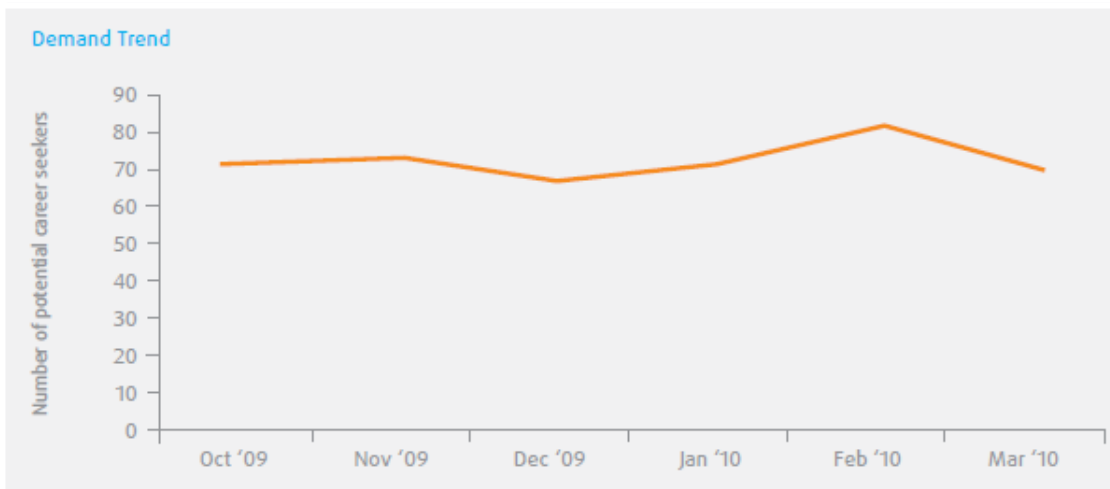
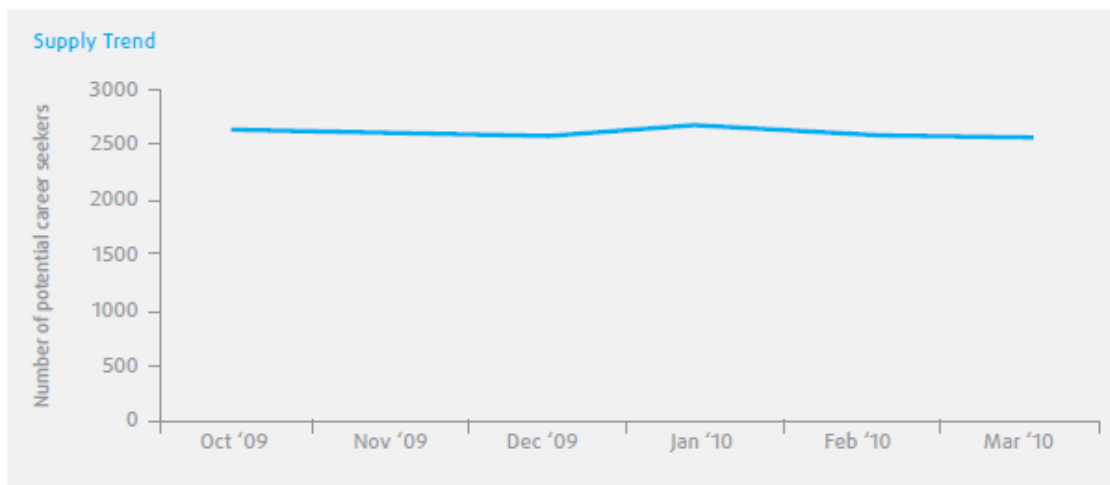


Moderate declines in labour demand were evident for General Management professionals within the occupational fields of Sales, Client Services and Production & Manufacturing in the previous three month period.

The occupational field of Operations (Control & Planning) experienced an opposite trend. A remarkable increase in recruitment activity is evident for management professionals in this field. Since January 2010, online labour demand has increased by 89%.

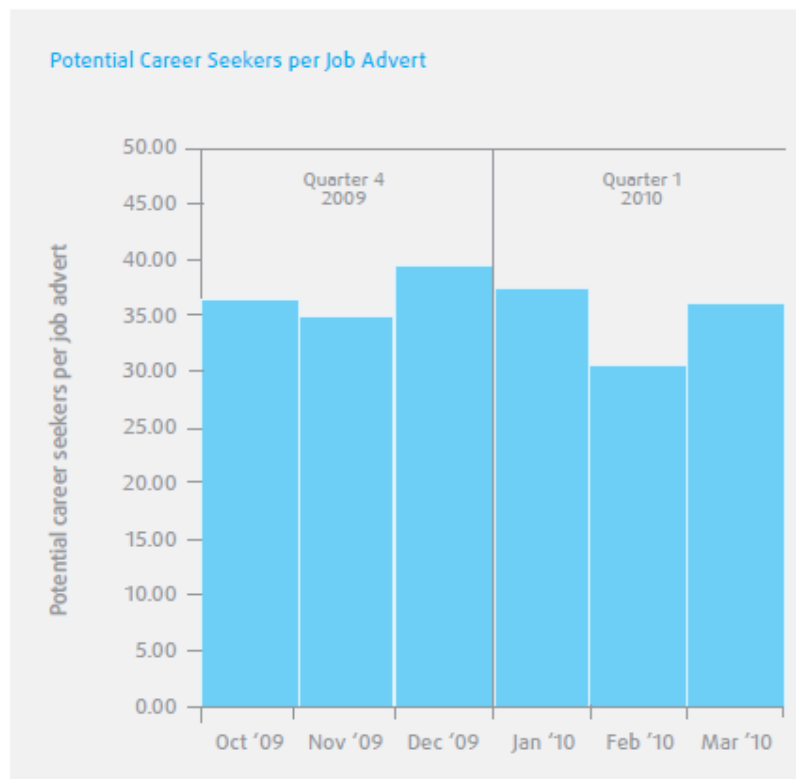
3.16.8 Quality Control & Assurance

The graphs below display the trends experienced by labour demand as well as labour supply in the occupational field of Quality Control & Assurance over the last six months.



Recruitment is very easy in the occupational field of Quality Control & Assurance for the first quarter of 2010 due to the large labour force. Labour demand has fluctuated over the last six months. Recruitment conditions have remained stable.

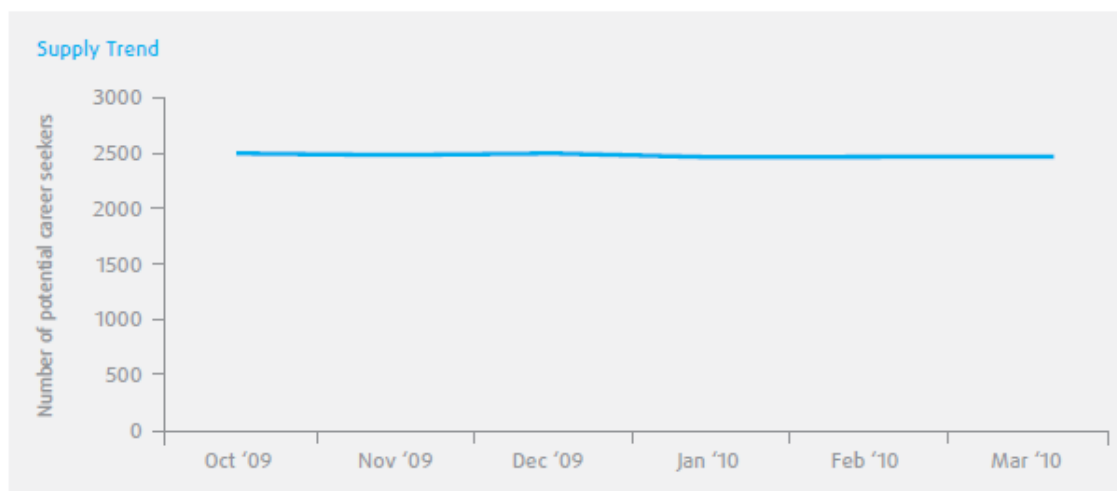
The graph below illustrates the amount of potential career seekers available per job advert placed in the occupational field of Quality Control & Assurance over the past 6 months. It provides a good indication of recruitment trends:

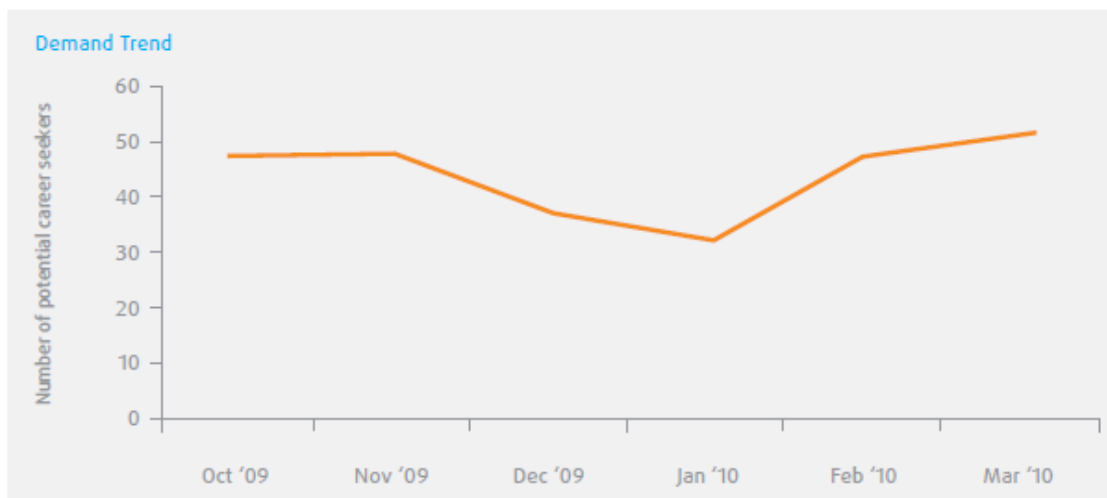


Recruitment conditions have remained stable over the last two quarters. Recruiters now face very easy recruitment conditions with access to more than 35 potential career seekers per job advert.

3.16.9 Training & Development

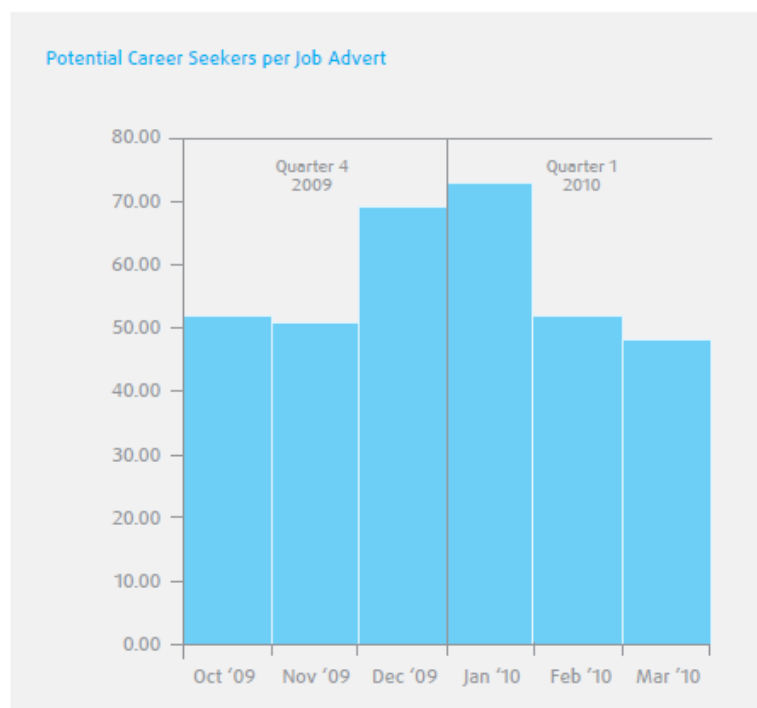
The graphs below display the supply as well as demand trends experienced by the occupational field of Training & Development over the last 6 months.





Online recruitment is easy in the occupational field of Training & Development due to the large pool of available labour. After a continuous drop in labour demand from November 2009 to January 2010, labour demand has increased. As a result, recruitment conditions have weakened during the first quarter of 2010.

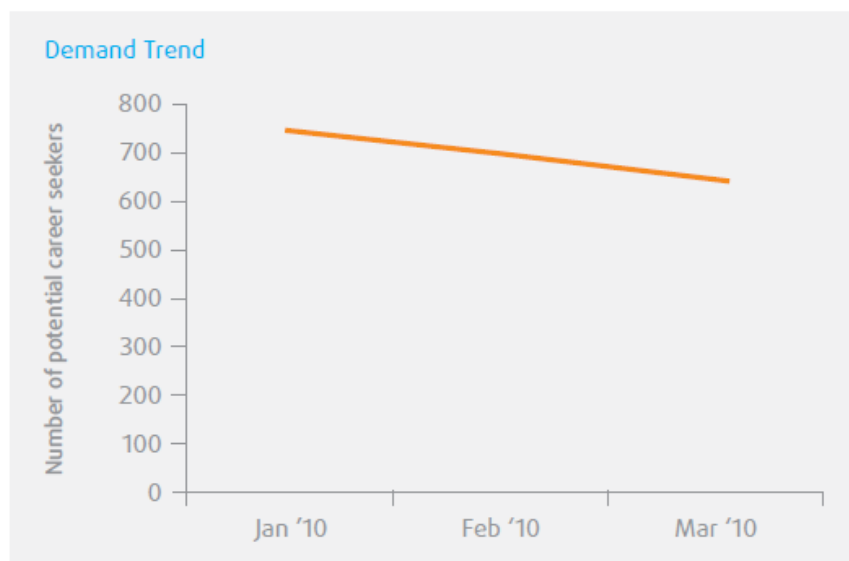
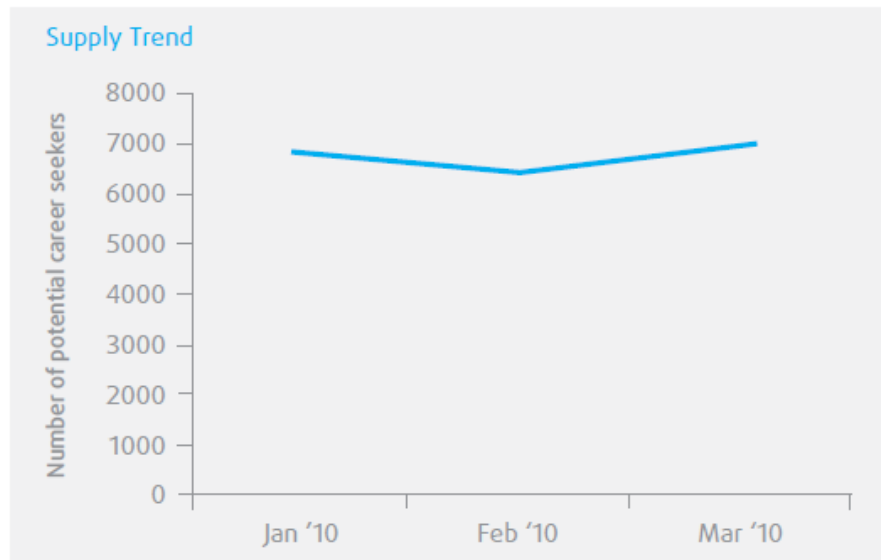
The graph below illustrates the quantity of potential career seekers available per job advert posted in the occupational field of Training & Development over the past 6 months. It provides a good indication of recruitment trends.



Recruitment is remarkably easy in the occupational field of Training & Development due to an oversupply of labour. Recruiters currently 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 since January 2010.

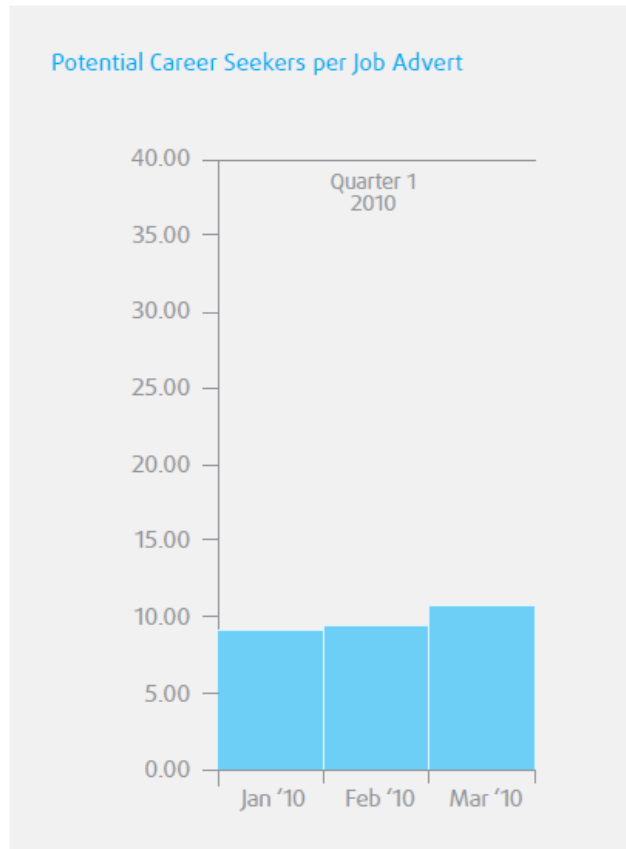
3.16.10 Accounting

The graphs below display the supply as well as demand trends experienced by the occupational field of Accounting over the last three months.



There is significantly high demand for accounting staff in the W&R sector. A lack of skills is currently a cause for concern. Findings for the first quarter of 2010 reveal a decrease in hiring activity and a slight increase in labour supply. As a result, recruitment conditions have eased.

The graph below illustrates the quantity of potential career seekers available per job advert posted in the occupational field of Accounting over the past 3 months. It provides a good indication of recruitment trends.

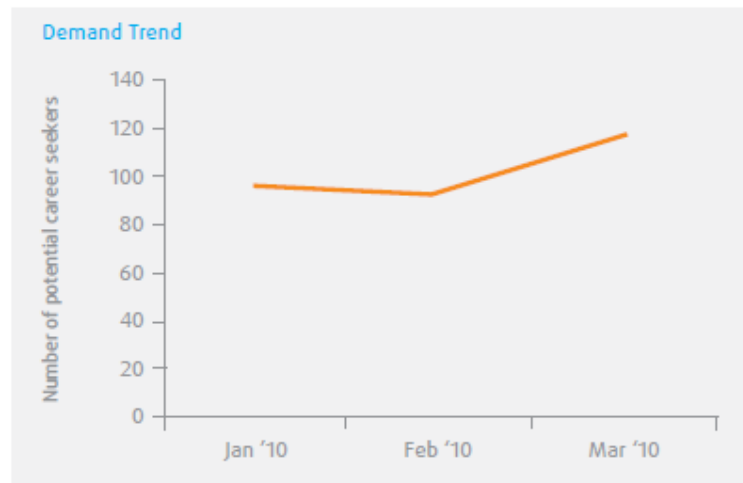
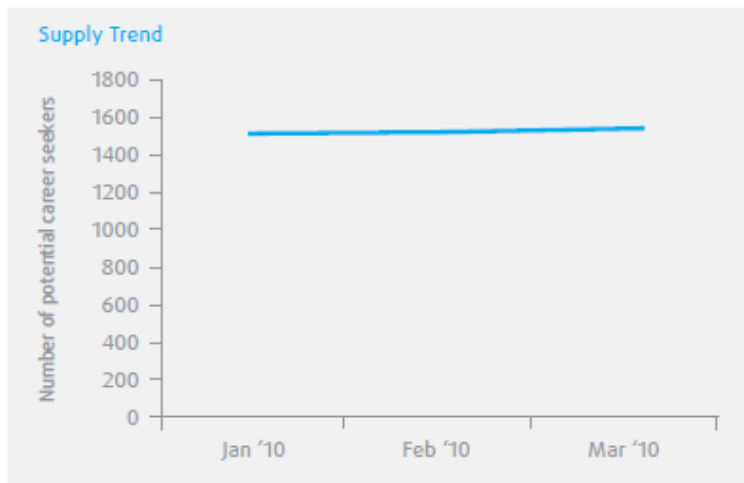


Recruitment conditions have eased in the occupational field of Accounting since the onset of the first quarter 2010, due to decreasing labour demand and increasing labour supply.

Recruiters currently have 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.

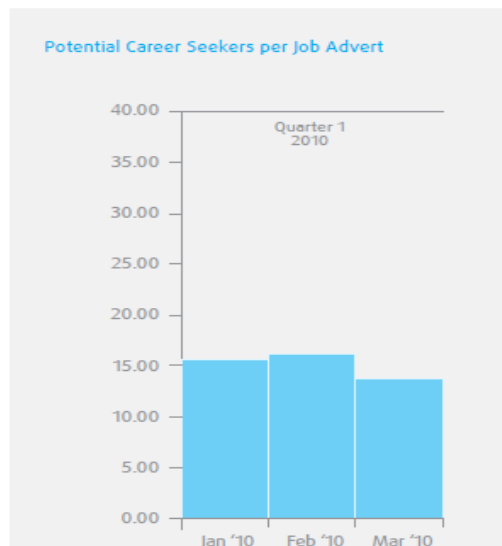
3.16.11 Credit Control

The graphs below display the supply as well as demand trends experienced by the occupational field of Credit Control over the last three months.



Recruitment conditions are currently moderate within the occupational field of Credit Control. Elevated online labour demand growth is evident for the first quarter of 2010. As a result, recruitment conditions have weakened.

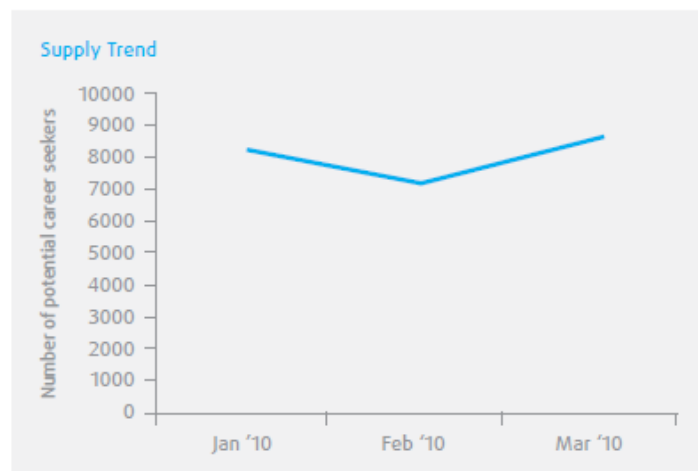
The graph below illustrates the quantity of potential career seekers available per job advert posted in the occupational field of Credit Control over the past 3 months. It provides a good indication of recruitment trends.

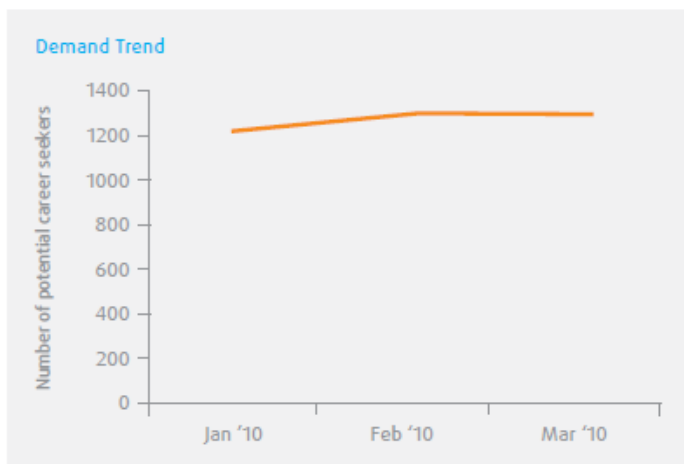


A weakening trend in recruitment is evident within the occupational field of Credit Control for the first quarter of 2010. However, placement of Credit Controllers remain moderate in the online job market since recruiters have access to more than 10 potential career seekers per job advert.

3.16.12 Purchasing & Procurement

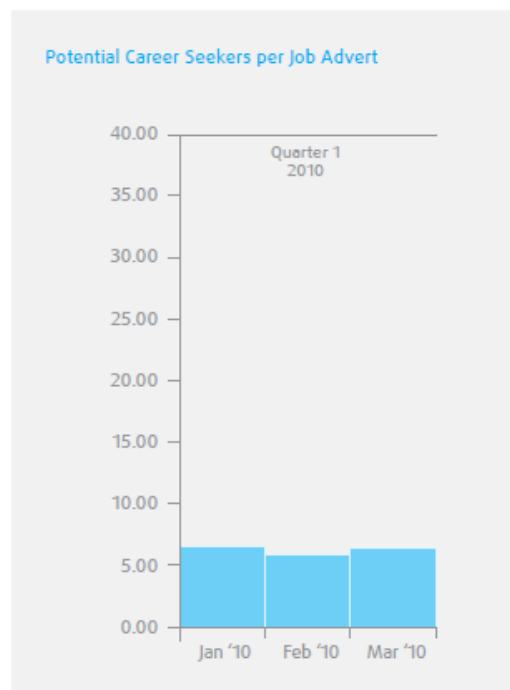
The graphs below display the supply as well as demand trends experienced by the occupational field of Financial Management over the last three months.





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

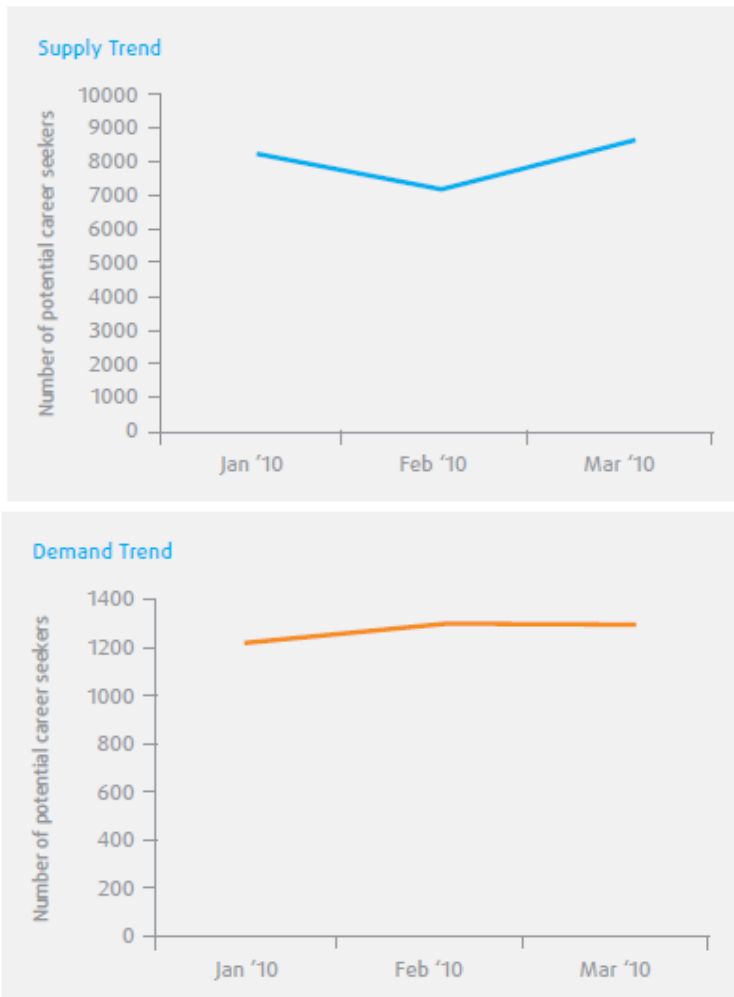
The graph below illustrates the quantity of potential career seekers available per job advert posted in the occupational field of Financial Management over the past 3 months. It provides a good indication of recruitment trends.



Recruitment is very challenging in the field of Financial Management. Recruiters currently 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.

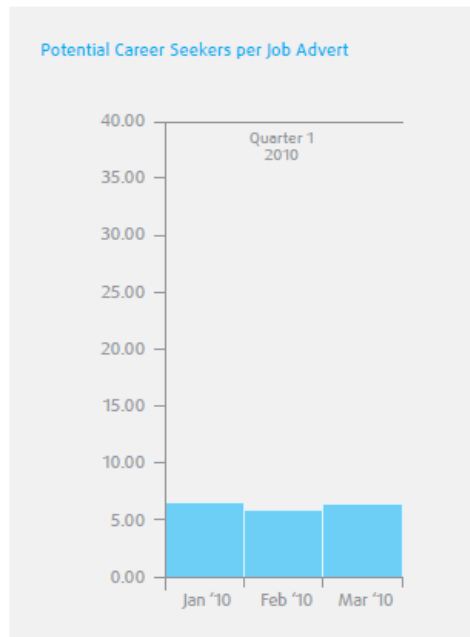
3.16.13 Financial Management

The graphs below display the supply as well as demand trends experienced by the occupational field of Financial Management over the last three months.



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

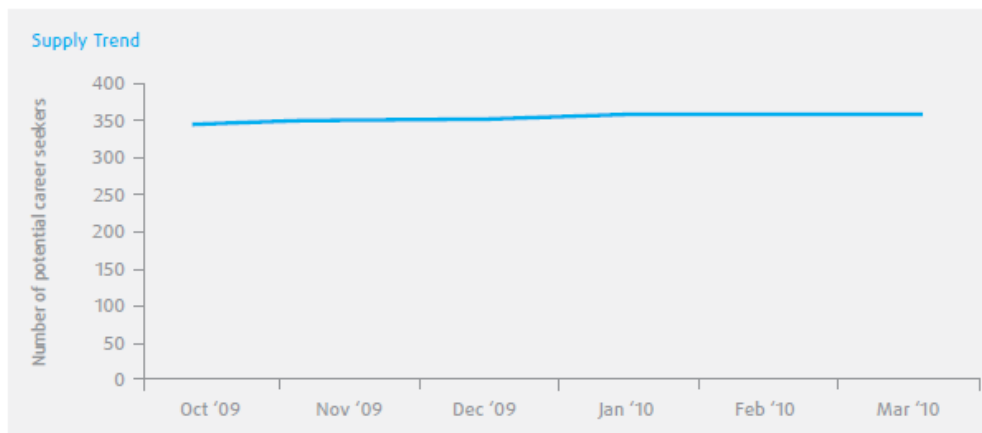
The graph below illustrates the quantity of potential career seekers available per job advert posted in the occupational field of Financial Management over the past 3 months. It provides a good indication of recruitment trends.

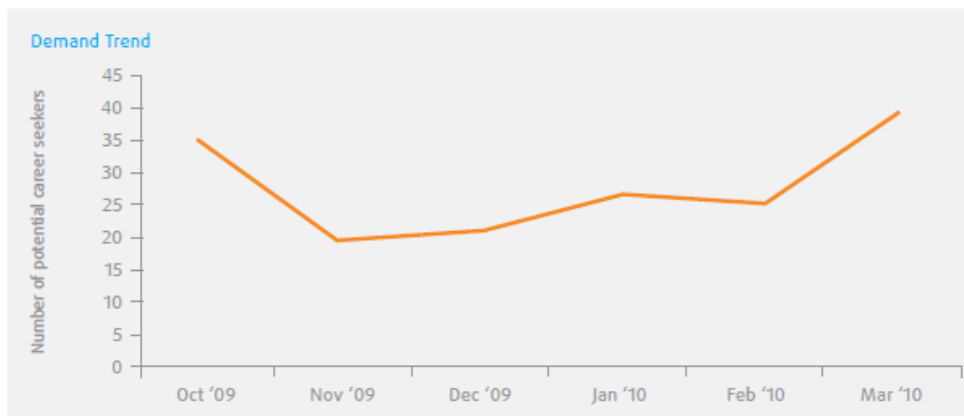


Recruitment is very challenging the field of Financial Management. Recruiters currently have access to less than 10 potential career seekers for every job advert posted. Long term labour planning is essential in this field. Businesses should consider participating in skills development or alternatively relocate labour from other regions.

3.16.14 Employee & Industrial Relations

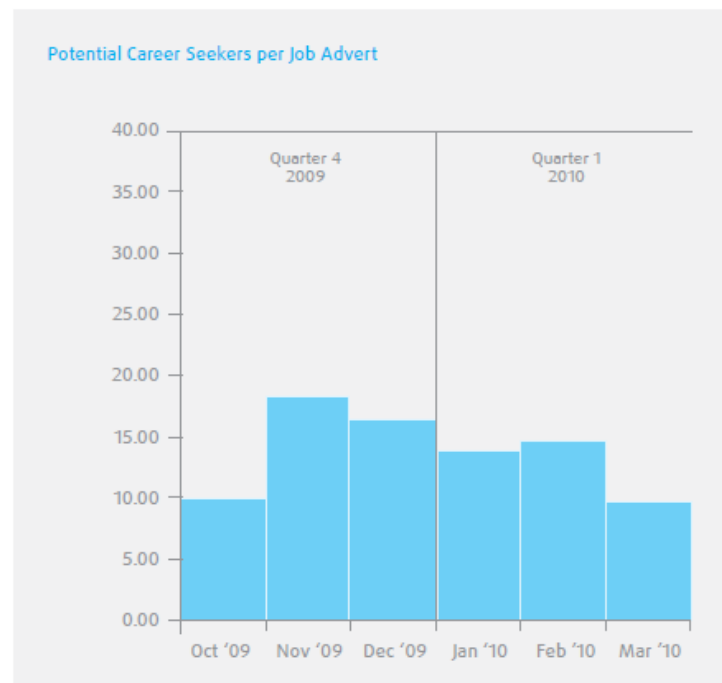
The graphs below display the supply as well as demand trends experienced by the occupational field of Employee & Industrial Relations over the last 6 months.





Employee & Industrial Relations professionals are currently not in high demand within the online job market. The labour demand trend for the previous six months is tentative and uneven while the workforce has remained unchanged. A quarter-on-quarter analysis of labour demand represents an increase of 18.98%.

The graph below illustrates the quantity of potential career seekers available per job advert posted in the occupational field of Employee & Industrial Relations over the past 6 months. It provides a good indication of recruitment trends.



Online recruitment is presently moderate in the field of Employee & Industrial Relations for the first quarter of 2010. An increase in labour demand since the fourth quarter of 2009 has resulted in weakening recruitment conditions.

Increasing labour demand is putting 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 Conclusion

A major problem impacting adversely on the skills development environment is the lack of a national labour market information system. As a consequence, 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 analysis of job adverts conducted by CareerJunction, Manpower SA and Adcorp.

CareerJunction is a web service through which Recruiters and Career Seekers interact in a secure and completely confidential environment. CareerJunction uses its website which includes job vacancies advertised in the Sunday Times Careers section. Adcorp, the largest recruitment firm in South Africa, releases a monthly employment index which also gives a good indication of supply-demand dynamics.

The following conclusions are drawn from the chapter:

- 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 coverage 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 the 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, which should hopefully engage the stakeholders in future skills planning exercises.
- Unless the sector invests in infrastructure for research, decision-making will be speculative if 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 W&RSETA currently does not work directly with public FET institutions and HEIs whereas such collaborations would greatly improve the SETA's capacity to deliver on its mandate.

3.18 Constraints to Skills Development

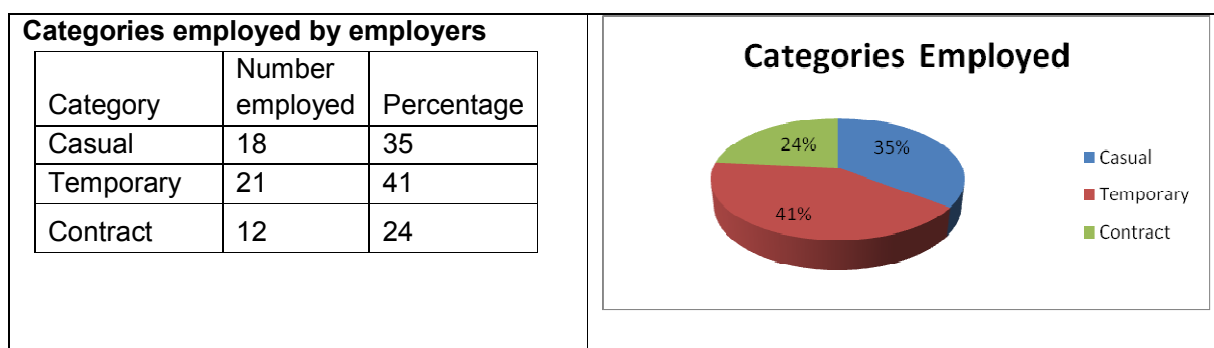
At least a quarter of employees in the sector are in informal employment. These employees are employed as casual, temporary and fixed-term employees without social benefits or the full protection of the law. There is a growing trend towards informalisation in the sector with negative consequences for labour peace, worker morale and productivity and investments in skills development. There is a need for W&RSETA to actively support the concept of Decent Work and 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 to become independent contractors. The firm is then run as a network of contractors. COFESA's activities have been concentrated largely, though not exclusively, in the clothing industry. The activities of COFESA and similar organisations are aimed mainly at bypassing minimum standards labour legislation and collective bargaining agreements.

Research commissioned by the W&RSETA on the Effect of Casualisation on Skills Development of Workers: A study in the GP province, 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.



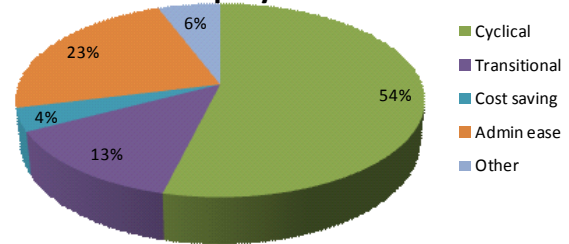
Source: Tiso Research into the Effect of Casualisation on Skills Development of Workers

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.

Motivation for employing casual employees

Need	Numbers employed	% age
Cyclical	28	54
Transitional	7	13
Cost saving	2	4
Admin ease	12	23
Other	3	4

Motivation for employing casual employees



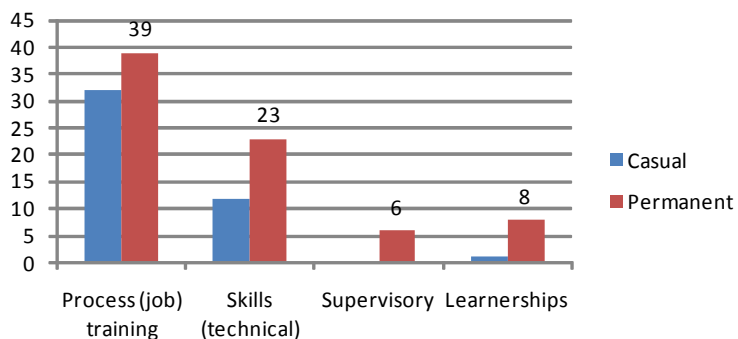
Source: Tiso Research into the Effect of Casualisation on Skills Development of Workers

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 wherein their daily performance is assessed and when satisfied the permanent employment is offered. Some employers (23%) utilise the services of labour brokers to ease the administrative burden of recruitment, 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 amongst others: recruitment, selection and payroll administration.

Training provided

Training	Casual	Perm.
Process (job) training	32	39
Skills (tech)	12	23
Super	0	6
Learner ships	1	8

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 the permanent employees participate in learnerships.

W&R Interventions

- Create incentives for employers to create permanent positions for precarious workers.
- Support provision of education and training for irregular workers to help them into better jobs.
- Companies should be encouraged to integrate the casual workers in specific company activities and have a dedicated training plan and strategy for the casual workers.
- Wholesale and Retail SETA should engage the sector companies to consider training of those casual workers on specific scarce and critical skills needed in the sector.
- A specific training intervention for the young casual workers should be devised by W&RSETA in conjunction with various sector companies.
- There is a great need for the W&RSETA to dramatically consider the recruitment of casuals into learnerships and various skills programmes.
- W&RSETA should investigate introducing incentive schemes to entice companies to introduce skills development for casual workers.
- W&RSETA should start building a database of casuals within the sector for the purpose of managing 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.

CHAPTER FOUR: SCARCE AND CRITICAL SKILLS LIST

This chapter presents a Scarce and Critical Skills List of the W&R sector drawn from the annual workplace skills plan/ annual training reports, careers guide, literature review, scarce skills questionnaire and workshops with stakeholders in the designated sector. Scarce skills are listed according to occupation (at unit group, level 4, on the Organising Framework of Occupations).

The chapter also presents a list of priority occupations, which although not scarce, are regarded as important to the W&R sector because they are vital to the activities of wholesale and retail enterprises. Therefore stakeholders have prioritised occupations for investments' skills development.

A list of critical or "top-up" skills requirements that addresses skills gaps is also identified.

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 city areas.

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.

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 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.

Basic skills needs identified at stakeholder workshops included, but was not limited to: Life skills including AET and especially basic life skill 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 is 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 critical 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.

In the rural areas, literacy courses are required for a large section of the workforce.

Participants felt that training course levels were too high and not addressing 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 who experience time and availability constraints because of the nature of their businesses.

4.1 Demand for Skills

It is useful to consider the definition of Scarce & 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 (a) because such skilled people are not available or (b) they are available but do not meet employment criteria.

CRITICAL SKILLS, on the other hand, in keeping with international trends refers 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 (in SAQA-NQF terminology) 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 occupationally specific “top-up” skills required for performance within that occupation to fill a “skills gap” that might have arisen as a result of changing technology or new forms of work organisation.

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

4.1.1 Skills Needs Identified at Stakeholder Workshops

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

- Life skills – (Including ABET), 71, 36% (UNISA BMR) of workers in the sector have ABET NQF 1. There is a need for basic life skills beyond basic literacy and numeracy – especially in rural areas.
- Succession planning
- Generic business management skills for SMMEs
- Opportunities for W&R to take part in the Expanded Public Works Program (EPWP)
- Legislative skills (Employee's 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:

- Management – at all levels and across all operational functions;
- Supervisory skills (Stock Controllers, Store-room Controllers, etc.)
- Buyers, planners and merchandise category managers

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

- Financial skills (personal, accounting, budgeting, etc.)
- Industrial safety (Occupational Health and Safety Act requirements)
- Health (first Aid, care of AIDS patients, care of 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 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 not projected on employment vacancy needs.

However, it is important for sectoral (and national/ provincial) policy to be able to assess future skills needs and therefore other resources were also accessed to strengthen the research base. These included work undertaken by the University of South Africa's Bureau for Market research (UNISA BMR) and the Human Capital Engine Consortium, as well as the PwC research presently being undertaken. The latter confirms already researched data 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 (BMR) (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 (WSP's) reveals the following needs in respect of:

Scarce Skills identified: -

- Management – at all levels and across all operational functions;
- Supervisory skills (stock controllers, store-room controllers, etc.)
- Information technology professional skills
- Buyers, planners and merchandise category managers

4.1.3 Critical Skills identified:

- Financial skills (personal, accounting, budgeting, etc.)
- Industrial safety (Occupational Health and Safety Act requirements)
- Health (first Aid, care of AIDS patients, care of 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 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 to those identified in the stakeholder workshops.

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

The W&RSETA have also undertaken a stakeholder consultation project with a view to identify and quantify the scarce and critical skills requirements in the sector. (Detailed results are reflected in annexure 1.6).

4.1.4 Skills Needs Identified Through Other Research

A group known as the Human Capital Engine Consortium (HCE) were tasked by the W&RSETA to undertake research into development of a qualifications framework for the W&RSETA and to investigate the education and training provision landscape in the wholesale and retail sector.

These extracts indicate that this independent research also largely confirms the findings of the work done by the Sector Skills Plan 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 4 external providers with extension of scope. There are also 24 W&RSETA partnered Further Education and Training (FET) colleges accredited by Umalusi.

Some participants at the stakeholder workshops felt there should be more providers and that W&RSETA support should be given to 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 SDF's to do assessment until a sufficient number of assessors have been trained.

Corporate representatives also indicated that problems had been experienced with the level-5 pilot learnership. In general they regarded their own in-house training programs to be more effective than this learnership. Providers had proved to be too academic and appear not 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 are contributing to the national skills development priorities.

4.2.2 Availability of Training Courses

A number of the participants had the view that training course levels are too high; therefore not addressing 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: Over the past year, 2005-2006, W&RSETA has introduced qualifications at NQF level 2 and 4).

Courses should be modularised (i.e. made into smaller skills programs) to make them more accessible, particularly to participants from SMME's, who experience time and availability constraints because of the nature of their businesses.

There is also a need for skills programs 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 National Skills Development Strategy 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 1, there was a general view amongst stakeholder participants that delivery is 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. A number of difficulties were mentioned and these are listed below:

- 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 info available to disabled persons;
- SMME's prefer both learnerships and skills training courses as they lead to a comprehensive qualification;
- Courses should be adapted to the needs of SMME's as already mentioned. At present, it seems the focus is on large retailers – smaller companies feel 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 development of a database that can be made available through 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 too involved and thus 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 all accredited providers across all SETAs so that the available pool of providers is enlarged. Obviously, access to such a larger pool for Wholesale and Retail SETA 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 HSRC and BMR (2004) study 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 being used most 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 being presented to staff and then by mentoring/ coaching and teamwork. Courses being presented by external agencies and multi-skilling are the least used methods of addressing the skills shortages.

4.2.6 Skills Supply Identified Through Analysis of WSP/ ATR

Table 4.3.3 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 W&RSETA Stakeholder Survey

The W&RSETA's stakeholder consultation survey identified the following scarce and critical skills needs:

Scarce Skills identified:

- Financial (accounting, internal audit, credit controller, credit clerks, etc.)
- Management skills (store -, marketing -, financial manager, etc.)
- Supply chain (merchandise planner, warehouse management, logistics, inventory)
- Retail information technology professional skills

4.2.8 Critical Skills identified:

- Retail technical skills (butchery/ block man, 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, HSRC and BMR 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:

1.1.1. Scarce 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 focused group sessions that were conducted. It shows the skills that are regarded as scarce and in demand in the sector.

Scarce Skill	Occupational Code	Occupational Class	Job Title	Learning Programme Description	Number Req'd	Absolute	Relative
Accountants	221101	Professionals	Business, Human Resource And Marketing Professionals	Sc - Short Courses	624	√	
Advertising and Public Relations Manager	131101	Managers	Specialist Managers	Sp - Skills Programmes	94	√	
Assistant/ General/ Company Buyer	639201	Sales Workers	Sales Support Workers	Cpd - Continuing Professional Development	1222	√	
Bakers	351101	Technicians And Trades Workers	Food Trades Workers	Sc - Short Courses	1750	√	
Butchers	351201	Technicians And Trades Workers	Food Trades Workers	Sc - Short Courses	666	√	
Chefs	351301	Technicians And Trades Workers	Food Trades Workers	Sc - Short Courses	36	√	
Credit Clerk	552201	Clerical And Administrative Workers	Numerical Clerks	Ed - Generic, Diplomas, Degrees, Certificates	1660		√
Debt Clerk/ Collector (Debtors Clerk)	599301	Clerical And Administrative Workers	Other Administrative Workers	Sc - Short Courses	3368		√
Deli Supervisors	831111	Elementary Workers	Factory Process Workers	Sc - Short Courses	1072	√	

Scarce Skill	Occupational Code	Occupational Class	Job Title	Learning Programme Description	Number Req'd	Absolute	Relative
Electricians	341101	Technicians And Trades Workers	Electro technology and Telecommunications Trades Workers	Sc - Short Courses	46	√	
Fish Supervisors	831111	Elementary Workers	Factory Process Workers	Sc - Short Courses	12	√	
Food Technologist	234202	Professionals	Design, Engineering, Science and Transport Professionals	Sp - Skills Programmes	172	√	
Fruit and Vegetable Supervisors	831105	Elementary Workers	Factory Process Workers	Ls - Learnerships	196	√	
General Administrators and Finance	511201	Clerical And Administrative Workers	Office and Program Administrators	Sc - Short Courses	3228	√	
Human Resource Practitioners	223101	Professionals	Business, Human Resource and Marketing Professionals	Sc - Short Courses	1290	√	
Industrial Designer	232302	Professionals	Design, Engineering, Science and Transport Professionals	Sp - Skills Programmes	36	√	
Industrial Overlocker Operators(Carpets)	711601	Machinery Operators And Drivers	Machine and Stationary Plant Operators	Sc - Short Courses	2	√	
Industrial Relations Officer	223103	Professionals	Business, Human Resource and Marketing Professionals	Sp - Skills Programmes	78	√	
Merchandise Planner	639201	Sales Workers	Sales Support Workers	Cpd - Continuing Professional Development	4442	√	

Scarce Skill	Occupational Code	Occupational Class	Job Title	Learning Programme Description	Number Req'd	Absolute	Relative
Merchandisers	639501	Sales Workers	Sales Support Workers	Sc - Short Courses	3234		√
Retail Managers	142101	Managers	Events, Hospitality, Retail and Service Managers	Ls - Learnerships	42798	√	
Sales and Marketing Manager	131102	Managers	Specialist Managers	Sc - Short Courses	760	√	
Sales Persons and Assistants, Representatives	621101	Sales Workers	Sales Assistants and Sales persons	Cpd - Continuing Professional Development	34100		√
Store Person(Including Packer/ Shelve Packer/ Driver)	741101	Machinery Operators And Drivers	Store Persons	Cpd - Continuing Professional Development	3670		√
Supply and Distribution Manager	133601	Managers	Specialist Managers	Sc - Short Courses	1362	√	
Trade Union Official	223103	Professionals	Business, Human Resource and Marketing Professionals	Sp - Skills Programmes	250		√
Training and Development Professional	223301	Professionals	Business, Human Resource and Marketing Professionals	Sp - Skills Programmes	738	√	
Training and Development Professional(Assessors)	249102	Professionals	Education Professionals	Sc - Short Courses	152	√	
Training and Development Professional(Moderators)	223301	Professionals	Business, Human Resource and Marketing Professionals	Sp - Skills Programmes	1490	√	

Educational levels per scarce skills identified in the WSP

	EDUCATIONAL LEVEL								
Scarce Skill	None	NQF1	NQF2	NQF3	NQF4	NQF5	NQF6	NQF7	NQF8
Accountants	140	0	48	14	40	296	76	8	2
Advertising and Public Relations Manager	70	0	2	4	0	18	0	0	0
Assistant/ General/ Company Buyer	266	0	30	300	362	214	44	6	0
Bakers	14	18	668	1020	22	0	8	0	0
Butchers	54	56	192	280	82	2	0	0	0
Cashiers	9628	466	972	530	384	20	0	0	0
Chefs	4	0	0	0	30	2	0	0	0
Credit Clerk	268	0	976	230	72	112	2	0	0
Debt Clerk/ Collector(Debtors clerk)	2276	0	360	102	280	350	0	0	0
Deli Supervisors	6	12	36	1010	8	0	0	0	0
Electricians	4	0	2	30	6	4	0	0	0
Fish Supervisors	0	6	6	0	0	0	0	0	0
Food Technologist	138	0	0	4	0	22	6	2	0
Fruit and Vegetable Supervisors	128	24	12	22	10	0	0	0	0
General Administrators and Finance	2186	6	92	606	194	74	68	2	0
Human Resource Practitioners	702	0	196	44	26	274	34	6	8

	EDUCATIONAL LEVEL								
Scarce Skill	None	NQF1	NQF2	NQF3	NQF4	NQF5	NQF6	NQF7	NQF8
Industrial Designer	8	0	2	0	14	12	0	0	0
Industrial Overlocker Operators(carpet)	0	0	2	0	0	0	0	0	0
Industrial Relations Officer	68	0	0	0	6	4	0	0	0
Merchandise Planner	2602	76	58	670	274	746	16	0	0
Merchandisers	896	18	1712	424	136	34	14	0	0
Office Cashier	0	6	382	16	68	0	0	0	0
Retail Managers	27778	90	2110	3210	8312	1154	142	2	0
Sales and Marketing Manager	354	0	16	30	86	238	26	2	8
Sales Persons and Assistants, Representatives	11622	2162	9228	8340	2522	196	28	2	0
Store Person(including Packer/ Shelve Packer/ Driver)	1184	528	952	538	436	32	0	0	0
Supply and Distribution Manager	646	48	24	82	220	308	34	0	0
Trade Union Official	192	0	16	0	26	16	0	0	0
Training and Development Professional	32	0	274	8	74	344	4	0	2
Training and Development Professional(Assessors)	0	0	0	0	24	96	32	0	0
Training and Development Professional(Moderators)	1390	0	0	0	40	28	32	0	0

	EDUCATIONAL LEVEL								
Scarce Skill	None	NQF1	NQF2	NQF3	NQF4	NQF5	NQF6	NQF7	NQF8
Grand Total	62656	3516	18368	17514	13754	4596	566	30	20

4.3.1 Provincial Breakdown

The list contained in section 1.1.1 was populated with data retrieved from focus group sessions (questionnaires were returned via e-mail) Provincial Breakdown.

Identified Scarce Skills (Workshops)	G	WC	KZN	EC	MP	LM	FS	NW	NC
Accountants	85	65	70	25	35	3	5	10	0
Advertising and Public Relations Manager	15	5	10	10	10	5	4	6	4
Assistant/ General/ Company Buyer	270	125	135	90	100	75	15	1	2
Bakers	175	122	160	75	140	70	0	35	0
Butchers	115	60	55	70	30	20	15	5	10
Cashiers	1 800	1 440	950	660	0	340	120	0	10
Chefs	10	5	5	5	5	5	2	2	5
Credit Clerk	235	150	185	100	135	70	45	35	20
Debt Clerk/ Collector(Debtors clerk)	475	270	340	170	135	205	38	70	36
Deli Supervisors	140	110	100	65	16	65	25	15	10
Electricians	15	0	10	0	5	5	0	5	0
Fish Supervisors	5	35	25	40	5	0	0	5	8

Identified Scarce Skills (Workshops)	G	WC	KZN	EC	MP	LM	FS	NW	NC
Food Technologist	40	20	20	15	10	15	0	0	0
Fruit and Vegetable Supervisors	25	20	20	15	10	10	5	5	5
General Administrators and Finance	775	325	390	260	130	195	65	135	60
Human Resource Practitioners	185	120	130	65	105	65	15	10	15
Industrial Designer	10	0	5	5	0	5	0	0	0
Industrial Overlocker Operators(carpet)	0	0	2	0	0	0	0	0	0
Industrial Relations Officer	15	10	10	8	6	16	7	8	12
Merchandise Planner	1 025	490	535	225	315	180	45	0	45
Merchandisers	550	360	295	165	195	10	0	35	35
Office Cashier	75	50	10	0	0	20	0	5	5
Retail Managers	8 560	5 140	5 140	3 000	1 715	1 715	860	430	430
Sales and Marketing Manager	170	80	85	40	40	50	0	20	0
Sales Persons and Assistants, Representatives	4 435	3 070	2 730	1 705	2 730	2 050	60	345	345
Store Person(including Packer/ Shelve Packer/ Driver)	480	370	445	295	225	115	0	75	0
Supply and Distribution Manager	180	110	150	85	55	55	15	0	15
Trade Union Official	40	30	45	15	10	5	5	19	5
Training and Development Professional	85	75	90	45	40	25	15	10	10
Training and Development Professional(Assessors)	50	20	25	15	20	25	20	22	35

Identified Scarce Skills (Workshops)	G	WC	KZN	EC	MP	LM	FS	NW	NC
Training and Development Professional(Moderators)	330	120	180	75	105	90	30	15	40

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, training of people in these occupations is vital for the sector.

The following was extracted from WSP 2010 and shows the number of persons required in each category.

OFO		
Skill Priority	Code	Number
Retail Manager	142101	42786
Sales Assistant*	621101	34324
Checkout Operator*	631101	13198
Retail Buyer	639201	5670
Store Person *	741101	4804
Visual Merchandiser *	639501	4064
Debt Collector *	599301	3454
Office Administrator*	511201	3228
Training and Development Professional	223301	2246
Credit or Loans Officer *	552201	1654
Silo Worker *	831111	1390
Supply and Distribution Manager	133601	1368
Human Resource Advisor	223101	1284
Baker	351101	1204
Sales and Marketing Manager	131102	752
Office Cashier	631102	716
Accountant	221101	624
Butcher or Fresh Meat Processor	351201	585
Workplace/ Industrial Relations Advisor	223103	562
Fruit and Vegetable Factory Worker *	831105	386
Education or Training Reviewer	249102	148
Advertising and Public Relations Manager	131101	94
Food and Beverage Scientist	234202	86
Electrician	341101	46
Industrial Designer	232302	36
Chef	351301	36

W&RSETA WSP 2010

Although the marked (*) occupations are not absolute scarce occupations as per the definition, they are however core to the retail industry and the effective and efficient functioning of these occupations are imperative to the sector.

4.5 Critical Skills

Critical skills refer to skills gap within occupations and are distinguished from scarce skills which refer to occupations. Usually critical skills training take the form of short courses that are not accredited by Education and Training Quality Assurance Bodies. The following critical skills were identified by stakeholder workshops for the related occupations:

No	Skills	Occupation See list
1	Information technology	25,26,27,28,29,31,34
2	Analytical	26, 33, 35, 38, 42
3	Supply chain management	37, 39
4	Management	35, 37
5	Logistics	37, 39
6	Communication skills	35, 36, 40, 42, 44
7	Customer care	25, 43, 37,45
8	Planning & Project management	35, 41, 42
9	Leadership & management skills	35, 43
10	Occupational health and safety	25
11	Performance management	25, 31, 32, 34
12	Technical skills	2, 7, 3, 27, 46
13	Production	35
14	Product development	7, 4,
15	Product knowledge	3, 7, 4, 8
16	Supervisory	35, 43
17	Machine maintenance	35, 46
18	Quality control or improvement	36, 35, 46
19	Human resource management/ labour relations	44
20	Legal/ compliance	44
21	Marketing/ sales	47
22	Adult basic education & training	45, 20, 22
23	General life orientation/ personal development	32, 8, 3
24	HIV/ AIDS	44
25	Administration/ clerical	48
26	Finance	41, 31
27	Conflict management	40
28	Presentation skills	49, 41, 34, 44
	Other (please list below)	
29	General management & quality assurance skills	35, 36
30	Negotiating skills	39, 34
31	Cross cultural business communication skills	39, 8, 32, 25
32	Basic IR skills	25, 28, 30, 31, 32, 34
33	Problem solving skills	2, 3, 31,35
34	Knowledge of contracts	33, 28
35	Team work skills	25, 28, 29, 46

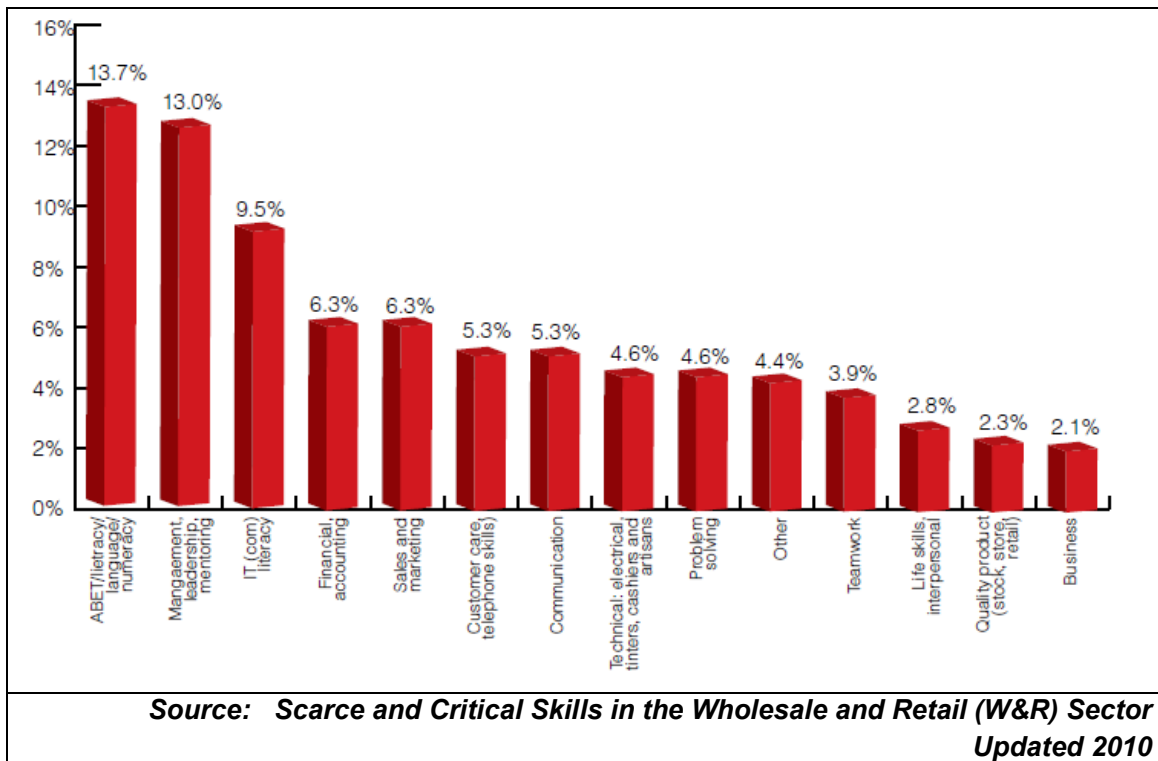
* **Other ABET** (as a prerequisite for all the above mentioned critical skills)

Code	Occupation
No.	Technical
1	Blockman
2	Programmers
3	Technical support
4	Buyers
5	Logistics planners
6	Supply chain management
7	Product developers
8	Salesperson
9	Merchandisers (incl. visual merchandisers)
10	Bakers
11	Butchers
12	Fresh food supervisors (e.g. deli, fruit, fish)
13	Electricians
14	Mechanics
15	Marketers
16	Sewers, Pattern cutters
17	Overlocker operator (carpets)
18	Planners
19	Food technologists
20	Shelf packers
21	Plumbers
22	Polishers (furniture/ jewellery)
23	Chefs
24	Cashiers
No.	Administration
25	General administrators
26	Accountants and bookkeepers
27	Payroll administration
28	Creditor and debtor administrators
29	Warehousing/ storekeeping
No.	Management/ other
30	Retail managers
31	General managers
32	Human resource practitioners
33	Finance managers
34	Operational managers
35	Production supervisor
36	QA controller
37	Warehouse manager
38	Research assistant
39	Purchasing co-ordinator
40	Invoice & admin clerks

Code	Occupation
41	Research manager
42	Production pharmacist
43	Warehouse assistant
44	HR officer
45	Driver
46	Production operators
47	Regional area managers (reps)
48	Filing clerk

MANAGEMENT/ LEADERSHIP	SOFT SKILLS	TECHNICAL	OTHER
<ul style="list-style-type: none"> • Leadership and management skills • Mentoring and coaching • Planning and project management • Conflict management • Negotiation and persuasion • Business skills 	<ul style="list-style-type: none"> • Decision making • Interpersonal skills • Emotional intelligence • Assertiveness • Team work • People skills such as managing diversity • Communication • Presentation skills • Listening skills • Life-skills (personal finance, time management, resilience, stress management) • Innovation and creativity 	<ul style="list-style-type: none"> • 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 basic knowledge/ understanding of business) • Pharmacy • IT literacy (PC trained people) • Selling skills • Product knowledge • Merchandising, especially visual • Production and product knowledge • Knowledge of contracts 	<ul style="list-style-type: none"> • Customer relations • Customer service • Communication skills • Telephone etiquette • ABET/ Numeracy and literacy • Ability to apply knowledge • Access to information
<p>Source: Scarce and Critical Skills in the Wholesale and Retail (W&R) Sector Updated 2010</p>			

The graph below provides a list of critical skills according to percentage demand:



4.6 Conclusion

In this chapter, scarce skills, priority skills and critical skills were identified. Future skills signalling the W & R sector was also undertaken to determine skills that will most likely be needed in the future.

Communication

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 skills initiatives but also the communication of stakeholder needs to be met by the SETA. The possibility of using existing structures such as non-government organisations and community based organisations to facilitate communication should be investigated.

CHAPTER FIVE: SKILLS DEVELOPMENT STRATEGY

Chapter Five presents a Strategic Plan which 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. It was agreed that the Sector Skills Plan needs to play a central role in determining the skills development priorities for the W&R sector and should be the defining thread that runs through the entire Strategic Plan. Additionally the Strategic Plan must reflect the sector's response to both the government's priorities, in particular Outcome 5, as well as the National Skills Development Strategy III for the period.

It is worth reiterating that 3 of the 4 areas that formed the basis of the discussions at the strategic planning session arose from the presentation given by the former Director-General, Professor Mary Metcalfe, to the SETA CEOs in an effort to contextualise the priorities and perspective of the Department of Higher Education and Training (DHET). These priorities are reflected in the Skills Summit declaration which was signed by all the stakeholders at the recently convened FET and Skills summits.

Outcome number 5 of the government's priorities requires SETAs to build a *skilled and capable workforce to support an inclusive growth path*.

This outcome is underpinned by the following 5 outputs:

1. Establishing a credible institutional mechanism for skills planning
2. Increasing access to programmes leading to intermediate and high level learning
3. Increasing access to occupationally directed programmes in needed areas, thereby expanding the availability of intermediate level skills (with a special focus on Artisan skills)
4. Increasing access to high-level occupationally-directed needed areas
5. Research development and innovation in human capital for a growing knowledge economy

5.1 Output 1: Increase Access to Programmes Leading to Intermediate and High Level Learning (W&RSETA Intervention @ NQF LEVELS 1 – 4)

5.1.1 How AET NQF 1 Will Be Delivered with a Specific Focus

While it is accepted that the NQF Level 1 is ideally the preserve of the Department of Basic Education, it is recognised that with over 200 000 employed in the Sector who are short of any qualification at NQF 1, there is a need for the SETA to play its part in supporting an adult education and training qualification that provides a platform for employees to access higher NQF Levels. The SETA will deliver an NQF 1 with a specific focus on wholesale and retail requirements.

There is also a need amongst the unemployed for a platform or entry level qualification, particularly for those who have not completed Matric.

5.1.2 High Dropout Rate at NQF 2 – 4

The high dropout rate is one of the major issues facing the SETA with regards to the implementation of learnerships. According to research conducted in 2007/ 2008, the importance of targeted skills programmes, rather than full qualifications, should be recognised in order to reduce the dropout rate.

It is therefore imperative that the SETA must promote and offer skills programmes which leads to learnerships as a viable alternative.

5.1.3 Alternative Matric

It is widely acknowledged that the Matric as presently structured with its heavy emphasis on academic subjects, is very poor in preparing learners for the world-of-work. The new curriculum for the proposed alternative Matric must be structured in such a way that it deals with the eclectic mix of learning areas required to operate in the sector. These might include: communication/ customer service; numeracy; IT; marketing/ sales/ merchandising; HR/ IR; analytical/ creative thinking; interpersonal skills.

5.1.4 School Engagement: Career Guidance

It is felt that career guidance to schools must become an integral part of the W&RSETA's thrust to improve pupil perceptions of the viability and attractiveness of careers in the sector to enable the sector to support careers of choice.

5.1.5 Retail Business Schools within FET Colleges

Presently there are no retail schools within any FET College in the country. As part of the national drive for SETAs to engage with FET Colleges, there is a proposal to set up retail schools covering NQF 2 – 4/ 5 with FET Colleges in all 9 Provinces. This will also enable a rural strategy to be developed across the country.

At the same time the SETA will also play a facilitating role with stakeholder businesses in the sector to engage with FET Colleges in ensuring placement of learners for appropriate workplace experience.

5.1.6 Professionalise the Sector: Establish a Professional Body for the W & R Sector

There is no professional body which recognises W & R Practitioners that is equivalent of the medical or engineering councils or any such similar body. If the sector is to be taken seriously, a start must be made in this direction, particularly as higher qualifications within the sector come on line.

5.1.7 Casualisation of the Workforce

Casualisation has been a growing trend both in South Africa and internationally. One of the most serious practical implications of casualisation is that casual workers receive little if any skills development.

5.2 Output 2: Increase Access to Occupationally Directed programmes in Needed Areas. (W&RSETA Intervention @ NQF LEVELS 5 – 7/ 8)

5.2.1 The Present Demand from Business for Qualifications at this Level

The SSP clearly indicates the need for qualifications that reflect the shift in the skills needs across the sector from lower to higher levels. In particular, there is an urgent need for qualifications based on identified scarce skills:

Buyers, planners, IT professionals, merchandisers, accountants, supply chain/ logistics, management: middle and higher.

Clearly, a target at this level must be to address all these needs in the sector and to be sensitive to new ones that may emerge.

5.2.2 Constructing the Needed Occupationally Directed Qualifications

There is need for a career path framework for NQF 5 – 8, focussed specifically on scarce skills. This has always been a feature of the W&RSETA strategy at NQF Levels 2 – 4 that proved very successful in identifying and addressing the skills needs at these levels over the past 8 years.

5.2.3 Establish Retail Business Schools with HETI's

Few, if any retail business schools exist in the country at this level. There are Universities of Technology (UoT) with whom the SETA can partner (and, of course the more academic universities, as these may be aligned to specific SETA learning areas) with which the SETA can partner in two ways:

- To deliver components of the above designed Occupationally-Directed Qualifications in which they have courses;
- To establish fully-fledged retail business schools, particularly in the UoTs.

There will be a communication strategy that ensures widespread awareness.

W&RSETA should aggressively convene and drive appropriate forums of FET Colleges, HETIs, labour, private providers, business and other role players.

5.3 Output 3: Increase Access to High Level Occupationally directed Programmes in Needed Areas. (W&RSETA Intervention @ NQF LEVELS 8 – 10)

5.3.1 The Role of Research in the Emerging W&RSETA Landscape

By definition, activity at NQF Levels 8 – 10 should be driven by a well-articulated research agenda. In contradistinction to the research done at established universities, this needs to address the needs of a functioning economic sector. The research department should increase its capacity as well as create linkages with other research institutes such as HSRC, CSIR etc.

5.3.2 Serving the Interests of the Sector as a Whole by W&RSETA Activity at this Level

At the highest levels of all modern-day occupations lies an imperative to continue to expand the boundaries of the field in which one operates. Thus, a manager who does not remain, at the very least, at the cutting-edge of developments in his/ her field, will soon find him/ herself overtaken by competitors who are. But the issue today does not simply query where the field is, but how to innovate within it and bring into being the next generation of advances. It is no longer a matter of simply doing a job effectively, but of planning how to change what is being done to keep ahead.

There is a further consideration, namely that the status of a qualifications framework is established by what happens at its top level. Indeed, it is this level that serves as validation for qualifications lower down and especially at NQF Levels 5 – 7/ 8. It is thus important politically that the W&RSETA is recognised as operating at this level obviously in partnership with particularly UoTs, which also need an intellectual boost to start operating effectively at that level. The SETA of course, brings with its involvement, also the partnership with business. This can have a further impact in solidifying engagement between the W&RSETA, business and the UoTs.

5.3.3 The Role of W&R Sector Business Schools at this Level of the NQF

If established at UoTs (or indeed at other Universities if they have the appetite) it can have the effect of promoting and establishing partnerships between market leaders in business, the W&RSETA, HETIs & private providers.

5.3.4 Expanding on the Success of the International Leadership Development Programme (ILDLP)

This has clearly been a very successful programme that is highly regarded in the sector. It has proved to be both confidence-building and transformational not only for participants but for the sector as a whole. There has been a substantial buy-in from Captains of Industry and participation from the sector in developing programme.

Thus, illustratively, there is need for a middle management programme to serve as a feeder into ILDP at NQF Levels 5 – 7/ 8. Successful participants through this programme can then be automatically recruited into the reconfigured ILDP particularly to address the huge demand for “ILDP-type” internationally competitive managers within the local W&R sector.

5.4 Output 4: Outstanding Issues for Board Consideration

5.4.1 Developing a Comprehensive E-Learning System Supported by W&RSETA

It is widely perceived that the traditional model of learning and training is changing and hence that the W&RSETA should support e-Learning which has grown markedly in its application within various business contexts.

5.4.2 Deepening the Absorptive Capacity of the W&R Sector to Spend the Available Funds Meaningfully

A strategy for disbursing funds has been approved and is being implemented. Furthermore new initiatives and innovative allocation/ disbursement models must be explored to spend the available funds meaningfully in order to address the skills needs of the sector.

5.4.3 Implementing RPL across the W&RSETA Remit

It is abundantly apparent that RPL has not become a permanent feature of the learning activities of the W&RSETA. Many lessons have been learnt but have yet to be fully applied.

5.4.4 A Rural Development Strategy for the W&RSETA

Management must develop a strategy.

4.3 The W&RSETA's Developmental Approach to SMMEs

A revised strategy for SMME engagement is required in order to increase participation of SMMEs.

5.5 Summary of the Strategy

Key Strategic Objectives	Performance Measures	Time Frames	Performance Indicators	Assumptions	Risks
1. Establishing a credible institutional mechanism for skills planning	An updated well researched SSP	ANNUALLY	Approved SSP by DHET	Signed off by all relevant stakeholders timeously. Well researched and informed by stakeholders	Poor stakeholder participation Small organisations not participating
2. Increase access to programmes leading to intermediate and high level learning	14,400 learners participate in NQF 1-4 learning programmes of which 2735 learners placed in FET's for appropriate workplace experience Dropout Rate reduced from 50% to 20% Career Guidance in 10000 schools Placement of 70% of the unemployed learners who completed their programmes	2011 – 2014	Qualified Learners Confirmation of learners placed in FETs Dropout Rate 20% Confirmation of schools participated Placement confirmations	Appropriate demand driven qualifications developed Learner Retention Strategy implemented Career guides developed Compliance by organisations	Low uptake by employers High dropout rate Poor learner and teacher participation
3. Increase access to occupationally	600 to learners participate in a Management Development Programme	2011 – 2014	600 learners with MDP qualifications	Employers willing to enrol their middle management	HETs failure to develop MDP with an W&R focus on time

directed programmes in needed areas	<p>over the 3 year period at HET institutions (NQF 6-8) @ R60 000 per learner</p> <p>90 Learners to participate in International Leadership Development Programme (ILDP)</p> <p>3000 Bursaries over the 3 years allocated to learners to complete W&R related degrees at HETs @ R60 000 per learner per annum</p>		<p>90 Learners to complete in International Leadership Development Programme (ILDP)</p> <p>3000 Learners qualifying in W&R related degrees</p>	<p>employees</p> <p>Employers willing to enrol their qualified MDP Learners</p> <p>Accredited ILDP programme</p> <p>HETs will develop W&R related qualifications</p>	<p>Learners not allowed to participate in programme</p> <p>Learner drop out</p>
4. Increase access to high level occupationally directed programmes in needed areas	<p>6 learners register for and complete MBA qualifications with W&R focus @ R60 000 per year</p> <p>Sponsor 6 doctoral candidates to conduct W&R research @ R80 000 per year</p>	2011 - 2014	<p>Learners will be allowed to complete their MBAs and Doctoral programmes over a 3 year period but will only be financed for 2 years</p> <p>Dissertations and theses are published in W&R research journal</p>	<p>HETs will agree to develop W&R specific MBA and Doctoral programmes.</p> <p>Employers willing to enrol senior and or qualified ILDP employees</p> <p>Doctoral and MBA studies are assumed to be over a 2 year period</p>	<p>Stakeholders' input to shape these new programmes not forthcoming</p> <p>Qualified candidates may leave the sector</p>
5. Research,	Implement research agenda	2011-2014	Research conducted	Participation by	Poor participation

development and innovation in human capital for a growing knowledge economy	of W&RSETA as proposed in strategy framework		and published in research Journal	Research institutions and sector stakeholders	
6. Addressing outstanding strategic issues raised by the Board	3,000 learners undergo RPL prior to enrol in learning programme.	2011- 2014	Qualified learners RPL reports	RPL toolkit is ready for implementation Qualified assessors available Providers are capacitated to conduct RPL	Organisations not participating by allowing learners to undergo the RPL evaluation
	Increase number of WSP/ ATR from 4500 to 9,000 SMMEs participation over the 3 year period via ISDFs	2011– 2014	SMS report reflecting 9000 WSP/ ATR submitted by SMMEs	SMME strategy is in place Baseline data of levy paying SMMEs above threshold is accurate.	SMMEs not traceable Lack of interest by Business owners/ managers
	Implement joint projects with other SETAs to address rural development	2011– 2014	Regular project reports	Participation by other SETAs availability of appropriate provider agreement with stakeholders	Lack of participation by stakeholders involved
	Automate SETA processes	2011	Source provider generate reports		Not completed in time
	Establish a professional body	2012	Established body		Lack of buy-in by stakeholders

12. Delivery Division

REGIONS

OUTPUT 1

Increase access to programmes leading to intermediate and high level learning

(The W&RSETA intervention at NQF levels 1 – 4)

Key Strategic Objectives	Performance Measures	Time Frames	Performance Indicators	Assumptions	Risks
1. Learners below ABET Level 4 to achieve NQF 1 Qualifications	Year 1 – 1 000 Year 2 – 1 000 Year 3 – 1 000 10 000 per person + 10% per annum = R10,100	2011-2012 2012-2013 2013-2014	A total of 3,000 certified learners as reflected in the ETQA report	Accredited providers have the scope to deliver Learning material developed	Insufficient number of accredited providers to offer the W&R NQF1 programme Low uptake by employers Insufficient mentoring and coaching
2. Reduce dropout rate from 50%-20%	Year 1 to 40% Year 2 to 30% Year 3 to 20%	2011-2012 2012-2013 2013-2014	Reduced dropout rates as reflected in project close out reports	Learner Retention Strategy developed and ready for implementation by 1 st April 2011	Delay in the development of the Learner Retention Strategy
3. Promote Wholesale and Retail as a career of choice at	Year 1 - Capacitation sessions conducted in 2,000 schools	2011-2012	List of 10,000 schools capacitated nationally	Career Guide and promotional material is developed and printed by 30 June 2011	Delay in readiness of materials Lack of buy-in by the Department of Basic Education.

schools nationally	@R5000 per school	2012-2013			Sufficient mentoring & coaching
	Year 2 - Capacitation sessions conducted in 3,500 schools	2013-2014			Numeracy and literacy
	Year 3 – Capacitation sessions conducted in 4,500 schools				Selection and placement strategy
					Promote the wholesale and retail as a career of choice
4. Provide access for learners into learning programmes between NQF levels 2 to 4	Year 1 – 2,000 learning programmes	2011-2012	6,000 certified learners with qualifications (levels 2 to 4)	Final Board approval of projects before December 2010 shutdown period	Low uptake by employers
	Year 2 – 2,000 L/ programmes	2012-2013			High dropout rates
	Year 3 – 2,000 L/ programmes The split is 4,200 unemployed and 1,800 employed learners Placement of 70% of the	2013-2014	Evidence of the placement of 70% of the unemployed learners who completed the programmes	Learner Retention Strategy developed and ready for implementation by 1 st April 2011	

	unemployed learners who complete				
5. Placement of learners for appropriate workplace experience	<p>Year 1 – The placement of 900 FET learners from the 9 FETs</p> <p>Year 2 – The placement of 1800 FET learners from the 18 FETs</p> <p>Year 3 – The placement of 2700 FET learners from the 27 FETs</p>	<p>2011 – 2012</p> <p>2012 – 2013</p> <p>2013 - 2014</p>	Placement confirmation from companies	Learners are interested in the retail sector	Lack of buy-in by companies

OUTPUT 2

Increase access to occupationally directed programmes in needed areas (W&RSETA intervention at NQF levels 5 to 8)

Key Strategic Objectives	Performance Measures	Time Frames	Performance Indicators	Assumptions	Risks
1. Developing management capacity within the sector through MPD programmes at levels 5 -8	3000 employed learners participate in Management Development Programmes at HET institutions	2011 – 2012 1000 learners 2012 – 2013 1000 learners 2013 – 2014 1000 learners	600 learners with MDP qualifications	Employers willing to enrol their middle management and equity candidate employees	Companies not allowing employees time away from work for training
2. Developing leadership of international standards within the sector	90 learners participate in the ILDP programme	2011 – 2012 30 Learners 2012 – 2013 30 learners 2013 – 2014 30 learners	Evidence of 90 learners who have completed the ILDP programme	Employers willing to enrol their middle management and equity candidate employees	Learners leaving the sector after the ILDP

OUTPUT 3

Increase access to high level occupationally directed programmes in needed areas

(W&RSETA intervention at NQF levels 8 to 10)

Key Strategic Objectives	Performance Measures	Time Frames	Performance Indicators	Assumptions	Risks
1. Support learners to achieve MBAs in business schools with W&R focus	6 learners register for and complete MBA qualifications	2011 - 2014	6 MBA degrees	Learners will complete their MBAs over the 3 year period.	Candidates may leave the sector and lack of buy-in from companies
2. Increase the number of learners completing retail related qualifications at NQF levels 8 to 10 with workplace experience, through the provision of bursaries	600 learners to achieve qualifications at levels 8 to 10 within HETs	<p>2011 – 2012 200 learners enrolled</p> <p>2012 – 2013 200 learners enrolled</p> <p>2013 – 2014 200 learners enrolled and 200 complete</p>	<p>Learner registrations from institutions for 200 learners</p> <p>Learner registrations from institutions for 200 learners</p> <p>Learner registrations from institutions for 200 learners, as well as evidence of completions for 200 learners.</p>	<p>Qualifications run over a period of 3 years</p> <p>Learners will be interested in the retail sector</p>	<p>Learner drop outs</p> <p>Not enough employers to provide workplace experience</p>

OUTPUT 4

Outstanding issues for board consideration

Key Strategic Objectives	Performance Measures	Time Frames	Performance Indicators	Assumptions	Risks
1. Implementing RPL in the W&R sector	3,000 learners undergo RPL prior to registration on learnerships	2011-2012 1000 learners 2012-2013 1,000 learners 2013-2014 1,000 learners	Qualified and competent providers RPL reports	RPL toolkit is ready for implementation Providers are capacitated to conduct RPL	Lack of RPL implementation capacity by providers Assessment tools and funding model to be in place
2. Implement a joint project with other SETAs to address rural development.	200 Cooperatives	2011 – 50 2012 – 50 2013 - 100	200 Cooperatives successfully complete the programmes and are in business	Participation and involvement in design of programme	Sustainability of cooperatives Poor participation
3. Implement a joint project with SMME focused agencies in new venture creations	500 New ventures are established	2011 – 200 2012 – 200 2013 – 100	New ventures are established	Develop a SMME strategy by 2011 in consultation with SMMEs and Co-ops	Unavailability of funding for SMMEs
4. Increase SMME participation in WSP/ ATR process	Increase number to 9,000 SMMEs over the 3 year period through the use of ISDFs	2011 – 2012 Increase to 6,000 SMMEs 2012 – 2013 Increase to 7,000 SMMEs 2013 – 2014 Increase to 9,000 SMMEs	SMS report reflecting 7,500 WSP/ ATR submissions by small firms by 2014	Baseline data of levy paying SMMEs above threshold is accurate	SMMEs not contactable Lack of interest by the owners
13. Support Division					

INFORMATION TECHNOLOGY

Key Strategic Objectives	Performance Measures	Time Frames	Performance Indicators	Assumptions	Risks
1. To automate the SETA processes	Implementation of a robust and fully integrated Enterprise Resource Planning system that would also encompass project management system IT	1 April 2011.	IT system provider sourced IT system provider appointed ERP system implemented	The SETA has the necessary budget to source the appropriate system	System not matching the SETA needs No buy-in from staff
2. Increase participation of SMME – levy paying and non-levy paying companies	Research the use of mobile phones for communicating SETA offerings	1 April 2012	IT Infrastructure in place to support initiative	Reliable database available	Lack of take on interest from the intended target group Vulnerable network security Challenges with network connections to allow for connection into the SETA system
3. Enhance IT infrastructure to support e-Learning	Study conducted on access to FET/ HET information of learners on e-Learning programmes	1 April 2012	Report guiding the set-up of links Links between the W&RSETA and FETs/ HETs created for information sharing	There is reasonably adequate IT access for rural areas	Possible challenges to the current IT infrastructure vulnerable network security

5.6 Bibliography

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