

# **Scarce Skills Guideline 2015/2016**

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Prepared by Fasset Research Department





## Scarce Skills Guideline 2015/2016

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## ACRONYMS

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Abbreviation	Definition
AA	Affirmative Action
AIDS	Acquired Immune Deficiency Syndrome
APEC	Asian Pacific Economic Cooperation
ATR	Annual Training Reports
BBBEE	Broad-based Black Economic Empowerment
BEE	Black Economic Empowerment
CA	Chartered Accountants
CEO	Chief Executive Officer
CESM	Classification of Educational Subject Matter
CHE	Council on Higher Education
CPD	Continuous Professional Development
CTA	Certificate in the Theory of Accounting
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
EA	External Auditor
EE	Employment Equity
EEA	Employment Equity Act No 55 of 1998
Fasset	Finance and Accounting Services Sector Education and Training Authority
FET	Further Education and Training
FETMIS	Further Education Management Information System
FIA	Financial Investment Advisor
HEMIS	Higher Education Management Information System
HET	Higher Education and Training
HIV	Human Immunodeficiency Virus
ICB	Institute for Certified Bookkeepers
ILO	International Labour Organisation
LCG	Learnership Cash Grant
LL	Lifelong Learning
M & E	Monitoring and Evaluation
NATED	National Programmes
NCV	National Certificate (Vocational)
NLP	Non Levy Payer
NQF	National Qualifications Framework
NSC	National Senior Certificate
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme

<b>Abbreviation</b>	<b>Definition</b>
OFO	Organising Framework for Occupations
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PMG	Parliamentary Monitoring Group
QCTO	Quality Council for Trades and Occupations
RD	Research Director
RO	Research Officer
SAICA	South African Institute of Chartered Accountants
SAJHRD	South African Journal of Human Resources Development
SAQA	South African Qualification Authority
SARS	South African Revenue Service
SCG	Strategic Cash Grant
SDA	Skills Development Act 97 of 1998
SDL	Skills Development Levy
SDLA	Skills Development Levy Act 9 of 1999
SETA	Sector Education and Training Authority
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training
UoT	University of Technology
USA	United States of America
VET	Vocational Education and Training
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

## **1. INTRODUCTION**

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This annually distributed guide is aimed at those who need to understand and identify scarce skills within the Fasset sector. This guide will be useful to all Fasset stakeholders who are involved in skills development initiatives within the sector. Fasset key stakeholders include employers, educationalists, learners, parents, policy-makers, education and training providers.

This guide is the ninth, in a series of annual publications in the Fasset Scarce Skills guideline series. The document describes skills shortages of financial and accounting professionals in and outside the Fasset sector, especially within the Black African South African and disabled population groups.

The Fasset interventions funded reflect the Seta's strategic goal of addressing skills shortages, and the commitment of the sector to skills development and transformation.

To ensure a healthy and thriving economy, skills shortages must be addressed because skills development is a catalyst to a productive and wealthy nation.

## **2. WHAT IS FASSET**

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Fasset is one of the 21 Sector Education and Training Authorities (SETAs) established in terms of the Skills Development Act 97 of 1998. One of the central aims of the legislation is to encourage South African employers to train their employees. Employers can then recover a Skills Development Levy (SDL) (paid in terms of the Skills Development Levies Act (SDLA) 9 of 1999) via grants claimed from their Seta.

The mandate of Fasset is to transform the finance and accounting sector by facilitating skills development, prioritising previously disadvantaged population groups and in the process, reducing skills shortages in the sector. Each Seta has a Board that decides on how such skills shortages are to be addressed and which interventions are to be prioritised.

Fasset is the Finance and Accounting Sector Education Training Authority. All relevant Fasset industries are represented on the Fasset Board, which is guided in its strategic decision-making by the vision and mission of the Seta.

## **3. FASSET'S VISION AND MISSION**

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Fasset's vision is:

- To facilitate the achievement of world-class finance and accountancy skills<sup>1</sup>

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<sup>1</sup> By the Fasset Board in July 2015.

Fasset's mission is:

- Increase the flow of new finance and accountancy entrants into employment
- Develop and grow the skills required in the sector
- Facilitate transformation of the finance and accountancy sector

## **4. PROFILE OF THE FASSET SECTOR**

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### **4.1 Subsectors**

The Fasset sector consists of organisations categorised into sub-sectors as follows:

- Investment Entities and Trusts and Company Secretary Services
- Stockbroking and Financial Markets
- Development Organisations
- Accounting, Bookkeeping, Auditing and Tax Services
- Activities Auxiliary to Financial Intermediation
- Business and Management Consulting Services, and South African Revenue Services (SARS) and relevant Government Departments

### **4.2 Organisations**

Based on the Fasset Sector Skills Plan (SSP) for the 2016/2017 period, 5 482 organisations paid their skills development levies in the 2014/2015 financial year as compared to the 5 255 organisations in the 2013/2014 financial year. A further 262 levy-exempt organisations had registered on Fasset's system. In addition to these, there may be many sole proprietorships or professionals with very small (often one-person) practices that are not known to the SETA as they have not registered with Fasset as a Non Levy Payer (NLP). NLP organisations have an annual payroll of less than R 500,000 per annum.

The vast majority of organisations in the Fasset sector are very small. The 2012 Sector Survey showed that more than half (54%) employ fewer than ten people. A further 23% employ between 10 and 19 people and 15% have between 20 and 49 employees. This means that 92% of the organisations in the sector fall within the category that is generally known as 'small organisations'. Medium size organisations with 50 to 149 employees make up 6% of the organisations in the sector and the large organisations with 150 or more employees constitute 2% of organisations. Fasset as a SETA therefore deals mostly with small employers.

The Fasset sector is highly concentrated in Gauteng, with more than 50% based in the province, 16% based in the Western Cape and about 6% based in KwaZulu-Natal. Small numbers of employees are based in the other provinces. Between the periods of 2003 to 2013, the subsector Accounting, Bookkeeping, Auditing and Tax Services remained by far the largest subsector employing around 40% of the total workforce. The three subsectors: Activities Auxiliary to Financial Intermediation, Business and Management Consulting Services, and SARS and Government Departments employ around 15% of the workforce each. Stockbroking and Financial Markets employ 11% of the employees. The two smallest subsectors are Investment Entities and Trusts and Company Secretary Services, and Development Organisations.

### **4.3 Employment Profile**

The services rendered by organisations in the sector are mainly of a specialised and professional nature; consequently, the sector tends to employ large numbers of professionals. These workers are supported by clerical and administrative workers that also constitute a substantial proportion of the employees in the sector.

A special feature of the sector is the presence and influence of a number of professional associations whose roles have become ingrained in the sector's qualification structure, in the organisation of education and training, and in the professional designations used in the sector. The professional bodies play a very important role in skills development in the sector and are closely involved in Fasset's initiatives and activities. In 2005 the sector employed approximately 98 000 people. This figure increased systematically until 2012 when it peaked at 135 000. In 2013 it dropped to 120 000 and in 2014 it increased slightly to 121 000. Approximately 80% of the workforce is employed in the medium and large organisations in the sector.

The occupational composition of the sector explains why the sector employs mainly people with post-school qualifications or with matric. Professionals form the largest occupational group in the sector, with 34% of the workforce employed in professional occupations. The second largest occupational group is Clerical Support Workers. A total of 27% of the employees in the sector are employed in this occupational group. Managers constitute 17% of the workforce and the occupational group Technicians and Associate Professionals 14%. The Managers are mostly Professionals who have advanced to managerial positions. The assumption is that these managers will also progress to become employers, and the cycle keeps on going.

### **4.4 Transformation in the Fasset Sector**

The sector has been undergoing transformation over the last ten years and this is set to continue in the future; this is partly driven by different interventions aimed at empowering the previously disadvantaged population groups. Black African employees' share in the occupational groups Managers and Professionals had increased from 20% Managers and 27% Professionals in 2003 to 38% and 59% respectively in 2013. The drop in the percentage of Black African employees in 2012 is probably due to the fact that the 2012 figure is based on the 2012 Sector Survey results and includes small organisations, sole proprietorships or professionals with very small (often one-person) practices that do not submit Mandatory Grant applications, while the other years' data are mainly based on the Mandatory Grant applications data.

### **4.5 Gender**

Women's share in employment in the sector has remained fairly constant from 2003 to 2013 (more or less 56% of employment). This percentage increased to 62% in the 2012 Sector Survey, when more of the smaller firms were included in the sample. In 2013, women were the majority gender in the occupational categories Clerical Support Workers (80%), Service and Sales Workers (65%) and Elementary Occupations (58%). Women constituted half (50%) of the Professionals and 40% of the Managers employed in the Sector. Black African women formed 21% of the total workforce in the sector. They occupied 9% of all the managerial positions and 16% of



all the professional positions. White women formed 23% of the total workforce in the sector and they occupied 23% of all the managerial positions and 24% of all the professional positions.

#### **4.6 Foreign Nationals**

The large and medium-size organisations in the sector employed almost 3 000 Foreign Nationals (2% of total employment in the sector). The largest proportion (45%) was employed as Professionals and 32% as Managers. Foreign Nationals formed 4% of the Managers group and 3% of Professionals. They also formed 3% of the Technicians and Associate Professionals employed in the sector.

Conversely, since 1994, South African has been losing qualified Chartered Accountants (CAs), who are immigrating to other countries with better opportunities. South African Institute of Chartered Accountants (SAICA) is the only professional body that publishes information on the country of residence of their members. At the end of June 2015, a total of 7 453 CAs (SA) who were registered with SAICA were working abroad, which is approximately 19% of all South African CAs (SAICA, 2015). This does not necessarily mean that these CAs have emigrated permanently. Some of the large international firms in the sector deliberately rotate their employees between countries in order to give them international exposure.

#### **4.7 Age**

The 2012 Fasset Sector Survey showed that more than half (56%) of the employees in the sector are 35 years or younger and can be classified as 'youth'. A total of 15% are 25 years or younger and 40% are between 26 and 35 years. A further 22% of the workforce is between 36 and 45 years and 15% is between 46 and 55 years. The Fasset sector is generally regarded as a training sector with large numbers of learners on learnerships, especially on the CA and Professional Accountant learnerships. This is the main reason for the relatively youthful profile of the sector.

#### **4.8 Disability**

During the 2012 Sector Survey, employers were asked to indicate the disability status of employees. Only 3.9% of the organisations indicated that they had employees with disabilities in their service. The employees with disabilities numbered 330, only 0.2% of total employment. This absence of information on disability (found in large organisations especially) was also found in the previous Sector Survey in 2007, however in this survey the total number of employees who were identified as people with disabilities constituted 0.8% of the employees in the sector. In 2013 employers reported 680 people with disabilities or 0.6% of total employment in the sector.

#### **4.9 HIV/AIDS Awareness**

Only 3% of respondents in the 2012 Sector Survey indicated that their organisations were aware of employees who were Human Immunodeficiency Virus (HIV) positive. Their estimates of infection rates in the respective organisations varied from 1% to 10%. However, no-one was aware of any employee in their organisations who had Acquired Immune Deficiency Syndrome (AIDS). Of all the respondents, 6.4% said that their organisations provided information or some form of HIV/AIDS prevention programme to their employees.

## 5. SCARCE SKILLS

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Scarce Skills as a concept, refers to an absolute or relative demand for skilled people to fill particular occupations as classified on the Organising Framework for Occupations (OFO). It refers to those positions that remain unfilled for prolonged periods of time, in other words there are not enough qualified people to fill the positions. In the assessment of scarce skills it is important to consider different labour market signals.

The most obvious signals that are indicative of shortages in a particular occupation are:

- Difficulties experienced by employers to retain employees in the occupation owing to external demand and competition among employers to attract scarce skills;
- Difficulties experienced by employers to recruit people into positions, which results in vacancies that remain unfilled over a prolonged period of time;
- Difficulties experienced by employers with succession planning;
- Upward pressure on remuneration; and
- No spare capacity in the form of unemployed people who can fill positions in the particular occupations.

These signals are, as far as possible, monitored during Fasset's Sector Surveys and the annual Workplace Skills Plan (WSP) submissions by employers. In the analysis of skills shortages, it is important not to apply a simplistic and mechanistic approach. Occupations cannot be viewed in isolation as many of the occupations on the OFO draw skills from the same pool or from the same supply pipeline. In many instances the skills sets required in different occupations are similar and transportable. For this reason, occupations that were identified as areas in which shortages are experienced have been grouped according to these considerations.

Scarce skills in South Africa are found across industries and they are not sector-specific. However, to address the skills needs of the sector, Fasset and employers must work together to create opportunities for career advancement, especially for new entrants and temporary workers who need upskilling to become permanent and nurture their development in their respective career paths.

In the 2014/2015 financial year, about 28% of levy-paying organisations reported a current scarcity of qualified and experienced people. A total number of 2 117 qualified people (mainly professionals) were required to meet the skills need in 2012/2013. The 2015/2016 Professional, Vocational, Technical and Academic Learning (PIVOTAL) skills analysis results indicate that 3 100 qualified people are required to fill in position, with 40% of those required falling in the trainee accountants/auditors/article clerks category.

A general lack of trainee accountants/auditors/article clerks was reported by employers in their WSP submissions in the 2014/2015 financial year. Organisations were looking for graduate trainees who had completed their Certificates in the Theory of Accounting (CTA), especially African and disabled candidates. Among graduates, a shortage of competent people was noted. Competency was usually described as a combination of good academic and communication skills as well as technical knowledge.

## 6. THE DEVELOPMENT OF NEW ENTRANTS INTO THE MARKET

The Fasset sector is labour-intensive and its growth is dependent on the availability of skilled professionals, hence the sector needs to ensure that the flow of new entrants into the labour market is sufficient to fill new employment vacancies as well as to replace workers who leave the labour market or the sector. This process starts from high school, with the nurturing of a generation of matriculants who are keen on studying mathematics so that they can have the minimum entrance requirements into the Fasset sector qualifications.

The training of people for professional positions takes several years and people have to move through various components of the skills development pipeline to become ready for the labour market. Fasset therefore has to monitor the supply pipeline, identify factors that suppress supply and intervene where possible. The 2012 Sector Survey already identified the need to increase the number of matriculants who pass mathematics, a key factor that influences the number of learners studying degree programmes in the Fasset sector qualifications. Equally important is the need to assist students in finance and accounting qualifications to complete their qualification.

The skills development pipeline has to expand the 'feeder', that is, new learners qualifying with finance and or accounting qualifications to make a pool of available workforce to fill new positions and replace those leaving the sector. The growth of the South African economy implies that more and more accounting and finance professionals are required to ensure that the economy can operate at an optimal level. This can only be achieved if the 'feeders' of higher education institutions are providing adequate graduates with mathematics at matric level.

Table 1 below shows the top ten in-demand skills in the Fasset sector based on the SETA's PIVOTAL skills list. The table is indicative that more entry level positions are available within the Fasset sector and the supply of learners has to increase to feed the growing demand for trainee accountants, auditors and article clerks.

**Table 1: Top 10 Scarce Skills in demand for 2015/16**

#	Occupation	Quantity Needed
1	Trainee accountant/auditor/article clerk	1249
2	External Auditor	255
3	Computer Network and Systems Engineer	153
4	Debt Collector	141
5	Finance Manager	111
6	Management Consultant	108
7	Financial Investment Advisor	86
8	Office Administrator	74
9	Accountant (General)	70
10	Economist	48
	<b>Grand Total</b>	<b>2295</b>

Source: Draft SSP 2016/2017

**Table 2: Top 10 Scarce Skills in demand for 2013/14 and 2014/15**

#	Occupation Name	Quantity Needed 2013/2014	Quantity Needed 2014/2015
1	External Auditor	413	407
2	Accountant (General)	374	359
3	Accountant in Practice	154	108
4	Securities Services Administrative Officer	133	152
5	Internal Auditor	129	135
6	Corporate General Manager	88	136
7	Finance Manager	81	21
8	Management Consultant	79	78
9	Financial Investment Advisor	77	69
10	Programme or Project Manager	73	63
	<b>Grand Total</b>	<b>1601</b>	<b>1528</b>

Source: Draft SSP 2016/2017

A comparison of Table 1 and

Table 2 shows that there have been some changes in the top scarce skills in the sector. A classification was introduced in the draft SSP 2016/2017 to differentiate trainee accounting positions, from qualified professionals. New job titles have entered the scarce skills list:

- Computer Network and Systems Engineer
- Debt Collector
- Office Administrator
- Economist

A continuous flow of new entrants into the sector's labour market will help prevent the development of new areas of scarcity and ease existing skills shortages. The composition of these new entrants is vital in the transformation of the sector and is necessary for the country to realise its Employment Equity (EE) targets.

## **7. GROWTH IN DEMAND**

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Highly skilled workers with post-matric qualifications are needed in the Fasset sector. According to Fasset's Current Employment Profile (2015) data, 96 800 people are employed in the medium and large firms. 16.8% of those employed by large and medium organisations in the Fasset sector are managers. Professionals constitute 34.2%, while technicians and associate professionals account for 14.6%, and the majority of the workforce falls under clerical support workers, constituting 28%. The rest are distributed among services and support, and elementary occupations within the Fasset sector.

The occupational profile for NLPs is more or less similar to the profile of levy-paying organisations; 16% of workers in the sector were employed as managers and 33.5% as professionals. Clerical support workers comprised 23% of the total workforce, service and sales workers 5% and employees in elementary occupations 3%.

The current educational profile shows that 99.2% of the workforce holds qualifications at the old National Qualifications Framework (NQF) Level 4 (Grade 10 / Matric) and above. The majority (68.6%) of employees have post-school qualifications.

The transformational needs of the sector add a special dimension to the demand for skilled financial professionals, namely an increased demand for people from historically disadvantaged groups. Women and Black Africans are underrepresented in the managerial and professional categories and future demand for skills will be met only if these imbalances are corrected.

## **7.1 Growth in Supply**

The 2012 Fasset Sector Survey findings indicated there is a gradual increase in the output of graduates from higher education institutions across all NQF levels. However, with an average annual increase of 2.1% at NQF level 6 and 7, and 1.8% at NQF level 8 is not enough to meet the increasing demand for accounting and finance skills in the country. There has been some indication of transformation in the sector, shown by the increased number of Black African graduates which has increased on average by 4.8% per year at NQF levels 6 and 7; and 9.6% per year at NQF level 8.

Most of the growth was in the number of Black African candidates. This will, in the long run, facilitate the transformation of the sector. However, financial professionals form the core of employment in the sector and it is therefore imperative that young Black African professionals complete the professional body learnerships and become full members of the professional bodies active in the sector. Fasset and the professional bodies are engaged in various projects and programmes to assist Black African graduates to qualify for and complete the professional body learnerships.

At the root of the supply of skills to the sector is the quality of mathematics education at school level and the number of learners who pass the senior certificate with the mathematical ability to master the studies in the accounting fields. Mathematics education remains a supply-side constraint that impacts on the skills of this sector. Other supply-side constraints include a lack of funding for higher education studies and a general lack of work-readiness of young graduates who want to enter the labour market. These constraints have been addressed in various ways by Fasset and the professional bodies in the sector.

In the evaluation of the demand for and supply of financial skills, it is important to have not only a sectoral, but also a national perspective. Financial skills are used across the economy and Fasset's sector shares in the national pool. At the same time the Financial and Accounting Services Sector serves as a training sector that supplies qualified financial professionals to the rest of the economy. This role needs to be acknowledged and in the skills development priorities of the sector for Fasset to play a supportive role in this regard.

## 7.2 Formation of New Skills for the Sector

The sector is served by a well-established and diversified education and training system that spans all the components of the public and private education sectors, professional bodies and employers. The qualifications available to the sector range from NQF Level 3 to Level 8 – with learnerships registered at each level (Fasset Sector Survey 2012).

Entry-level skills are merely the first step to becoming proficient in the sector. Further skills development is a prerequisite for success. The sector needs workers with tertiary qualifications; the 2012 Sector Survey indicated that 99.2% of the workforce holds qualifications at a NQF 4 and above and that this number will have to grow to fill the requirements of the sector. Although the growth in the number of accounting graduates from 2001 to 2011 is steady, it is still not enough.

Professional bodies play a key role in the preparation of new entrants. The main functions performed by these institutions are the establishment of educational standards, the development of curricula for the qualifications they award, the provision of training, the accreditation of training institutions, the setting of examinations, the administration of examinations and the awarding of qualifications.

Despite the generally positive picture of education and training, the sector is faced with the reality of too few learners from the previously disadvantaged groups moving up to the higher professional qualification levels. The challenge is to remove all unnecessary obstacles and to maximise support for these people so as to address the problem in the short to medium term.

**Table 3: Managerial occupations in which employers experienced skills shortages for 2013/2014, 2014/2015 & 2015/2016**

Occupation Code	Occupation Name	Number needed		
		2013/2014	2014/2015	2015/2016
121101	Finance Manager	81	21	111
121901	Corporate General Manager	43	46	42
241202	Investment Manager	88	136	29
121104	Internal Audit Manager	73	63	27

Source: Draft SSP 2016/2017

As in the years before, most skills shortages occurred in the occupational group ‘Professionals’ – more specifically in the Unit Group ‘Accountants’ which includes General Accountants and Accountants in Practice, External Auditors and Tax Professionals (Table 3). Most of the employers indicated that they were specifically looking for CA (SA) and that there were not enough available in the market. Approximately a third of the positions in this unit group were for trainee accountants on the SAICA and the South African Institute of Professional Accountants (SAIPA) learnerships.

In terms of the recruitment of accounting trainees, employers reported that there are not enough potential trainees who have completed the CTA. Some organisations complained that qualified people were snapped up by large audit firms. The 2012 Sector Survey revealed that small firms and those that are located outside the main metropolitan areas regard themselves as being at a disadvantage when it comes to the recruitment of trainees. Most of these firms cannot pay the salaries offered by the large firms and they cannot offer the trainees the career prospects that the large firms offer.

A general shortage of skills especially of experienced Black Africans with suitable qualifications to fill vacancies as financial markets practitioners, were reported. Knowledge of African markets and marketing are some of the skills that are required of applicants in this field.

Many of the professional vacancies that organisations had difficulties in filling require a combination of tertiary (often postgraduate) qualifications, professional registration and work-related skills. Some of these vacancies necessitate specialised knowledge in fields other than finance e.g. law, information technology and engineering.

In the Sector Survey 2012 employers emphasised that there is a shortage of professional Black African employees, especially Black African people with suitable qualifications and relevant experience. As a result of these shortages, fierce competition exists among organisations for the small pool of skilled Black African people in the market. Unaffordable salary demands made by Black African Chartered Accountants (CAs) is one of the results of this competition and it was specifically mentioned by several of the respondent organisations. Government organisations saw themselves as being at a disadvantage in the market. According to them they cannot offer the same salaries as the private sector. The same complaints were reiterated in the 2013 WSP submissions.

**Table 4: Professional occupations in which employers experienced skills shortages for 2013/2014, 2014/2015 & 2015/2016**

Occupation Code	Occupation Name	Number needed		
		2013/2014	2014/2015	2015/2016
241101	Accountant (General)	374	359	70
241103	Tax Professional	44	53	23
241104	External Auditor	413	407	255
241106	Accountant in Practice	154	108	22
241201	Investment Analyst	17	15	32
241202	Investment Manager	14	11	29
241204	Financial Markets Practitioner	34	*	*
241301	Financial Investment Advisor	77	69	86
242101	Management Consultant	79	78	108
242102	Organisation and Methods Analyst	44	46	24
242211	Internal Auditor	129	135	18
242301	Careers Counsellor	10	4	*
243102	Market Research Analyst	17	21	*

Occupation Code	Occupation Name	Number needed		
		2013/2014	2014/2015	2015/2016
251101	ICT Systems Analyst	26	16	*
251201	Software Developer	42	40	6
251202	Programmer Analyst	11	11	*
251203	Developer Programmer	70	44	*
251401	Applications Programmer	30	26	*
252101	Database Designer and Administrator	58	50	6
263101	Economist	22	31	48
263403	Organisational Psychologist	17	23	*

Source: Draft SSP 2016/2017

\* No longer on the list of PIVOTAL skills, 2015

In the occupational group 'Technicians and Associate Professionals' employers identified only two occupations in which a scarcity was experienced: Supply Chain Practitioners and Telecommunications Technical Officers or Technologists as shown in Table 5.

**Table 5: Technician and associate professional occupations in which employers experienced skills shortages for 2013/2014, 2014/2015 & 2015/2016**

Occupation Code	Occupation Name	Number needed		
		2013/2014	2014/2015	2015/2016
333905	Supply Chain Practitioner	17	23	*
352201	Telecommunications Technical Officer/Technologist	17	23	*

Source: Draft SSP 2016/2017

\* No longer on the list of PIVOTAL skills, 2015

Although clerical support workers are generally trained in-house and in a relatively short period of time, employers still reported shortages in some of these occupations such as debt collectors and contact centre consultants, accounts clerks, securities services administrative officers and payroll clerks. In many instances employers are looking for people with post-school qualifications and experience in these occupational fields.



**Table 6: Clerical support occupations in which employers experienced skills shortages for 2013/2014, 2014/2015 & 2015/2016**

Occupation Code	Occupation Name	Number needed		
		2013/2014	2014/2015	2015/2016
411101	General Clerk	52	55	5
421401	Debt Collector	37	36	141
422201	Inbound Contact Centre Consultant	15	13	*
431101	Accounts Clerk	24	35	5
431202	Securities Services Administrative Officer	133	152	3
431301	Payroll Clerk	27	25	*

Source: Draft SSP 2016/2017

\* No longer on the list of PIVOTAL skills, 2015

Skills shortages are often linked to organisations' need to meet EE targets. This applies only to the medium size and large organisations in the sector that are bound by legislation to submit EE reports to the Department of Labour (DoL). In the Fasset sector this applies to approximately 8% of the organisations. In the Sector Survey 2012 almost all these organisations (6% of organisations in the sector) reported that they find it difficult to meet their EE targets. (All the organisations reported that there are specific positions in their organisations for which they cannot find suitable Black African candidates.

Apart from the consistent upward pressure on salaries and the premiums that organisations have to pay for Black African (and especially African) candidates, employers also reported that the fierce competition in the market has led to high levels of turnover (job-hopping), as well as attitudes of entitlement among many Black African candidates.

To summarise the top ten skills in the sector, a numeric approach has been taken; the 6-digit OFO codes in the greatest numeric demand are represented in the table below. The interventions that will address these top scarce skills are described below.

**Table 7: Top 10 scarce skills occupations in the Fasset Sector for 2013, 2014 & 2015**

OFO Code	OFO Description	Needed 2013	Needed 2014	Needed 2015
241101	Accountant (General) (including trainee accountants)	374	2584	2498
241104	External Auditor	413	272	255
252301	Computer Network and Systems Engineer	*	128	153
421401	Debt Collector	*	133	141
121101	Finance Manager	81	136	111
242101	Management Consultant	79	132	108
241301	Financial Investment Advisor	77	82	86
241202	Investment Manager	*	89	29
431101	Accounts Clerk	*	97	5
263101	Economist	*	43	48

Source: Draft SSP 2016/2017

\* No longer on the list of PIVOTAL skills

Table 8 shows the priority areas which are experiencing scarce skills in the Fasset sector. Comments from employers have also been included to give an overview of employer perceptions regarding the skills shortages they are experiencing. Most employers have indicated that shortage of qualified graduates is one major challenge that needs to be overcome if South Africa is to meet its skills needs.

**Table 8: Scarce Skills in the Fasset Sector**

Priority Group	OFO Code	Occupation Name	Need 2014	Need 2015	Vacancies in 2013	Scarce skill in 2012	Comments by employers and professional bodies
1. Accountants and Auditors	121101	Finance Manager	136	111	38	65	Inadequate number of graduates from universities able to enter learnerships. Shortage of Black African learners.
	121102	Payroll Manager	3	3			
	241101	Accountant (General)	715	70	239	313	Shortage of skilled and qualified accountants with working knowledge and experience. Inadequate number of graduates from universities able to enter learnerships. Shortage of Black African learners.
	241102	Management Accountant	8				No suitably qualified Management Accountants
	241103	Tax Professional	60	23	66	44	Inadequate experienced employees with an accounting background and tax experience. Shortage of Black African learners.
	241104	External Auditor	272	255	42	546	Inadequate number of graduates from universities able to enter learnerships. Loss of experienced staff to the marketplace. Shortage of Black African CAs.
	241106	Accountant in Practice	9	22			
	241107	Financial Accountant	10	6		15	Inadequate number of graduates from universities able to enter learnerships.

Priority Group	OFO Code	Occupation Name	Need 2014	Need 2015	Vacancies in 2013	Scarce skill in 2012	Comments by employers and professional bodies
							Shortage of Black African learners.
	241108	Forensic Accountant	12	10			Low pass rates for people sitting for the Certified Fraud Examiner (CFE) exams.
	242209	Accounting Officer	1	1			
	2411011	Trainee accountant/auditor/article clerk	1292	1249	631	1431	Inadequate number of Grade 12's as well as graduates from universities available to enter learnerships. High trainee drop-out. Competition with other sectors. Specific shortage of Black African and coloured learners. Candidates lack English communication and soft skills.
2. Financial markets professionals	134603	Financial Markets Business Manager	2	2			
	241201	Investment Analyst	44	32	32	12	Inadequate number of graduates with the relevant competencies e.g. portfolio pricing and investment operation experience. Shortages specific in Cape Town.
	241202	Investment Manager	89	29	116	13	General shortage due to the complexity of the job. Candidates lack relevant competencies and experience.
	241203	Investment Advisor	13	12			Inadequate number of graduates with the level of expertise.

Priority Group	OFO Code	Occupation Name	Need 2014	Need 2015	Vacancies in 2013	Scarce skill in 2012	Comments by employers and professional bodies
	241204	Financial Markets Practitioner	2				
	241205	Professional Principal Executive Officer	6				
	241301	Financial Investment Advisor	82	86	20	180	Inadequate number of graduates with the required financial expertise or to enter learnerships.
	331101	Securities Dealer	6	2	46		
	332401	Commodities Trader	38	37			Shortage of qualified and experienced Black African traders. Qualified traders with appetite on the sales side are very scarce.
	332402	Finance Broker	38	36			Inadequate number of Black African Senior Bankers with investment banking experience and international exposure. Specialised environment.
3. ICT Professionals	133105	Information Technology Manager	11	6			
	251101	ICT Systems Analyst	17		30	15	
	251201	Software Developer	9	6			
	251202	Programmer Analyst	2	0	13		
	251203	Developer Pro-	37	27	20	11	Need competent and skilled Black Afri-

Priority Group	OFO Code	Occupation Name	Need 2014	Need 2015	Vacancies in 2013	Scarce skill in 2012	Comments by employers and professional bodies
		grammer					can, coloured and Indian employees
	252101	Database Designer and Administrator	8	6	15	18	
	252201	Systems Administrator	33	36			Insufficient supply in market due to increase in SAP usage in larger organisations. Lack of foundation of SAP implementation experience. Lack of Black African candidates.
	252301	Computer Network and Systems Engineer	128	153	33	10	Inadequate number of graduates and candidates with hands-on experience. Shortage of Black African candidates.
	252901	ICT Security Specialist	6	9		15	
4. Bookkeepers, accountants and clerks	331301	Bookkeeper	53	3	58	117	Inadequate number of candidates who are able to enter learnerships. Shortage of Black African learners.
	331302	Accounting Technician	44	42			Shortage of quality candidates. Skills shortages in municipalities and government departments.
	331303	Tax Technician	2				
	431101	Accounts Clerk	97	5		78	Experienced people with qualifications hard to find.
	431301	Payroll Clerk	9				
	523102	Office Cashier	32	24			Experienced cashiers with qualifications difficult to find.

Priority Group	OFO Code	Occupation Name	Need 2014	Need 2015	Vacancies in 2013	Scarce skill in 2012	Comments by employers and professional bodies
5. Debt collector	421401	Debt Collector	133	141			High demand for skills in high pressure environment. Fierce competition among companies.
6. Management consultants	242101	Management Consultant	132	108	24	167	Inadequate number of graduates from consulting environments, that meet the culture fit. Shortage of Black African candidates.
	242102	Organisation and Methods Analyst	25	24			Inadequate number of graduates with necessary skills. Shortage of Black African candidates.
7. Internal auditors and risk managers	121104	Internal Audit Manager	32	27			Inadequate number of graduates from universities able to enter learnerships. Low pass rates for people sitting for the CIA exams. Lack of Black African candidates.
	242208	Organisational Risk Manager	5	7			
	242211	Internal Auditor	22	18			Inadequate number of graduates from universities able to enter learnerships. Candidates are lost to commerce. Shortage of Black African and coloured candidates.
8. Actuary	212101	Actuary	47	23	10	36	Inadequate number of graduates. General shortage.

Priority Group	OFO Code	Occupation Name	Need 2014	Need 2015	Vacancies in 2013	Scarce skill in 2012	Comments by employers and professional bodies
9. Economist	263101	Economist	43	48	34	45	Extremely niche skill sets within accounting and economics required. Formal qualification and majority of work experience only available internationally. Specific need for Black African candidates.
10. Office administrators	334101	Office Supervisor	4	4			
	334102	Office Administrator	47	74		20	Inadequate number of candidates who are able to enter learnerships. Utility Management is not offered as a NQF course.

Source: Draft SSP 2016/2017



## **8. CURRENT CRITICAL SKILLS**

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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:

1. Key or generic skills, including (in SAQA-NQF terminology) critical cross-field out-comes. These would include cognitive skills (problem solving, learning to learn), language and literacy skills, mathematical skills, ICT skills and working in teams.
2. 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.

In the Fasset environment, the most important critical skills have been identified as follows (Grant Analysis 2013):

- Specialist Financial Skills
- Information Technology Skills
- Client Service Skills
- Management & Leadership Skills
- Support & Administrative Skills
- Legal Knowledge and Skills
- Productivity & Efficiency
- Insurance-related Knowledge and Skills
- Soft skills
- Sales and Marketing Skills

Although the Department of Higher Education and Training (DHET) Guideline to Identifying Scarce Skills (published by DHET in March 2011) includes a definition of critical skills, Fasset does not apply this definition. Reference to critical skills seems to have disappeared from the information collection requirements of the DHET. Information on critical skills is no longer requested in the SSP submissions, as they were previously. This was because of the confusion in the use of PIVOTAL skills, scarce skills and critical skills.

## **9. A NATIONAL PERSPECTIVE ON SCARCE SKILLS**

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The Adcorp Employment Index (2015) identified four occupational categories in which South Africa is having skills shortages. These occupations include senior management; professionals in medicine, engineering, accounting and law; technical occupations such as specialised technicians and artisans; and agriculture.

Skills shortages among technicians is 432 100, 216 200 among managers, and 178 400 among professionals. Conversely, there is an oversupply of elementary workers, which are in excess of 967 600 to the economy's needs (Adcorp, 2015).

There are a number of factors that have contributed to skills shortages in South Africa. The legacy of Apartheid continues to haunt South Africa. This can be seen in the migration of skilled white professionals and the inadequate supply of skilled Black South Africans to fill those vacated positions and sustain the economy. For the majority White South Africans who have emigrated from the country, issues ranging from high crime rates, EE policies have stifled professional development and promotion of mainly White South Africans in some sectors of the economy, better wage offers and lifestyles offered abroad as compared to the continued deterioration of the South African economy are among some of the identified factors contributing to highly skilled people emigrating from South Africa (SAJHRD, 2011).

The 'List of Occupations in Higher Demand' document was published by DHET in November 2014, 'to provide a list of occupations that have been identified as being in high demand at national level.' The document is also meant to assist decision-makers in skills planning and development in terms of allocation of resources and prioritisation of interventions to ensure that all initiatives are designed to address the national skills 'challenge' and enabling the economy to function at an optimal level with stable supply of a skilled labour force. The occupations identified as being in high demand are not ranked relative to each other. The list is not exclusive because there could have been other occupations which are scarce at provincial or local level and are not part of the national top 100 scarce skills list. However, the Gazette refers specifically to the fact that CAs are in high demand and that they are employed in a range of management and specialist occupations.

However, looking at the factors driving immigration of skills professionals into the country immigrants were mainly attracted to better job opportunities, as compared to their home countries, and better quality education in South Africa. Findings of the research indicated that the recruitment of skilled foreign workers was a short-to-medium term solution to the country's scarce skills shortages, and hence more long-term solutions are necessary to ensure that the country create the skills base required to sustain the economy.

## **10. INTERNATIONAL PERSPECTIVE ON SCARCE SKILLS**

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In a 2014 report by the Asian Pacific Economic Cooperation (APEC) block on APEC regional labour markets, it was identified that skills shortages was an international challenge. First world countries had already identified areas of skills shortages and developed a technical and professional training system to address the situation. Most of these countries have skills shortages in specialised fields like engineering and healthcare occupations.

Looking at newly industrialised economies and some developing nations have experienced rapid economic growth and industrial transition. Like South Africa, they have promoted learnerships and internships, encouraging employers to play an important role in the skills development of their respective countries. As a consequence, newly industrialised economies have tended to have shortages among occupations in service sectors where as the developing economies still struggle with technical qualifications and skills.

It can be seen that economies with a history of permanent immigration have well developed mechanisms for monitoring 'skills in demand'. Many economies, although not seeking permanent immigrants, tend to rely on employer demand for bringing in foreign workers that they need. They

maintain lists of occupations in demand that potential workers can consult in order to fulfil visa or work permit requirements. All economies rely on their training systems but these may or may not be meeting identified demands. Where training is not well aligned with employers' expectations and needs, a wasteful over-supply of certain skills may exist.

The 'Accenture 2013 Skills and Employment Trends Survey: Perspectives on Training' report indicated that close to fifty % of the 400 large firms which participated in the survey in the United States of America (USA) confirmed persistent skills gaps in their businesses. However, 51 % of the firms indicated that they will be increasing their investment in training over the next couple of years. Those executives that indicated a skills shortage admitted that they had not invested enough in training in the past. 72 % of the executives indicated that internal training was one of the major ways for developing skills. Among those executives who anticipated a skills shortage, 41 % alluded to the fact that they cannot attract candidates with the required skills in their industry. 23 % would hire more candidates if they could get the qualified candidates, and 26 % said that they could not pay what the candidates were asking for. The rest did not anticipate any skills shortages. However, skills development strategies identified included formal and informal learning, with companies trying to strike a balance between the two approaches to ensure that their training is relevant to the current needs of the organisation.

One of the key issues identified, which is pertinent to the South African context and Fasset's skills development pipeline, is the realisation that investment in the early talent supply chain is crucial for the steady supply of skills to the Fasset sector as well as the country as a whole. More companies are partnering with training institutions to ensure that their curricular and training standards meet the expectations of the employers. Companies are also involved in providing technology and platforms for learning so that the burden does not rest only with the training providers.

Hence the phenomena of skills shortages and skills gaps are not unique to South Africa and to Fasset's sector. A recent study in which 38 618 employers from 42 countries participated, revealed that skills shortages are experienced all over the world – a total of 35% of the employers who participated in the study reported difficulties in finding suitable candidates for certain occupations. Skills shortages seem to most acute in Japan, Brazil, Hong Kong, India and New Zealand. South Africa was found to be one of the countries with the lowest percentage of employers (6%) reporting skills shortages.

In this survey employers were asked to single out the one job they found most difficult to fill because of a lack of talent. Accounting and finance staff was fifth on list after skilled trade workers, engineers, sales representatives and technicians.

The largest percentage of employers who participated in this survey attributed the difficulties that they experienced in finding the right people for their hard-to-fill vacancies to a lack of people with the hard technical knowledge required for the specific job and they often mentioned a shortage of people with the required professional qualifications. A lack of experience and a lack of 'employability' skills or work-readiness were also cited as factors contributing to skills shortages.

Financial skills shortages in the rest of the economy worsen the skills shortage situation in Fasset's sector and increase the pressure on the professional bodies and organisations in the sector that serve as training organisations to increase the numbers of financial professionals available

to the South African labour market. However, organisations are constrained in this respect because there are not enough trainees entering professional learnerships and if the supply of trainees remains low, there will always be skills shortages in the sector.

It is important to note that the skills shortages experienced in Fasset's sector touch on the core of the activities of the sector – i.e. core professional financial high-level and mid-level skills. Without these skills the growth of the sector may be stifled. The existence of skills shortages was confirmed by employers and employers are in part handling the situation by employing people from other countries. However, financial skills shortages are experienced in many other countries in the world too. That means that there is a limited international talent pool from which South Africa can source these skills.

## 11. ADDRESSING SCARCE SKILLS WITH LEARNERSHIPS

The existence of Scarce Skills may be filled with a learnership programme. A list of the learnerships falling within the Fasset scope is listed below.

**Table 9: Learnerships registered with Fasset (November 2015)**

#	Title	NQF Level	Learnership Code	SAQA ID No
<b>Association of Accounting Technicians (AAT (SA))</b> <b>011 621 6888 – info@aatsa.org.za</b>				
1	Certificate: Local Government Accounting	3	01/Q010026/00/120/3	59751
2	Certificate: Accounting Technician	3	01/Q010036/00/120/3	73710
3	Further Education and Training Certificate: Accounting Technician	4	01/Q010038/00/120/4	77143
4	Advanced Certificate: Local Government Accounting	4	01/Q010037/00/120/4	73712
5	Certificate: Accounting	5	01/Q010039/00/120/5	80189
<b>Association of Certified Fraud Examiners (ACFE) - SA Chapter</b> <b>Jaco de Jager – 082 927 2246 – jaco@acfesa.co.za</b>				
6	Advanced Certificate: Forensic Practitioner	7	01/Q010035/00/120/6	67269
<b>Association of Chartered Certified Accountants (ACCA)</b> <b>Roshana Froom – 0860021010 /0114591907 – Roshana.froom@accaglobal.com</b>				
7	Certificate: Certified Accounting Technician	5	01/Q010013/00/390/5	20397
8	Chartered Certified Accountant	8	01/Q010005/00/780/7	63550
<b>Chartered Institute of Management Accountants (CIMA)</b> <b>011 788 8723 – Johannesburg@cimaglobal.com – www.cimaglobal.com</b>				

#	Title	NQF Level	Learnership Code	SAQA ID No
9	National Certificate: Business Accounting	5	01/Q010016/00/120/5	24418
10	National Diploma : Management Accounting	6	01/Q010017/00/240/6	24406
11	Professional Qualification: Chartered Management Accountant	7	01/Q010012/00/930/7	20400
<b>Chartered Secretaries - Southern Africa (CSSA)</b>				
<b>Jacqui Baumgardt – 084 815 2018 – jacqui@icsa.co.za</b>				
12	CIS Professional Qual. Management and Administration	6	01Q/010032/00/130/5	60653
13	CIS Professional Qual. Governance and Admin	6	01/Q010034/00/120/5	60651
14	CIS Professional Advanced Qualification: Governance and Admin	7	01/Q010033/00/120/6	60655
15	CIS Professional Post – Graduate Qualification: Company Secretarial and Governance Practice	8	01/Q010030/00/120/7	60654
<b>Fasset</b>				
<b>Ms Nomadlozi Buthelezi – 011 476 8570 – nomadlozi.buthelezi@fasset.org.za</b>				
16	Further Education and Training Certificate: Debt Recovery	4	01/Q010024/26/149/4	49021
<b>Institute of Administration and Commerce (IAC)</b>				
<b>Mr Ehsaan Nagia – 021 761 6211 – ceo@iacsa.co.za</b>				
17	Diploma: Financial Accounting	6	01Q/010050/00/420/6	67710
<b>Institute of Certified Bookkeepers (ICB)</b>				
<b>Wedaad Shira – 021 685 2746 – wedaad@icb.org.za</b>				
18	National Certificate: Bookkeeping	3	01/Q010027/26/120/3	58375
19	Further Education and Training Certificate: Bookkeeper	4	01/Q010028/28/130/4	58376
20	National Certificate: Public Sector Accounting	4	01/Q010019/00/120/4	20352
21	National Certificate: Small Business Financial Management	4	01/Q010023/24/120/4	48736
22	Certificate: Office Administration	5	01/Q010021/00/120/5	23618
23	Senior Office Administrator	5	01/Q010040/00/240/5	23619
24	National Diploma: Technical Financial Accounting	5	01/Q010022/28/251/5	36213
25	Diploma : Public Sector Accounting	5	01/Q010020/00/240/5	20353
<b>Institute of Internal Auditors (IIA)</b>				
<b>Lemmy Kave – 011 450 1040 – lemmy@iiasa.org.za</b>				

#	Title	NQF Level	Learnership Code	SAQA ID No
26	Certificate: General Internal Auditing	8	01/Q010025/00/120/7	20359
<b>Milpark</b> <b>Ismail Sadek – 011 718 4000 – Ismail@Milpark.ac.za</b>				
27	Higher Certificate: Office Administration	5	01/Q010043/00/120/5	90510
<b>South African Institute of Chartered Accountants (SAICA)</b> <b>011 621 6600 – saica@saica.co.za</b>				
28	Chartered Accountant: Auditing	7	01/Q010001/00/480/7	48913
<b>South African Institute of Professional Accountants (SAIPA)</b> <b>Mrs. Haremakale Ramakhetheng – 011 207 7840 – HRamakhetheng@saipa.co.za</b>				
29	Postgraduate professional qualification: Professional Accountant in Business	7	01/Q010007/00/480/7	20392
30	Post-graduate Diploma: Professional Accountant in Practice	8	01/Q010008/00/480/7	20391
<b>South African Institute of Stockbrokers (SAIS)</b> <b>Erica Bruce – 011 853 8700 – ericab@navigare.co.za</b>				
31	Occupational Certificate: Financial Markets Practitioner	7	011Q010044/00/120/7	93603
<b>South African Institute of Tax Professionals (SAIT)</b> <b>Caretha Laubscher – 086 177 7274 – claubscher@thesait.org.za</b>				
32	Occupational Certificate: Tax Professional	8	01/Q010048/00/400/8	93624

Source: Fasset Website (November 2015)

## 12. CURRENT SCARCE SKILLS AND THE STATE OF THE SECTOR

Forty one percent of organisations said they had tried to recruit employees in the 12 months prior to the Sector Survey in 2012 and 12% indicated that they had found it difficult to find suitable employees for certain positions. In total 2 154 people would be needed to fill vacancies in occupations in which there seemed to be a scarcity of qualified people. The majority (73%) of these positions are in professional occupations, while 9% relate to managerial occupations, 10% to clerical support workers and 8% to technicians and associate professionals.

In the 2015 WSP submissions, organisations indicated that they experienced some skills shortages. The specific occupations experiencing skills shortages include professional Computer Network and System Engineer, External Auditor (EA) and Accountant (general) which are outlined in Table 7. The table also indicates the number of people that employers said they needed.

## **13. CONCLUSION**

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The Financial and Accounting Services Sector has to ensure a sufficient number of new entrants into the labour market, address skills shortages and prevent skills gaps from occurring. Interventions to address skills shortages are channelled in five areas as indicated below.

### **13.1 School and Further Education and Training**

The provision of new entrants into the labour market starts at school level. Schools must produce enough matriculants with endorsements and with mathematics and accounting as subjects.

### **13.2 Further Education and Training (FET)**

Public and Private Vocational Education and Training (VET) colleges offering relevant courses to the sector and prepare learners specifically for positions in the Finance and accounting services sector contribute to the pool of graduates. Working closely with VET colleges to ensure placement of students in the sector for the completions of their studies is critical in ensuring the increase of new entrants into the sector.

### **13.3 Tertiary Education**

Access to the higher education system has to be ensured and unnecessary institutional constraints have to be reduced to provide a sufficiently large pool of graduates, especially in the specialised field of accounting.

### **13.4 Professional**

It is also essential to increase the number of people in learnerships in the sector. Critical skills gaps are generally the result of insufficient training prior to entry into the labour market, technological changes, and legislative and policy changes. Skills gaps occur across the whole spectrum of the sector and affect all levels and categories of workers. However, the main areas currently requiring attention are specialist financial skills, computer skills and managerial skills.

### **13.5 Bridging Skills**

Bridging Programmes also help to curb and address the skills shortages or scarce skills. Working-readiness skills such as bridging programmes for access into Higher Education, academic programmes that lead to academic professional body qualifications and designations, and bridging programmes for access to employment contributes to the increase of new entrants in the sector.

## 14. SOURCES

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