

SURVEY OF THE FINANCIAL AND ACCOUNTING SERVICES SECTOR

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Research conducted by



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RESEARCH CONDUCTED FOR FASSET

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ABBREVIATIONS AND ACRONYMS

AAT(SA)	Associate Accounting Technician
ABASA	Association for the Advancement of Black Accountants in Southern Africa
ACCA	Association for Chartered Certified Accountants
ACTSA	Association of Corporate Treasures of Southern Africa
ADRA	Association of Debt Recovery Agents
AGA(SA)	Associate General Accountant
ATC	Approved Training Centre
ATO	Approved Training Office
BESA	Bond Exchange of South Africa
CA	Chartered Accountant
CAT	Certified Accounting Technician
CE	Chief Executive
CEO	Chief Executive Officer
CFA	Institute of Commercial and Financial Accountants of South Africa
CIA	Certified Internal Auditor
CIBM	Chartered Institute of Business Management
CIMA	Chartered Institute of Management Accountants
CIPRO	Companies and Intellectual Property Registration Office
CIS	Chartered Institute of Secretaries
COBOKS	Common Body of Knowledge and Skills
CPD	Continuous Professional Development
CTA	Certificate in the Theory of Accounting
DoE	Department of Education
DoL	Department of Labour
ECSAFA	Eastern, Central & Southern African Federation of Accountants
ETQA	Education and Training Quality Assurance body
Fasset	Seta for Finance, Accounting, Management Consulting and other Financial Services
FassetQA	Fasset Quality Assurance
FCCA	Fellow of ACCA
FET	Further Education and Training

FSA	Financial Services Authority
FSB	Financial Services Board
GAMAP	Generally Accepted Municipal Accounting Practices
GET	General Education and Training
GRAP	Generally Recognised Accounting Practices
HET	Higher Education and Training
IAB	International Association of Bookkeepers
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IAT	Internal Audit Technician
ICB	Institute of Certified Bookkeepers
ICG	International Colleges Group
ICSA	Institute of Chartered Secretaries and Administrators
IFA	Institute of Financial Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IIA Inc	Institute of Internal Auditors Inc
IIA SA	Institute of Internal Auditors South Africa
INTOSA	International Organisation of Supreme Audit Institutions
IPFA	Institute of Public Finance Accountants
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISB	Institute of Business Studies
JSE	JSE Securities Exchange
LGSETA	Local Government Water and Related Services Sector Education and Training Authority
NLRD	National Learners' Records Database
NQF	National Qualifications Framework
OFO	Organising Framework for Occupations
PAAB	Public Accountants' and Auditors' Board
PAIB	Professional Accountants in Business
PE	Professional Evaluation

PFiQ	Public Finance IQ
PFMA	Public Finance Management Academy
QAP	Quality Assurance Partner
RGA	Registered Government Auditor
RGA-QE	National Qualifying Examination for Registered Government Auditors
RPE	Registered Persons Examination
RPL	Recognition of Prior Learning
RPSAA	Registered Public Sector Accounts Administrator
RPSAT	Registered Public Sector Accounting Technician
RPSFO	Registered Public Sector Financial Officer
RPSGA	Registered Public Sector General Accountant
RTO	Registered Training Office
SAICA	South African Institute of Chartered Accountants
SAIFM	South African Institute of Financial Markets
SAIGA	Southern African Institute of Government Auditors
SAIPA	South African Institute of Professional Accountants
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SASCO	South African Standard Classification of Occupations
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SMME	Small, Medium and Micro Enterprise
SSP	Sector Skills Plan
SMS	Short Message Service
the ACCA	Professional Qualification: Chartered Certified Accountant
TIPP	Training Inside Public Practice
TOPCIMA	Test of Professional Competence in Management Accounting
TOPP	Training Outside Public Practice
UCRS	University and College Registration Scheme
UJ	University of Johannesburg
UK	United Kingdom

EXECUTIVE SUMMARY

INTRODUCTION

All the sector education and training authorities (SETAs) in South Africa are responsible for the regular analysis and monitoring of the labour markets in their respective sectors. SETAs are also responsible for the development and annual updating of sector skills plans (SSPs), which form the basis for strategic decisions regarding skills development.

The SETA for Finance, Accounting, Management Consulting and other Financial Services (Fasset) has developed a labour market analysis and monitoring system that consists of comprehensive sector surveys every five years, the annual analyses of grant applications submitted to the SETA, and various ad hoc research projects. The first comprehensive sector study was conducted in 2002 and included surveys of employers, professional bodies, education and training providers, and learners in the sector. This study was repeated in 2007 and the findings of the 2007 study are presented in this report.

The overall aim of the sector study was to provide Fasset with an integrated profile of the Financial and Accounting Services Sector, the education and training provision to the sector, and the skills needs and requirements of the sector. The specific objectives of the study were to describe the sector and its constituent sub-sectors in terms of:

- The total number of employers;
- Geographical distribution;
- Employee profile (employment status, population group, gender, age, qualification and disability);
- The professional associations and training institutions operational in the sector and their respective roles in and contributions to its development;
- The education and training supply to the sector; and
- The skills needs in the sector, including scarce and critical skills.

Another objective was to develop a demand projection model and to produce projections of future demand and supply of labour to the sector.

The sector study also obtained stakeholders' views on various aspects of the skills situation in the sector and the SETA's role in the provision of skilled human resources.

PROFILE OF THE SECTOR

Organisations

One of the important focal points of this research was the size and composition of the Financial and Accounting Services Sector and its composite sub-sectors. Based on the survey information it is estimated that there were 6 212 organisations in the Financial and Accounting Services Sector in 2007. Most of the organisations (63.0%) were accounting, bookkeeping, auditing and tax firms. Ten per cent of organisations in the sector were involved in stockbroking and financial markets and another 10% were in the sub-sector of investment entities, trusts and company secretary services.

The accounting, bookkeeping, auditing and tax sub-sector was the largest employer in the sector and accounted for 49.7% of all employees. The public sector, i.e. government departments and SARS, was the second-largest employer and provided employment to 14.5% of the workers in the sector.

The sector mainly comprised a large number of very small organisations and a small number of very large ones. Ninety-six per cent of the organisations had fewer than 50 employees, 62.2% were micro organisations that employed five or fewer employees, while 18.1% employed between six and ten employees. This profile has not changed since 2002.

Gauteng and the Western Cape had more than 2 000 organisations each. Half (50.2%) of the employees were based in Gauteng, 21.0% in the Western Cape, and 13.4% in KwaZulu-Natal. The remaining 15.4% were thinly spread across the other six provinces.

Employees

Based on the survey results, total employment in the sector in 2007 was estimated at 117 000.

This figure is not directly comparable with the 2002 estimate of 91 000 because of the exclusion of the public sector from the 2002 survey. However, if the 2002 and 2007 non-public sector components are compared, it seems as if employment has grown on average by approximately 2 - 3% per year over the period.

Accounting, bookkeeping, auditing and tax services was by far the largest employer, with 49.0% of employees employed in this sub-sector. The second-largest employer was the sub-sector SARS and government departments, which employed 14.3% of the workers in the sector, and business and management consulting was the third largest, employing 11.5% of the sector's workforce.

Professionals constituted 37.8% of the employees and clerical and administrative workers 34.3%. The other occupational groups were very small. The occupational group accountants, auditors and company secretaries constituted 73.4% of professional occupations and almost 30% of all the employees in the sector. This occupational group includes general accountants, trainee accountants, taxation accountants, external auditors, and internal auditors.

In 2007 more than half (53.6%) of the employees in the sector were women. A third (34.0%) of the managers and 48.0% of the professionals were women. The largest occupational group, clerical and administrative workers, consisted of 77.0% women.

The majority of workers in the sector were white (53.2%), followed by African workers (31.4%), Indians (7.8%), and Coloureds (7.6%). The sector has increased the percentage of black employees from 34% in 2002 to 47% in 2007.

Although some progress has been made since 2002 to change the racial profile of the sector, transformation is still lagging behind in the managerial and professional categories – 72.3% of all managers and 62.1% of professionals were white.

More than half (57.2%) of the employees were 35 or younger and the average age of all employees in the sector was 36. Black employees were on average five years younger than their white counterparts.

The Financial and Accounting Services Sector employs mainly highly skilled workers. The vast majority (94.2%) of employees held qualifications at NQF level 4 and above. As many as 60.9% had qualifications at NQF level 6 and above. The total number of employees who were identified as people with disabilities constituted only 0.8% of total employment in the sector. In the 2002 survey 0.6% of employees were people with disabilities.

PROFESSIONAL BODIES IN THE SECTOR

A large portion of the workers in the Financial and Accounting Services Sector are members of professional bodies that represent the interests of the various professions and occupations in the sector. Fourteen bodies participated in the 2007 sector survey and the survey highlighted once again the very important roles that the professional bodies play in the sector.

The majority of bodies actively promote sound corporate governance, codes of conduct and professional standards to serve broad public interests. Several of them play an active role in setting standards for education and training, some confer qualifications, and many cooperate closely with SETAs to support a range of skills development initiatives within and outside the sector. The

professional bodies are also involved in the accreditation of education and training and workplace training providers; the development of curricula; the provision and distribution of learning material; the setting and administering of professional examinations; the enforcing of CPD among their members; the organisation of conferences, seminars and workshops; and the distribution of technical information and specialist knowledge via journals, newsletters and web-based facilities.

Some of the professional bodies play an active role in the development of qualifications and the registration and administration of learnerships. Several of the professional bodies maintain international links with global organisations in their field and ensure that international standards and criteria for finance and accounting practice are introduced and upheld in South Africa.

The professional bodies in the sector do not only cater for the typical professional occupations (i.e. occupations that require skills at NQF level 6 and above) but also for technician and clerical and administrative occupations that require skills at NQF levels 4 and 5. These bodies make an important contribution to the training and development of lower-level skills and, through their codes of conduct, to the professionalisation of the sector at the clerical and administrative levels.

EDUCATION AND TRAINING PROVIDERS

Higher education and training (HET) institutions play a major role in providing formal education to prepare the workforce for employment. Chapter 4 of this report focuses mainly on education and training provided by HET institutions and the problems experienced in delivering education from the perspectives of higher education providers.

The sector survey confirmed that South Africa has a well-established education infrastructure that provides a wide range of courses that are relevant to the Financial and Accounting Services Sector. All the universities offer education in finance, business, commerce and management sciences, including courses in financial accounting, cost and management accounting, auditing, internal auditing, taxation, financial information systems, commercial and company law, and business and financial management. Postgraduate programmes in business administration and business leadership are offered at several of the business schools that are attached to some of the universities.

The universities of technology also provide education in accounting, business, commerce, and management sciences. The fields of study include financial accounting, cost and management accounting, internal auditing, auditing, financial management, and information technology. Together, the public and private higher education institutions provide a spectrum of programmes in accounting, commerce, and business ranging from levels 5 to 8 on the NQF. The institutions serve the needs of entry-level workers, accounting technicians, and high-end accounting and finance professionals.

Over the last five years the restructuring and re-organisation of higher education institutions has impacted on the delivery and management of academic programmes. In addition, proposed changes to the qualifications framework for higher education cause uncertainty about the relevance and future of current programmes, the availability of articulation options, and the development of curricula.

Current selection and admission criteria appear to vary from institution to institution, and there are strong indications that future admission practices may change to accommodate changes to the outcomes of the new National Senior Certificate or FET Certificate. The majority of HET institutions were revising admission criteria and policies at the time of the study and a few of them plan to introduce admission examinations from 2009 onwards.

The information presented in this report clearly shows that the quality of school education in South Africa places the higher education system under a large amount of pressure. Learners enter higher education without the necessary academic grounding and without the language skills necessary to cope at higher education level. Many learners are also subject to socio-economic deprivation, which leaves them without sufficient financial support and without the life skills that they need to succeed in the educational arena. The resources of the higher education institutions seem to be significantly consumed by efforts to bridge these deficiencies. Obviously, this is at a cost to the core subject matter that needs to be mastered and that is getting increasingly larger in volume and more difficult in content.

While faced with many challenges regarding the learners who enter higher education, the HET institutions also face limitations placed on subsidies and the fact that many subsidies are linked to throughput and qualification rates. The higher education sector is furthermore affected by the shortage of high-level accounting professionals – especially chartered accountants. Higher education institutions have little chance of competing for qualified and experienced lecturing staff in a labour market where there is already excessive upward pressure on remuneration packages.

Most of the higher education institutions respond to the challenges in a positive manner and many of them have put in place programmes to bridge the gap that learners experience between school and tertiary education and to increase throughput rates.

LEARNERS IN THE SECTOR

One of the key features of the Financial and Accounting Services Sector is that it provides practical training opportunities to thousands of learners. Most of these training opportunities take the form of formal learnership programmes that lead to qualifications that are registered on the NQF. The learnerships that are offered in the sector span NQF levels 3 to 7 and many of them provide access to

professional body membership and professional designations. Through the professional learnerships the sector trains financial professionals not only for its own needs but also for those of other sectors of the economy.

Chapter 5 of this report describes the results of a survey conducted among a group of 50 learners on learnerships. These learners were interviewed in order to gauge their perceptions of their learnerships, their work environments, the quality of the training that they receive, and the factors that impact on their access to and successful completion of the learnerships. The survey found that learners are generally satisfied with the content and quality of learnership programmes. The problems that learners experience are related mainly to the level of difficulty of the qualification and the duration of the learnership, which can sometimes be as long as five years. A stressful work environment, lack of communication and support, as well as the low salaries that learners earn during their learnership period make it very difficult for many to complete the training. Part-time learners experience problems with the lack of time they have for their studies because of their heavy workloads, continuous deadlines, and long working hours, while those without additional financial help find it difficult to make ends meet – learners with family commitments, in particular.

Work benefits are not standardised for the sector and learners' remuneration, study leave, and work exposure depend on the organisation where they have enrolled for their learnership. Wrong career decisions because of a lack of career counselling also add to high dropout rates among learners.

SCARCE SKILLS

The concept of scarce skills refers to a shortage of people with the required attributes to fill positions available in the labour market and is expressed in terms of the occupations in which those positions occur. In the assessment of scarce skills, a variety of labour market signals were considered. These include:

- Difficulties experienced by employers to retain employees in a particular occupation because of external demand and competition among employers to attract scarce skills;
- Difficulties experienced by employers to recruit people into certain positions, resulting in vacancies that remain unfilled over a prolonged period of time;
- Upward pressure on remuneration; and
- An absence of spare capacity in the labour market in the form of unemployed people who can fill positions in the particular occupations.

The labour market signals that were analysed pointed to the existence of scarce skills in many of the more than 200 occupations that are found in the sector. In order to arrive at a short list of scarce skills, vacancy rates of more than 5% were taken as the main indicator of scarcity. The occupational groups that were found to be most subject to scarcity are:

- Accountants, auditors and company secretaries;
- Accounting clerks and bookkeepers;
- Human resources and training professionals;
- Information and organisation professionals; and
- Business and systems analysts, and programmers.

This translates to four broad educational fields or fields of study: accounting, human resources management and development, information technology, and economics and statistics. Shortages of accounting skills exist at all levels – from bookkeeper to registered auditor.

CRITICAL SKILLS

For the purpose of measurement a clear distinction was made between the concepts scarce skills and critical skills. However, the two phenomena are not unrelated. In the current labour market where there is a scarcity of skills, employers are obliged to appoint people with lower skills levels than are needed for optimal functioning in their positions. This immediately creates qualitative deficiencies – critical skills needs. Similarly, scarcity can be the result of qualitative deficiencies in the labour force – i.e. there may be people in the market with the minimum qualifications required by employers, but they lack the experience or the specialised expertise that employers are looking for. In the Financial and Accounting Services Sector both these problems exist. Many newly qualified people enter the labour market without the necessary understanding of certain fundamental technical issues and the ability to apply technical knowledge in the work context; without personal and life skills such as assertiveness and personal confidence, the ability to handle work pressure, the ability to manage their personal affairs, knowledge of professional behaviour and office etiquette; and without computer and information management skills. Employers surveyed also identified an array of other skills that existing employees need. These include management and leadership skills, client service skills, technical financial skills, information technology skills, support and administration skills, knowledge of legislative changes, communication skills, the ability to work in teams, problem-solving skills and marketing skills.

FUTURE DEMAND FOR SKILLS

The quantitative demand was estimated on the basis of a demand forecasting model that was developed for the sector. According to the model the sector may create between 5 000 and 7 000 new jobs in 2008 and, if economic growth is sustained at between 5% and 7.5% per year over a five-year period the sector may create roughly between 6 000 and 9 000 new jobs per year by 2012. In the group accountants, auditors and company secretaries the sector may create between 1 500 and 2 000 new positions in 2008. This may grow to between 1 800 and 2 900 in 2012. However, these projections assume that no supply-side constraints will prevail and that there will be, especially enough professionals available to this sector to sustain the growth in services.

In terms of the qualitative demand, all the evidence presented in this report shows that the level of skills that will be required from professionals in this sector will increase and, therefore, that the quantitative demand at the high-end of the professional spectrum will increase. Although changes in the auditing requirements of small firms may slightly ease this pressure, there are many other changes taking place in the business world that are expected to increase the demand for highly skilled accountants and auditors. The roles of these professionals are also changing from mere accounting and auditing roles to financial-advisory and risk-management roles. It could therefore also be expected that the critical skills needs summarised above may intensify.

The need to change the racial profile of the sector remains an overarching objective amidst the growth in demand and the need to curb skills shortages. Therefore, the demand for black (especially African) professionals will remain higher than the demand for professionals from other population groups.

THE SUPPLY OF SKILLS

Output from the public higher education sector in the study fields of accounting and commerce, business management, and business administration grew substantially over the period 1994 to 2004. The pool of graduates with NQF level 6 or higher qualifications in accounting grew on average by 8.5% per year and those with qualifications in commerce, business management and business administration grew on average by 9.1% per year. At this stage it is not clear whether the level of growth was sustained after 2004 or whether it could be sustained in future. The information provided by education and training providers who participated in the sector survey indicates that growth may be expected to level off. Some of the main reasons for this expectation is the limited growth in the number of matriculants with Higher Grade mathematics coming from the school system and restrictions on student numbers stemming from limits placed on the subsidisation of HET institutions.

The need for an increase in the number of people with professional qualifications and professional body membership has been stressed in several chapters of this report. Transformation at the level of professional qualifications is also much slower than transformation in the higher education sector.

The supply of skills to the sector is influenced by a myriad of factors. The most important of these are:

- The secondary school system: the quality of education in mathematics, languages (especially English) and life skills;
- The availability of and access to financial resources for learners and educational institutions;
- The quality of tertiary-level education and training and the HET sector's ability to sustain the growth in students who qualify;
- Professional learnerships and the actions of professional bodies to increase the number of professionals available to the market and to change the racial profile of those professionals.

CONCLUSION

The organisation profile of the Financial and Accounting Services Sector has not changed over the last five years. The majority of organisations in the sector are very small and the support strategies that Fasset has developed for these organisations – for example, the outreach to them through skills advisors and the free training programmes – seem to be appropriate.

The sector served by Fasset remains concentrated in the urbanised areas of Gauteng, the Western Cape, and KwaZulu-Natal. Although this eases communication and contact with employers, it is important for Fasset to pay attention to the needs of the smaller employers in remote areas.

The very large number of professionals – especially accounting professionals – as well as the skills shortages in this occupational category warrants Fasset's strong focus on skills development in this area. However, clerical and administrative staff also form a large proportion of the workforce and skills development initiatives should include the skills required in these occupations – especially specialised accounting skills.

The transformation of the sector in terms of its racial composition remains an important imperative, especially at professional and managerial levels. The sector also needs to pay more attention to the training and employment of people with disabilities.

This sector survey was comprehensive and the fact that so many participants made available their time to provide information to the research team is indicative of the commitment of the sector to skills

planning and the relationship that Fasset has built over time with the sector. The information gleaned from this survey will be used over the next few years to guide the strategic and funding decisions of the SETA.

1 INTRODUCTION

1.1 Background

All the sector education and training authorities (SETAs) in South Africa are responsible for the regular analysis and monitoring of the labour markets in their respective sectors. SETAs are also responsible for the development and annual updating of sector skills plans (SSPs), which form the basis for strategic decisions regarding skills development.

The SETA for Finance, Accounting, Management Consulting and other Financial Services (Fasset) has developed a labour market analysis and monitoring system that consists of comprehensive sector surveys every five years, the annual analyses of grant applications submitted to the SETA, and various ad hoc research projects. Information derived from this system feeds into the annual SSP updates and strategic decisions taken by the Seta.

The first comprehensive sector study was conducted in 2002 and included surveys of employers, professional bodies, education and training providers, and learners in the sector. Since 2002 many changes have taken place in Fasset's sector. For example, organisations have transferred into and out of the sector; the skills development levy threshold has increased from a salary bill of R 250 000 to R 500 000, resulting in many organisations no longer paying levies to Fasset; and some organisations closed while new ones were formed. All these changes have led to a need to repeat the 2002 sector study in 2007. The findings of the 2007 study are presented in this report.

1.2 Aims and objectives of the research

The overall aim of the sector study was to provide Fasset with an integrated profile of the Financial and Accounting Services Sector, the education and training provision to the sector, and the skills needs and requirements of the sector. The specific objectives of the study were to describe the sector and its constituent sub-sectors in terms of

- The total number of employers;
- Total turnover and salary bill;
- Geographical distribution;
- Employee profile (employment status, population group, gender, age, qualification and disability);

- The professional associations and training institutions operational in the sector and their respective roles in and contributions to its development;
- The education and training supply to the sector;
- The skills needs in the sector, including scarce and critical skills; and
- The development of a demand projection model and projections of future demand and supply of labour to the sector.

The sector study also obtained stakeholders' views on various aspects of the skills situation in the sector and the SETA's role in the provision of skilled human resources.

1.3 Methodology

The sector study comprised four components: a survey of employers; a survey of professional bodies; a survey of training providers; and a survey of learners in the sector. The information obtained by means of the surveys is integrated in this report. The labour-demand projection model utilised information from the surveys and from other sources.

1.3.1 Employer survey

a) Objectives

The first objective of the employer survey was to obtain an accurate profile of the sector and its constituent sub-sectors. This profile included:

- Turnover and salary bill of organisations;
- Size of organisations (according to the number of employees);
- Geographical distribution of organisations;
- Labour turnover of organisations; and
- An employee profile according to occupation, population group, gender, type of employment (temporary/permanent and full time/part time), highest level of education, and age.

The skills needs and priorities in the sector as perceived by employers also had to be determined. This included:

- Collecting information on employers' plans with regard to the expansion or contraction of their businesses and the related implications for the labour market;
- The identification of other factors contributing to skills needs;

- The identification of factors leading to insufficient labour supply;
- The identification of support programmes aimed at relieving scarce and critical skills needs;
- Collecting of information on the need for learnerships and skills programmes to be developed for the sector;
- Collecting of information on employers' perceptions of factors inhibiting or promoting access to education and training interventions; and
- The identification of institutional links between employers and professional bodies and/or public and private education and training providers (General Education and Training (GET) and Further Education and Training (FET)).

b) Sampling

Fasset's database of organisations was used as the sample frame. This database was originally received from the Department of Labour (DoL) and contained information on levy-paying as well as non-levy-paying organisations. The database was updated by Fasset up to 2005. Organisations that were actively trading in 2005 were included in the original sample frame¹. The database was stratified according to sub-sector, organisation size, and geographic location (province).

In the Financial and Accounting Services Sector the majority of organisations employ fewer than 50 employees. A large proportion of these small companies are accounting and auditing firms that are relatively homogeneous. On the other hand, the large organisations (those that employ 150 or more employees) vary significantly in size and in nature. For this reason, disproportionate sampling was used. The sample was drawn randomly.

During the fieldwork it was found that not all the organisations that were on the database still existed. Many of the small organisations on the database either no longer existed or could not be traced. A replacement sample was drawn and was used to replace organisations that no longer existed or that could not be traced as well as organisations that refused to participate in the survey.

c) The research instrument

A structured questionnaire was designed and tested. Questions covered the areas specified in the objectives listed in Section a) above. Employers were also requested to provide detailed information

¹ The database that was used for the sector survey was larger than the group of organisations that pay levies or that actively participate in Fasset's grant system and other activities. Although it was not completely up-to-date, the larger database was used on purpose in order to include those organisations that have payrolls below the levy-threshold, who are not actively involved with Fasset but who still fall within the definition of the sector.

about individual employees in the organisation such as job title, gender, population group, disability, age, highest educational qualification, and type of appointment.

d) Data collection

The large organisations (150 and more employees) were interviewed by researchers and senior fieldworkers. Data collection from the medium-sized and smaller companies was carried out by the fieldwork team of Research Focus. Personal or telephonic interviews or a combination of telephone and e-mail/ faxes were used to collect information. The organisational structure and the size of an organisation determined the position of the people who were interviewed. In the case of large organisations information was collected via the skills development facilitators or from various members of management, e.g. human resources managers, training managers, and financial managers. In the case of small organisations - many of which had fewer than five employees - information was collected from the owner or one of the partners of the firm.

After telephonic contact was made with an organisation, a brief “screener” phase followed to confirm whether an organisation belonged to Fasset’s sector, the willingness of the employer to participate in the survey, and to identify the correct person to speak to.

In many cases the initial telephone call was followed up with a second call in order to trace the correct person to be interviewed. In cases where the questionnaire was emailed, a process of reminder calls followed after the agreed time period had lapsed. A maximum of five unsuccessful calls at different times during office hours per organisation were made before it was replaced. Completed questionnaires were checked for correctness and completeness of data.

e) Data capturing

Open-ended questions were coded according to themes and occupational data were coded according to the Organising Framework for Occupations (OFO). All information was captured in an MS Access database.

f) Data analysis

Before the data were analysed, weighting was applied to compensate for the disproportionate sampling that was used. First, the original database was adjusted because of the number of organisations with fewer than 50 employees that could not be traced. The adjustment of the database was also necessitated by the fact that, in some instances, two or more of the organisations on the database actually functioned as one. For example, an accounting firm would register two companies – one that handled accounting and company secretarial work and another that handled investment

portfolios. In practice, the two companies shared all resources – including human resources. The weighting of the data to the unadjusted database would, therefore, have resulted in an over estimation of employment in the sector.

Table 1-1 below shows the number of organisations appearing on the original database, the number on the adjusted database, the realised sample, and the weights that were applied.

Not all the organisations provided complete detailed information on their individual employees. For this reason the employee information was weighted according to the total number of employees in each sub-sector.

Table 1-1 Sample realisation

Organisation size	Original database	Adjusted database	Realised sample	Weight
10 000+ employees	1	1	1	1
2 000 – 9 999 employees	5	5	4	1.25
1 000 – 1 999 employees	6	6	3	2.00
400 – 799 employees	23	23	9	2.56
150 – 399 employees	48	48	20	2.40
100 – 149 employees	44	44	16	2.75
50 – 99 employees	123	123	47	2.62
20 – 49 employees	580	406	118	3.44
10 – 19 employees	1 137	796	188	4.23
5 – 9 employees	1 785	1 250	240	5.21
< 5 employees	5 012	3 508	387	9.07
Total	8 764	6 210	1 033	

1.3.2 Survey of professional bodies

The 14 professional bodies that are active in the Financial and Accounting Services Sector were visited by the researchers and information was obtained according to an interview schedule. Information was also obtained from the websites of these professional bodies and written material was provided during the interviews.

1.3.3 Survey of training providers

A total of 25 training providers participated in the survey. These institutions were selected randomly from a list of public and private institutions that were accredited by Fasset to provide education and training in the field of accounting and financial services. Personal interviews, structured according to an interview schedule, were conducted by the researchers with the heads of the accounting departments or with the principals of smaller institutions.

1.3.4 Survey of learners

The survey of learners was qualitative and was aimed at providing a learner perspective on:

- The education and training provided in the sector
- Skills needs and gaps
- The quality and effectiveness of current and future education and training/training support (e.g. career guidance, financial assistance)
- Factors promoting and inhibiting access to education and training
- Career progression and advancement of trainees after completion of their learnerships.

Fifty learners were selected randomly from Fasset's database of learners registered in the sector. They were contacted and interviewed telephonically according to a semi-structured interview schedule.

1.3.5 Labour demand and supply projections

a) Analysis of future demand for people in specific occupational categories in the sector

For the purposes of this sector study a labour-demand projection model was developed. The development of this model started with estimates of current employment in each occupational category obtained from the employer survey.

Estimates of future (new) demand were based on:

- Assumptions with regard to economic growth;
- Assumptions regarding the changing occupational composition of employment in the sector;
- Employers' responses regarding expected employment growth in the sector; and
- Other exogenous factors that may impact on the demand for labour.

Estimates of replacement demand were based on:

- The age distribution of people working in the sector; and
- Assumptions with regard to mortality rates, emigration, immigration, labour mobility, etc.

b) Analysis of supply trends

Supply trends were analysed by using the information from the National Learners' Records Database (NLRD). The analysis of supply trends also included information on school pass rates in the relevant subjects, e.g. mathematics and accountancy.

1.4 Classification systems used in the study

1.4.1 Sub-sectors

The sectors that the respective SETAs serve are defined in terms of the Standard Industrial Classification (SIC) system that describes organisations' economic activity. Fasset's sector includes a set of 16 Standard Industrial Classification codes but, for the purpose of this study, they have been re-categorised into seven sub-sectors. These sub-sectors and the descriptions of the SIC codes included in each of them can be seen in Table 1-2.

Table 1-2 Sub-sector demarcation

SIC Code	SIC Description	Subsector
81904 88103	Investment Entities and Trusts Company Secretary Services	Investment Entities and Trusts and Company Secretary Services
83110 83120 83121 88102	Administration of Financial Markets Security Dealing Activities Stockbroking Asset Portfolio Management	Stockbroking and Financial Markets
83180	Development Corporations and Organisations	Development Organisations
88101 88120 88121 88122 88123	Tax Services Accounting, Bookkeeping and Auditing Activities; Tax Consultancy Activities of Accountants and Auditors Registered in Terms of the Public Accountants and Auditors Act Activities of Cost and Management Accountants Bookkeeping Activities, including Relevant Data Processing and Tabulating Activities	Accounting, Bookkeeping, Auditing and Tax Services
83190	Activities Auxiliary to Financial Intermediation	Activities Auxiliary to Financial Intermediation

SIC Code	SIC Description	Subsector
88140	Business and Management Consulting Services	Business and Management Consulting Services
91108 9110E	South African Revenue Service (SARS) National Treasury Provincial Treasuries	SARS and Government Departments

The sub-sector demarcation used in this report is not “pure”, as many organisations are involved in more than one type of activity. Organisations were assigned to a sub-sector on the basis of their own choice of *main* business activity.

1.4.2 Organising Framework for Occupations (OFO)

The OFO is an occupational classification system that was introduced by the Department of Labour for the identification and reporting of scarce and critical skills. The OFO, which is based on a new classification system developed by Australia and New Zealand, differs substantially from the South African Standard Classification of Occupations (SASCO) that was previously used in labour-market analyses and is still used in the workplace skills plans and for the purpose of employment equity reporting.

The OFO classifies occupations on the basis of a combination of skill level and skill specialisation. The term “skill” denotes the competencies generally required for the proficient performance of the set of tasks associated with an occupation. The *skill level* of an occupation refers to the level or amount of formal education and/or training, the amount of previous experience, and the amount of on-the-job training that are usually required to perform the set of tasks in that occupation competently. The *skill specialisation* of an occupation is a function of the field of knowledge required, the tools and equipment used, the materials worked on, and the goods and services provided in an occupation.

The OFO divides occupations into major (one digit), sub-major (two digit), minor (three digit) and unit (four digit) groupings. Occupations (six digits) are subdivisions of the unit grouping and can further be subdivided into specialisations or jobs. The OFO is still being developed and currently consists of 8 major groups, 43 sub-major groups, 108 minor groups, 408 unit groups and 1 171 occupations.

In this report occupational information is reported at the major-group and minor-group levels. (See Annexure a for more information.)

1.4.3 National Qualifications Framework (NQF)

In the supply-side analysis NQF levels are used to describe the qualifications conferred by the education and training sector and the qualifications held by people who are available for work in the labour market. The NQF levels and the way in which they relate to some of the qualifications that are well known in the sector, can be seen in Table 1-3 below. The table reflects the NQF that was still officially used at the time of writing this report. The NQF Bill of 2008 provides for ten NQF levels - level 8 and above would be split into three. Level 8 would include Master's degrees, level 9 would include doctoral degrees and level 10 would include post-doctoral qualifications. (Please note that this table is aimed at explaining the NQF levels and does not represent a complete list of all the qualifications for which Fasset, as quality assessor is responsible.)

Table 1-3 NQF Levels and qualifications used in the Financial and Accounting Services Sector

NQF level	Qualifications equivalent to NQF levels
8 and above	Master's/Doctoral degree and post doctoral qualifications
7	Honours degree/CTA/ Four-year first degree/BTech degree/ Higher diploma/CA/CFA/ACCA
6	First degree (three-year degree)/National diploma
5	Matric plus national certificate or national higher certificate/NTC IV, V, VI / Accounting technician qualifications/National Diploma Technical Financial Accounting
4	Grade 12/Std 10/N3/Form 5/N 3/Certificate for Registered Bookkeeper/ National Certificate Small Business Financial Management
3	Grade 11/Std 9/N2/Form 4/N 2I/Certificate for Registered Accounting Clerk
2	Grade 10/Std 8/N1/Form 3/N 1
1	Grade 9/Std 7

1.5 Presentation of the research findings

Chapter 2 of this report provides a profile of the employer organisations and employees in the Financial and Accounting Services Sector. Chapter 3 describes the professional bodies in the sector – their roles, functions and membership. In Chapter 4 a broad overview of the education and training infrastructure is given, together with education and training providers' perspectives on the education and training system. Chapter 5 provides the perspectives of learners on the learnership system and their experiences during their learnerships. Chapter 6 analyses the scarce and critical skills situation in the sector, while the demand for skills is analysed and forecasted in Chapter 7. Chapter 8 analyses

the supply of skills to the sector. The conclusions gleaned from this research project are presented in Chapter 9.

2 PROFILE OF THE SECTOR

1.1 Introduction

One of the important focal points of this research was the size and composition of the Financial and Accounting Services Sector and its composite sub-sectors. The baseline profile of the sector is essential for the monitoring of labour market trends, to assess the extent of compliance with the Skills Development Act, and to give direction to skills development strategies. Of particular importance are the population group and gender profiles of the sector. Skills development initiatives are meant to support employment equity objectives and they need, therefore, to be monitored over time.

This chapter provides an overview of the organisations and employment in the sector. The description of the sector starts with the number of organisations, the sub-sectors to which they belong, and their size and geographical distribution. In the survey organisations were also asked to provide information on their annual turnover and salary bills. However, the majority of respondents (approximately 75%) were not willing or were unable to share this information, which meant it had to be omitted from the analysis.

The second part of the chapter describes the workforce of the sector in terms of gender, population group, the occupations in which people are employed, their age distribution, and their highest educational qualifications. The extent to which the sector employs people with disabilities is also discussed.

1.2 Organisations in the sector

2.1.1 Total number of organisations

As mentioned in Chapter 1 of this report the Fasset database of organisations was used as the sample frame for this study and, therefore, the organisational profile presented in this chapter represents the group of organisations on the database.

Based on the survey information it is estimated that 6 212 organisations were active in the Financial and Accounting Services Sector in 2007. This estimate of the number of organisations is an estimate of the actual physical entities in the sector and not of the registered companies, close corporations, partnerships and sole proprietorships listed on the original database. (See Section 1.3.1 f.)

2.1.2 Sub-sectors

Table 2-1 provides an overview of the distribution of organisations and employees across the eight sub-sectors. Most of the organisations (63.0%) were accounting, bookkeeping, auditing and tax firms. Ten per cent of organisations in the sector were involved in stockbroking and financial markets and another 10% were in the sub-sector of investment entities, trusts and company secretary services. The remaining sub-sectors each constituted less than 10% of the organisations in the sector. The accounting, bookkeeping, auditing and tax sub-sector was also the largest employer in the sector and accounted for 49.7% (N= 57 482) of all employees. The public sector, i.e. government departments and SARS, was the second-largest employer and provided employment to 14.5% (N= 16 726) of the workers in the sector.

Table 2-1 Distribution of organisations and employees according to sub-sector

Subsector	Organisations		Employees	
	N	%	N	%
Investment Entities, Trusts and Company Secretary Services	619	10.0	6 565	5.6
Stockbroking and Financial Markets	626	10.1	10 328	8.8
Development Organisations	284	4.6	3 339	2.8
Accounting, Bookkeeping, Auditing and Tax Services	3 911	63.0	57 481	49.0
Business and Management Consulting Services	416	6.7	13 494	11.5
Activities Auxiliary to Financial Intermediation	350	5.6	9 423	8.0
SARS and Government Departments	6	0.1	16 726	14.3
Total	6 212	100.0	117 356	100.0

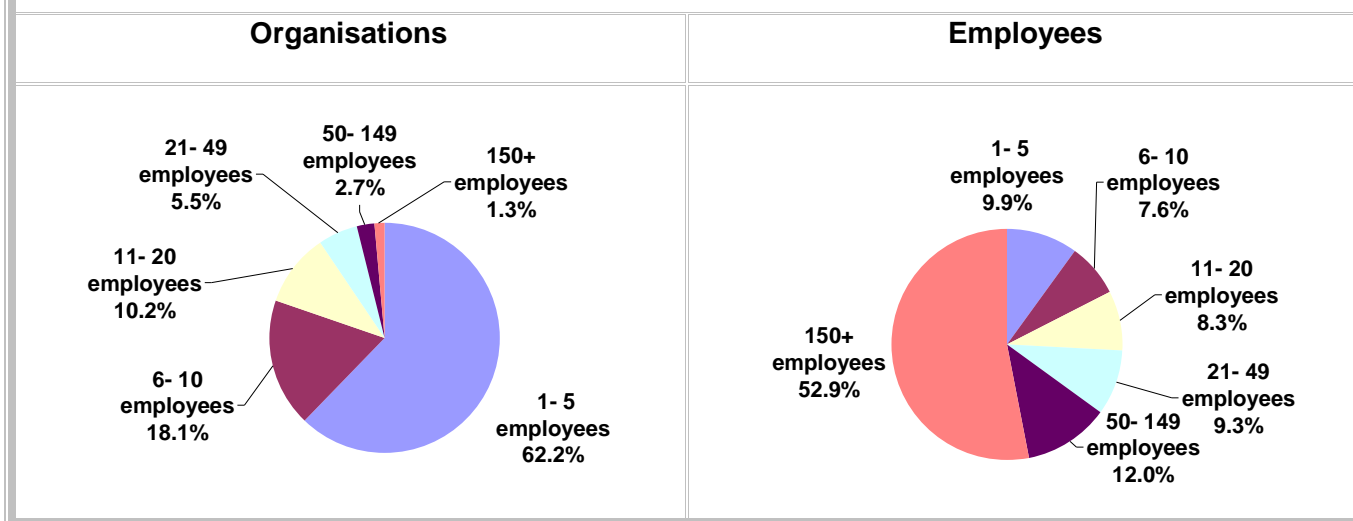
2.1.3 Organisation size

Figure 2-1 illustrates the distribution of organisations and employees according to organisation size. The sector mainly comprised a large number of very small organisations and a small number of very large ones. A high 96.0% of the organisations had fewer than 50 employees. In fact, 62.2% of these were micro organisations that employed five or fewer employees while 18.1% employed between six and ten employees.

The large organisations varied between 150 and 15 000 employees and employed 52.9% of the workforce. The small organisations (fewer than 50 employees) employed 35.1% of the people in the sector. Although a large number of organisations in the sector could be considered as micro

organisations (with five or fewer employees), these organisations employed only 9.9% of the sector's workforce.

Figure 2-1 Distribution of organisations and employees according to organisation size



The organisation size composition of the different sub-sectors can be seen in Table 2-2. With the exception of the sub-sector of activities auxiliary to financial intermediation (which includes debt collection), more than half the organisations in the other sub-sectors were micro organisations, which employed five or fewer employees. In contrast, the public sector (SARS and government departments) consisted of mainly large organisations.

Table 2-2 Organisation size per sub-sector

Sub-sector	Organisation size (number of employees)													
	150+		50- 149		21- 49		11- 20		6- 10		1- 5		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Investment Entities, Trusts and Company Secretary Services	7	1.1	16	2.6	38	6.1	38	6.1	102	16.5	417	67.4	619	100.0
Stockbroking and Financial Markets	12	1.9	21	3.4	28	4.5	33	5.3	77	12.3	456	72.8	626	100.0
Development Organisations	2	0.7	10	3.5	21	7.4	53	18.7	49	17.3	148	52.1	284	100.0
Accounting, Bookkeeping, Auditing and Tax Services	27	0.7	97	2.5	213	5.4	438	11.2	814	20.8	2 322	59.4	3 911	100.0
Business and Management Consulting Services	17	4.1	16	3.8	10	2.4	38	9.1	44	10.6	290	69.7	416	100.0
Activities Auxiliary to Financial Intermediation	230	65.8	38	10.8	33	9.4	31	8.8	8	2.3	10	2.8	351	100.0
SARS and Government Departments	6	100.0											6	
Total	80	1.3	169	2.7	341	5.5	633	10.2	1 125	18.1	3 864	62.2	6 212	100.0

2.1.4 Geographical distribution

The geographical distribution of organisations and employees in the sector can be seen in Table 2-3. Columns B and C show the number and percentage of organisations that were located or that had branches in the respective provinces. Gauteng and the Western Cape had more than 2 000 organisations each. Columns D and E show the number and percentage of employees based in each of the provinces. Half (50.2%) of the employees were based in Gauteng, 21.0% in the Western Cape, and 13.4% in KwaZulu-Natal. The remaining 15.4% were thinly spread across the other six provinces.

Table 2-3 Geographical distribution of organisations and employees

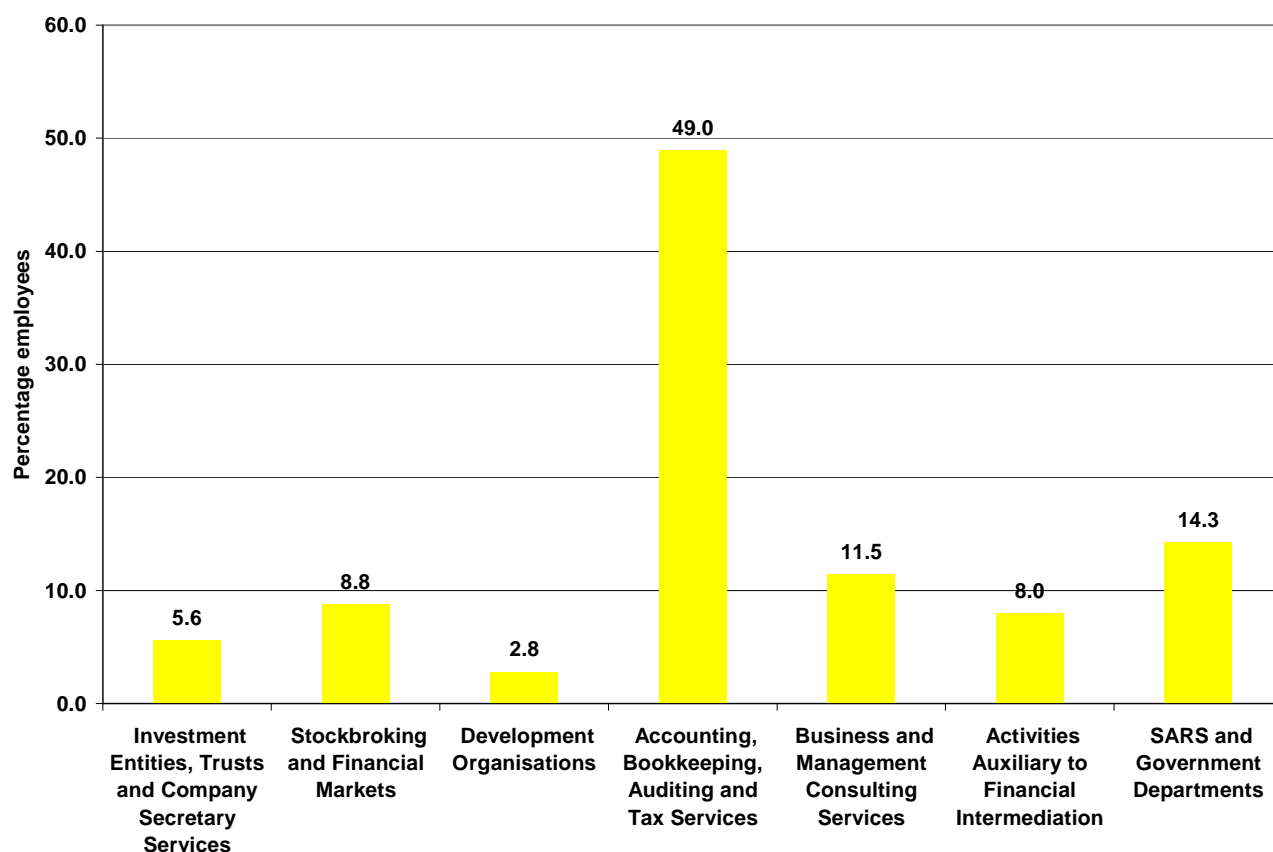
A	B	C	D	E
Province	Number of organisations with employees in province	% of organisations with employees in province	Employees	% of employees
Eastern Cape	504	8.1	6 402	5.5
Free State	165	2.7	2 826	2.4
Gauteng	2 271	36.6	58 875	50.2
KwaZulu-Natal	973	15.7	15 752	13.4
Limpopo	85	1.4	2 003	1.7
Mpumalanga	140	2.3	2 245	1.9
North West	138	2.2	3 287	2.8
Northern Cape	90	1.4	1 282	1.1
Western Cape	2 102	33.8	24 684	21.0
Total			117 356	100.0

2.2 Worker profile

2.2.1 Total employment

Based on the survey results, total employment in the sector in 2007 was estimated at 117 000. The employment distribution across sub-sectors can be seen in Figure 3-1. Accounting, bookkeeping, auditing and tax services was by far the largest employer in the financial sector, with 49.0% of employees employed in this sub-sector. The second-largest employer was the sub-sector SARS and government departments, which employed 14.3% of the workers in the sector, and business and management consulting was the third largest, employing 11.5% of the sector's workforce.

Figure 2-2 Employment distribution according to sub-sector



2.2.2 Occupations

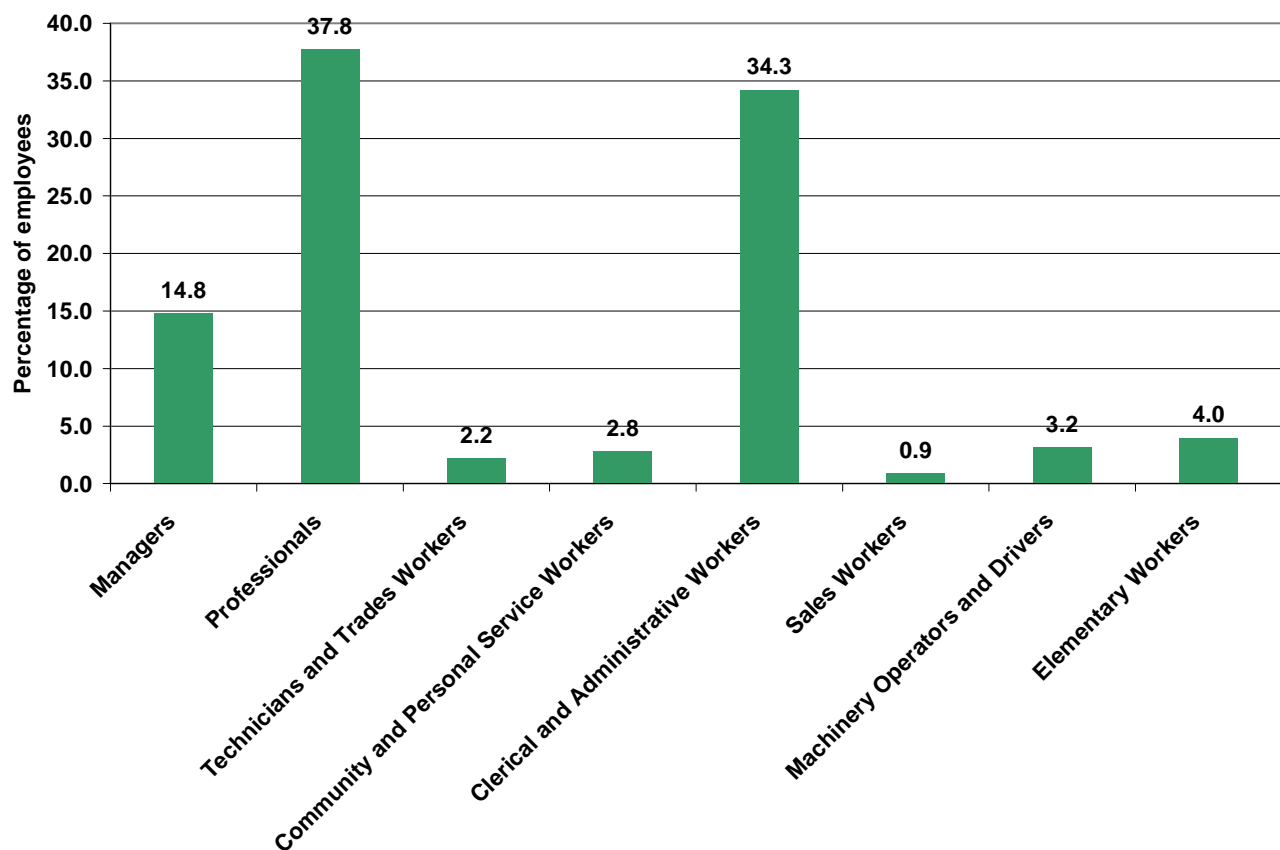
The occupational distribution of employees in the sector (classified according to the eight major occupational groups of the OFO) can be seen in Figure 2-3. (See Annexure A for an explanation of the OFO) A relatively large percentage (14.8%) of people were classified as managers. This major group includes the owners of or partners in small firms and practices – hence the large percentage.

Professionals constituted 37.8% of the employees and clerical and administrative workers 34.3%. The other occupational groups were very small. The minor occupational group Accountants, Auditors and Company Secretaries constituted 73.4% of professionals and almost 30% of all the employees in the sector. This group includes general accountants, trainee accountants, taxation accountants, external auditors and internal auditors.

The second largest group of professionals (8.9%) was Information and Organisation Professionals which includes management consultants, organisation and methods analysts, economists, statisticians and actuaries. This was followed by Financial Brokers and Dealers, and Investment Advisors (6.6%).

Among the clerical and administrative positions the largest occupational groups were general clerks (33.3% of all clerical and administrative positions) followed by accounting clerks and bookkeepers (15.6%).

Figure 2-3 Occupational distribution of employees



2.2.3 Gender

In 2007 more than half (53.6%) of the employees in the sector were women. A third (34.0%) of the managers and 48.0% of the professionals were women. The largest occupational group, clerical and administrative workers, consisted of 77.0% women (Table 2-4).

Table 2-4 Gender distribution by occupational category

Occupational group	Male		Female		Total	
	N	%	N	%	N	%
Managers	11 484	66.0	5 921	34.0	17 404	100.0
Professionals	23 042	52.0	21 265	48.0	44 307	100.0
Technicians and Trades Workers	1 840	71.0	750	29.0	2 590	100.0
Community and Personal Service Workers	1 839	55.2	1 493	44.8	3 332	100.0
Clerical and Administrative Workers	9 234	23.0	30 976	77.0	40 210	100.0
Sales Workers	398	36.6	689	63.4	1 086	100.0
Machinery Operators and Drivers	3 726	99.9	4	0.1	3 730	100.0
Elementary Workers	2 892	61.6	1 804	38.4	4 696	100.0
Total	54 455	46.4	62 901	53.6	117 356	100.0

2.2.4 Population group

The majority of workers in the sector were white (53.2%), followed by African workers (31.4%), Indians (7.8%), and Coloureds (7.6%). If the population-group composition of the respective occupational groups is considered, it is clear that transformation is lagging behind in the managerial and professional categories – 72.3% of all managers and 62.1% of professionals were white (Table 2-5).

Table 2-6 indicates the population group and gender distribution of the workforce in the respective occupational groups. In 2007 black women constituted 8.4% of all the managers in the sector and black men 19.4%. White women formed 25.7% of the managers, while white men still constituted the largest group of managers (46.6%).

Black women were much better represented in the professional category (19.0%). Black men also formed 19.0% of professionals while 33.0% of professionals were white men and 29.0% were white women.

Of the clerical and administrative workers 40.4% were white women and 36.6% were black women.

Table 2-5 Population group distribution by occupation

Occupational category	African		Coloured		Indian		White		Total	
	N	%	N	%	N	%	N	%	N	%
Managers	3 247	18.7	469	2.7	1 112	6.4	12 576	72.3	17 404	100.0
Professionals	9 319	21.0	2 590	5.8	4 895	11.0	27 503	62.1	44 307	100.0
Technicians and Trades Workers	744	28.7	160	6.2	141	5.4	1 546	59.7	2 590	100.0
Community and Personal Service Workers	3 002	90.1	86	2.6	8	0.2	236	7.1	3 332	100.0
Clerical and Administrative Workers	12 627	31.4	5 289	13.2	2 916	7.3	19 378	48.2	40 210	100.0
Sales Workers	759	69.9	59	5.5	24	2.2	244	22.5	1 086	100.0
Machinery Operators and Drivers	2 890	77.5	72	1.9	1	0.0	767	20.6	3 730	100.0
Elementary Workers	4 317	91.9	209	4.4	22	0.5	148	3.2	4 696	100.0
Total	36 906	31.4	8 933	7.6	9 120	7.8	62 398	53.2	117 356	100.0

Table 2-6 Population group and gender distribution by occupation

Occupational category	Black*				White				Total	
	Male		Female		Male		Female			
	N	%	N	%	N	%	N	%	N	%
Managers	3 375	19.4	1 453	8.4	8 109	46.6	4 467	25.7	17 404	100.0
Professionals	8 400	19.0	8 404	19.0	14 642	33.0	12 861	29.0	44 307	100.0
Technicians and Trades Workers	640	24.7	404	15.6	1 200	46.3	346	13.4	2 590	100.0
Community and Personal Service Workers	1 679	50.4	1 417	42.5	160	4.8	76	2.3	3 332	100.0
Clerical and Administrative Workers	6 120	15.2	14 712	36.6	3 115	7.7	16 263	40.4	40 210	100.0
Sales Workers	345	31.8	497	45.8	53	4.8	191	17.6	1 086	100.0
Machinery Operators and Drivers	2 962	79.4	1	0.0	764	20.5	3	0.1	3 730	100.0
Elementary Workers	2 801	59.6	1 747	37.2	92	2.0	56	1.2	4 696	100.0
Total	26 321	22.4	28 637	24.4	28 134	24.0	34 264	29.2	117 356	100.0

*African, Coloured and Indian

2.2.5 Age

The age distribution of employees is shown in Figure 2-4 and the average ages of employees in the respective occupational and population groups are shown in Table 2-7. More than half (57.2%) of the employees were 35 or younger and the average age of all employees was 36. Black employees were on average five years younger than their white counterparts. Black managers were on average four years younger than whites and black professionals were five years younger. Black clerical and administrative workers were six years younger than whites in the same occupational category.

Figure 2-4 Age distribution of employees

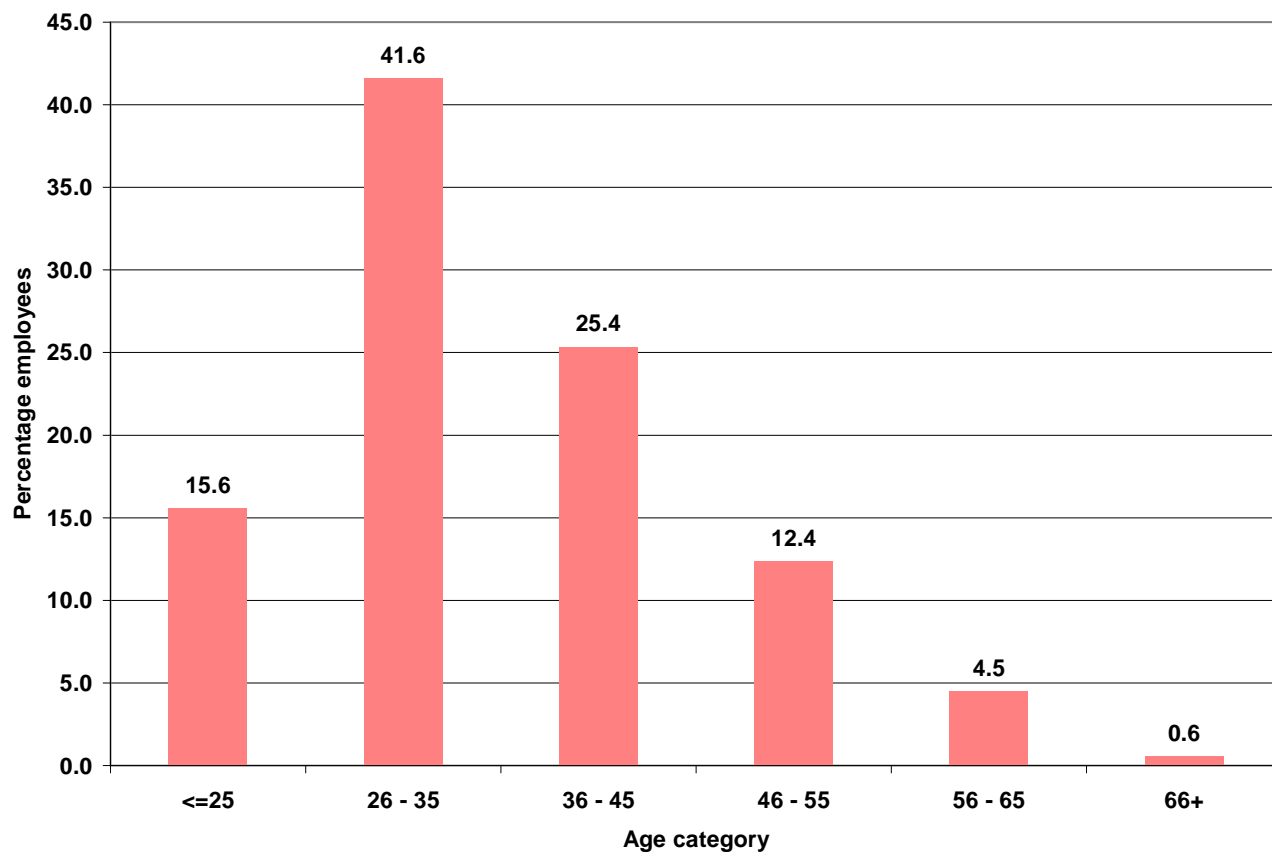


Table 2-7 Average age by occupation group

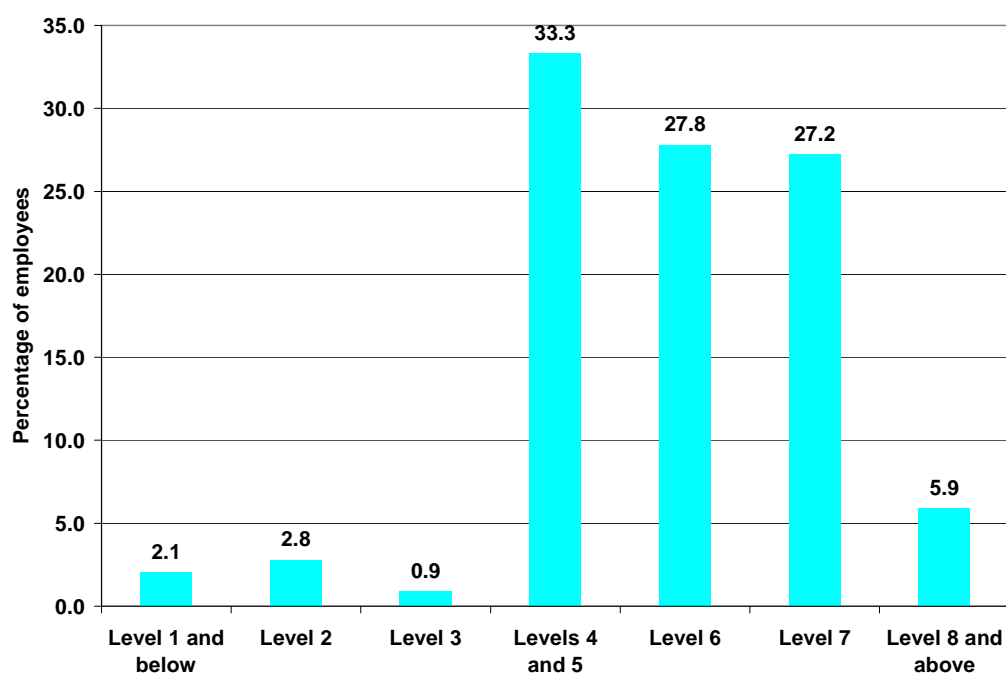
Occupational group	Black	White	Total
Managers	36	40	39
Professionals	30	35	32
Technicians and Trades Workers	35	42	41
Community and Personal Service Workers	40	41	41
Clerical and Administrative Workers	35	41	37
Sales Workers	40	39	40
Machinery Operators and Drivers	44	39	42
Elementary Workers	45	46	45
Total	33	38	36

2.2.6 Educational qualifications

The educational levels of workers in the sector can be seen in Figure 2-5. Educational levels are expressed in terms of the levels of the National Qualifications Framework (NQF). The highest qualifications of employees reported by employers were roughly converted to NQF levels. (See Annexure A for the conversion table.) Qualifications at NQF level 4 (grade 12 or matric and equivalent) and NQF level 5 were grouped together because it was not possible to accurately determine the levels of certificates – some could have been at NQF level 4 and some at NQF level 5.

Figure 2-5 clearly shows that the Financial and Accounting Services Sector employed mainly highly skilled workers. The vast majority (94.2%) of employees held qualifications at NQF level 4 and above. As many as 60.9% had qualifications at NQF level 6 and above.

Figure 2-5 Educational qualifications of employees



2.2.7 Disability

Many of the employers did not indicate the disability status of their employees. Of the individual employee records that were received only two thirds had the person's disability status indicated. The total number of employees who were identified as people with disabilities constituted only 0.8% of total employment in the sector.

2.3 CONCLUSIONS

The Financial and Accounting Services Sector consists of a diverse group of organisations, most of which are small (fewer than 50 employees) and many of which are micro enterprises employing five or fewer people. In contrast, the few very large organisations employ thousands of people each and house the majority of the workforce. The sector also has a very large public sector component.

The vast differences in organisation size pose challenges to Fasset. The most important of these is probably to involve the large number of very small organisations in the sector in skills development activities in a meaningful way and to balance the needs and interests of small and large organisations.

Geographically the sector is concentrated in Gauteng, the Western Cape and KwaZulu-Natal. The concentration of organisations in these, mostly urban, areas facilitates contact with the organisations and the provision of training and development services to them.

The occupational and educational profiles of the sector reflect the type of skills required. The sector employs mainly skilled and highly skilled people (with educational qualifications at NQF level 4 and higher) in professional and in clerical and administrative positions. Inevitably, training and development initiatives would focus on these levels.

The race and gender profile of the sector still shows the need for accelerated transformation. Employees in the managerial and professional occupational groups are still predominantly white. At the professional level, employment of black women is on a par with that of black men but black women are lagging behind in the managerial category.

The sector employs only a very small number of people with disabilities. The type of work performed in the sector lends itself to the training of larger numbers of people with physical disabilities and, therefore, more focused attention on the creation of employment for these people should be considered.

3 THE ROLE OF PROFESSIONAL BODIES IN THE SECTOR

3.1 Introduction

A large portion of the workers in the Financial and Accounting Services Sector are members of professional bodies that represent the interests of the various professions and occupations in the sector. As such, the professional bodies are major role-players in this economic sector and contribute to the skills development and the professionalising of the sector. The majority of bodies actively promote sound corporate governance, codes of conduct and professional standards to serve broad public interests. Accounting bodies often perform regulatory and professional functions to uphold practice standards and strengthen public and investor confidence in the economy. Several organisations play an active role in setting standards for education and training, some confer qualifications, and many cooperate closely with SETAs to support a range of skills development initiatives within and outside the Financial and Accounting Services Sector.

This chapter provides an overview of the profile of professional organisations and their respective roles. In particular, the objectives and functions of the different professional bodies are considered, as well as their organisational capacity, structure, membership, and their role in Fasset's sphere of skills development activities. Fourteen professional bodies participated in the study and provided the information outlined in the rest of this chapter.

The involvement of the professional bodies in the Fasset domain may be distinguished according to their purpose, objectives, composition, and size. One organisation is accredited with SAQA as an Education and Training Quality Assurance body (ETQA) and four professional bodies are accredited as Quality Assurance Partners (QAPs)² of Fasset. Another two are in the process of becoming accredited QAPs. Others are registered as training providers, and many are registered as employers with Fasset for the purposes of the payment of the skills development levy (SDL) from their payrolls. Office bearers and representatives of professional bodies are actively involved in Fasset structures such as the Fasset Management Board, sub-committees, and specific development projects. In this

² A Quality Assurance Partner (QAP) performs quality assurance functions on behalf of and in conjunction with the Fasset Quality Assurance Division on qualifications that fall within its scope. QAPs have to apply for this status and meet rigorous criteria. Their functions include accreditation of education and training providers and execution of some ETQA functions such as site and monitoring visits. In most instances, Fasset is responsible for the certification of learners. QAPs were formerly known as Agent ETQAs of SETAs. (See: www.fasset.org.za.)

manner, professional bodies share their expertise, knowledge and resources for the greater benefit of the sector.

The profile of each organisation is described with reference to: its role and function in the profession; its membership; and its specific role in education and training, including qualifications offered and designations conferred. The respective professional bodies are discussed in alphabetical order.

Some of the chapters that follow also outline the professional bodies' views on current skills shortages; the factors that influence demand for and supply of finance and accounting skills to the Fasset sector and the broader labour market; the need for new qualifications and learnerships as identified by a few of the professional bodies; and the professional bodies' views on and proposals for future Fasset skills development and funding priorities.

3.2 Association for Chartered Certified Accountants (ACCA)

3.2.1 The organisation

ACCA is an international professional accountancy body offering qualifications and examinations for people who intend to pursue a career in accountancy, finance, management and related fields. The association offers the qualification Chartered Certified Accountant. The association was founded in 1904 and has been in existence for more than 100 years.

3.2.2 Members

As the largest global accountancy body ACCA is represented in 170 countries, has 115 000 registered members and supports 296 000 students around the world to obtain accounting and finance qualifications.³ ACCA members are known as Chartered Certified Accountants and are employed in industry, financial services, the public sector, or in public practice. The association enjoys statutory recognition in the United Kingdom (UK) and Ireland and is authorised to license its members to work as registered auditors.⁴ In addition, ACCA members are permitted to perform audit functions in the European Union and in countries around the world. In South Africa ACCA members are not licensed as registered auditors and are recognised as Accounting Officers to close corporations. However, in view of the significant transformation that has been mooted for the audit profession in South Africa, it may become possible for ACCA members to obtain licences to practice as registered auditors in the near future.

³ <http://www.accaglobal.com/publicinterest/about>.

⁴ <http://www.accaglobal.com/publicinterest/about/history>.

Membership of ACCA in South Africa has grown over the last two to three years and is currently around 1 800 (members and students). The growth is ascribed to growth in the South African economy, South Africans looking for an alternative route to qualify as a professional accountant, and the attraction of more students (and graduates) from African countries.

3.2.3 Role and function of organisation

With its worldwide reach, ACCA aims to be a global leader in the accounting profession. The association strives to promote best-practice professional, ethical and governance standards and to advance public interest.⁵ This is done by providing training and education opportunities to students and supporting members throughout their careers in accounting, business and finance.⁶ As a member of the International Federation of Accountants (IFAC)⁷, the association promotes international standards in accounting and auditing to enhance consistent financial reporting and comparability across the globe.

ACCA South Africa promotes awareness of the international use, recognition and applicability of the association's qualifications. Specific strategies are directed towards reputation building and professional development as the accounting and auditing professions change. Among the key areas of ACCA's strategic focus in South Africa are:

- Member engagement and support through skills development initiatives, seminars and briefings on topical issues, networking opportunities, practical assistance to members and students;
- Reputation building by strengthening relationships with employers, government, regulators⁸, education and training providers and other stakeholders to increase the demand for the association's trained professionals; and
- Focused growth in membership and influence of the association.

Until September 2007 ACCA performed quality assurance of education and training providers in many countries around the world through its University and College Registration Scheme (UCRS). At the

⁵ http://www.accaglobal.com/publicinterest/about/mission_values.

⁶ http://www.accaglobal.com/publicinterest/about/mission_values.

⁷ IFAC is a global organisation for the accounting profession and its members are primarily national professional accounting bodies. Through its independent standard-generating boards, IFAC sets internationally recognised practice standards in auditing and assurance, the accounting profession, education, ethics and public sector accounting. (See www.ifac.org.)

⁸ Included among the regulatory bodies are SAQA and the NQF, the Department of Education, regulators of higher education, and the Department of Labour.

time this report was written, this scheme was replaced by the Approved Learning Partner – Student Tuition programme. ACCA South Africa also carries out quality assurance for workplace training providers.

It cooperates with national regulators of the accounting and auditing profession to promote and monitor professional standards and ethics.

3.2.4 Qualifications and designations

ACCA offers a full professional qualification for accountants, known internationally as the ACCA Qualification. This professional qualification has been registered by SAQA on the National Qualifications Framework (NQF) at level 7 as the Professional Qualification: Chartered Certified Accountant (the ACCA). The qualification incorporates the global accounting-education standards set by IFAC and also focuses on professional values, ethics, and governance.

Once students have successfully completed practical workplace training over a minimum of three years and passed between 5 to 14 professional examinations (depending on the number of exemptions awarded by ACCA for prior learning) administered by ACCA's international head office, they may use the designation "ACCA".⁹ Accounting professionals who have been ACCA members for longer than five years may use the designation "Fellow of ACCA" (FCCA).

The qualification of Certified Accounting Technician (CAT) is registered at level 5 of the NQF. The CAT qualification is viewed as a springboard or pathway to access the ACCA qualification. Entry into the CAT is relatively open in that formal qualifications are not required. Learners can study full time or work through the material and examination preparation at their own pace and sit some computer-based and some paper-based examinations.

Both the ACCA and CAT qualifications are registered as learnerships with Fasset and the Department of Labour. At the time of writing this report ACCA South Africa was in the process of applying for accreditation to become the QAP of Fasset in respect of both these learnerships. Learning resources for these qualifications are made available in South Africa and globally on the Internet via ACCA Connect.

Other qualifications offered by ACCA include:

⁹ Students are required to complete 14 qualifying examinations for the ACCA professional qualification. However, graduates who have completed accounting degrees at ACCA-approved universities may apply for exemption for up to 9 of the examinations (<http://www.accaglobal.com/join/acca/>).

- The Diploma in Financial Management, which is aimed at middle and senior managers responsible for financial matters and is offered in South Africa by the University of Johannesburg;
- The Masters in Business Administration (delivered through ACCA's virtual campus on a distance-learning basis in conjunction with the Oxford Brookes University in the UK);
- The Diploma in International Financial Reporting; which is a self-study and open-learning course for accountants and auditors who wish to gain knowledge of international standards, develop their understanding of the concepts and principles which underpin them, and apply them in the international business world;
- The Certificate in International Financial Reporting, an interactive Internet-based course aimed at professional accountants who need to prepare consolidated company accounts in compliance with the International Financial Reporting Standards (IFRS);
- The Certificate in International Auditing, which is also delivered online to practitioners involved in the auditing process; and
- The Diploma in Corporate Governance.

ACCA's qualifications are subject to comprehensive review and enhancement at least every five years. Various stakeholders such as employers, students, regulators, training providers and ACCA members are consulted during the qualification-review process. According to ACCA, relevant aspects of information technology are integrated into each subject area to ensure that students and members develop needed skills and tools.

Prospective students may apply to ACCA for recognition of prior learning (RPL), gained either through formal tuition or workplace experience. These requests are attended to on an individual basis.

3.2.5 Quality assurance functions

In conducting its quality assurance functions, ACCA cooperates closely with Fasset and the ACCA head office in the UK. Quality assurance activities include assessment and accreditation of academic and workplace training providers in the public and private sectors.

In September 2007 ACCA launched its new Approved Learning Partner – Student Tuition programme, to replace the UCRS. From ACCA's perspective, the new programme gives recognition to quality tuition and support offered by leading education and training providers to ACCA students globally.

Education and training providers are assessed against performance targets in respect of institute management and course management and delivery. Apart from considering providers' infrastructure and financial viability, the assessment covers: tutors' expertise and access to resources; student feedback and integration of this into course review meetings; structure of teaching and study information; management of student assignments; student support and advice; the quality of support material; and reporting on students' progress to sponsors.

3.2.6 Organisational capacity and infrastructure

ACCA has offices and business centres in nearly 80 countries to support students, members and accredited workplace training providers. In addition, the association operates ACCA Connect, a global customer services centre. ACCA South Africa employs six people, whose key operational areas include student support services, member support services, and marketing and cooperation with workplace employers and education and training providers.

3.2.7 Continuous professional development

The association's policy for continuous professional development (CPD) is aligned to the IFAC requirements for accountants to maintain relevant knowledge and appropriate skills. The main aims are to ensure that learning is relevant for all stages of the accountant's career, that skills are nurtured to meet the changing demands of a dynamic business environment, and to enhance public confidence in the accounting professional. Members are required to participate in 40 hours of professional development per year and must furnish ACCA with an annual written return of their CPD activities. Apart from furnishing verifiable proof in respect of 21 hours of learning and development, members must certify that their CPD activities add to their expertise and are relevant to and applicable in their work. ACCA members use a web-based tool to log their CPD programmes.

ACCA members may access a variety of resources in ethics and professional standards, including an online course and podcasts, web-based relevant articles, technical papers and knowledge library resources, case studies, and country-specific standards.

Continued membership of ACCA is linked to compliance with the CPD requirements. ACCA South Africa assists its members to practise CPD by researching training needs and areas for soft skills development, as well as presenting seminars on topical issues, and arranging for members to meet with captains of industry. In order to promote public confidence and to provide assurance of its members to employers, ACCA conducts reviews of samples of their members' CPD activities.

ACCA offers an approved employers' programme for 8 500 employers registered worldwide to support workplace training, mentorship, communication, and employers' in-house training and CPD programmes. Approved employers have access to ACCA's global knowledge library, toolkits for human resource development, online publications, professional development forums and networking opportunities.¹⁰

3.3 Association for the Advancement of Black Accountants in Southern Africa (ABASA)

3.3.1 The organisation

ABASA exists to promote academic and professional interests of black people wishing to enter the accounting profession and those who are already engaged in it. Formed in 1985, ABASA is a voluntary non-profit organisation that addresses the needs, aspirations, and advancement of black financial professionals.

3.3.2 Members

Membership is open to anyone who is actively engaged in any of a broad spectrum of accounting activities.¹¹ The association recognises four categories of membership:¹²

- General members – individuals engaged in public, private, or government accounting or in teaching accounting and who hold recognised qualifications from tertiary institutions (including colleges, universities of technology and universities) or who are recognised for their equivalent professional competence or education in accounting or related disciplines;
- Corporate members – any company, firm, institution or organisation that supports ABASA's aims and objectives, but holding no voting rights;
- Student members – full-time undergraduate students at a college or tertiary institution who are majoring in accounting or who intend to enter the accounting profession and full-time graduates studying towards an accounting degree or a related discipline; and
- Trainee accountants – individuals serving articles and preparing for the professional qualifying examinations administered by the South African Institute of Chartered Accountants (SAICA) and the IRBA.

¹⁰ <http://www.accaglobal.com/employers/approved>.

¹¹ www.abasa.org.za; ABASA Constitution, section 5.

¹² ABASA Constitution, section 5.

3.3.3 Role and function of organisation

The overall role of the association is to advance the professional standards of people in the accounting profession and, through doing so, to promote their interests. One of ABASA's main functions is to encourage and facilitate the entry of black people into the accounting profession. This is done through several initiatives. First, the association manages the ABASA Nkuhlu Subvention Fund which raises funds to support the deployment of black chartered accountants (CAs) as accounting lecturers at historically disadvantaged universities. The subvention fund is used to offer more market-related remuneration to black academics as university salaries fall well below earnings generated by their CA colleagues in industry and private practice. The subvention fund aims to attract and retain capable academics who may also serve as role-models for aspiring accounting learners. Second, ABASA assists black learners to gain access to education opportunities in accounting and finance, as well as to obtain funding for their studies. Third, the organisation provides information to black accounting graduates on prospects for employment and practical workplace training. Fourth, ABASA promotes awareness of the accounting profession among secondary- and tertiary-level learners from black and disadvantaged communities. Fifth, ABASA participates in policy discussions affecting black financial professionals and works to remove obstacles that impact negatively on the professional well-being of black accountants.¹³

ABASA works closely with other professional bodies in the accounting and finance sector, such as SAICA and SAIPA (the South African Institute of Professional Accountants), to promote transformation and education opportunities.¹⁴ The association is in the process of looking at workplace development programmes to enhance the career progression of black accountants.

3.3.4 Qualifications and designations

Through its activities ABASA aims to give accounting learners access to qualifications registered on the National Qualifications Framework, but the association itself does not offer any qualifications. ABASA members are often also members of other professional bodies in the accounting and finance sector and use designations conferred by such bodies.¹⁵

¹³ Interview with Mr Victor Sekese, ABASA President; ABASA Constitution.

¹⁴ The Nkuhlu Subvention Fund supplements the salaries of black CAs who lecture to historically disadvantaged accounting learners on SAICA's Thuthuka Programme.

¹⁵ Designations such as ACCA, CA (SA) and CFA (SA) are discussed in this chapter.

3.3.5 Quality assurance functions

ABASA does not undertake statutory or regulatory quality assurance functions under the SAQA dispensation.

3.3.6 Organisational capacity and infrastructure

ABASA is managed by a board consisting of six regional chairpersons and one other regional member and three members elected at an annual general meeting. The board of management serves for two years. Among the office bearers are the president, two vice presidents, a secretary, an executive director, and a treasurer. The ABASA president is elected for a period of two years and may serve one consecutive term upon re-election. To be eligible for election the president must have served for at least two years on the board of management.

The board of management may establish or approve the creation of branches and/or regional committees in the Southern Africa region. The membership, functions and responsibilities of the branches are determined by the board of management. Branches of ABASA are to be found in Johannesburg, Pretoria, Western Cape, KwaZulu-Natal and the Free State.¹⁶ ABASA's permanent administrative office is staffed by three people who provide member support services, liaise with regional and branch committees, and organise information sessions and workshops.

3.3.7 Continuous professional development

ABASA encourages ongoing educational and technical training in the accounting profession, but does not set specific CPD targets for members to achieve for the purpose of retaining their membership.

3.4 Association of Debt Recovery Agents (ADRA)

3.4.1 The organisation

The association is a national voluntary body for the debt collecting industry and it aims to be a self-regulating controlling organ and representative of the industry. The association comprises debt recovery businesses. ADRA was formed in 1988 to assist members to provide professional services to their clients, i.e. credit grantors, and to obtain recognition of the industry. This latter goal was reached when the Debt Collectors Act was passed in 1998.

¹⁶ www.abasa.org.za.

3.4.2 Members

Membership is at corporate level and ADRA members range from sole proprietorships, partnerships, and firms operating one- or two-person offices to firms with more than 500 employees. ADRA members collect debts owed to retail, professional, bank and institutional accounts for all the major credit grantors in South Africa.¹⁷ Membership is made up of about 224 firms that together employ between 8 000 to 11 000 people.¹⁸

3.4.3 Role and function of organisation

One of its key objectives is to promote, safeguard and maintain the independence, objectivity and integrity of debt recovery agents and ADRA members. The main focus and function of ADRA is to professionalise the debt collection industry by promoting and maintaining ethical and professional standards. Members are required to abide by a code of conduct and ethics.

As part of its services to members, the organisation provides guidelines on the operation of member businesses within the ambit of legislation and regulatory requirements. More particularly, ADRA provides members with processes and systems to streamline their businesses and to enable effective debt collection and client reporting. Such services include debit order facilities and payroll deductions from debtors at favourable rates to enhance debt collection, reduced rates for debtor tracing, and bulk short message service SMS facilities.¹⁹

ADRA also facilitates interaction between credit suppliers and regulators such as the Council for Debt Collectors to promote their members' interests.²⁰

In addition, ADRA serves as a voice for the debt collection industry in developing legislation and professional standards, including the protection of remedies available to creditors and collectors and the fair application of controls in the interest of businesses and consumers.²¹

3.4.4 Qualifications and designations

ADRA was involved with the development of a qualification for the debt collection industry. The Further Education and Training Certificate: Debt Recovery at level 4 of the NQF was registered with SAQA in 2004. Under the auspices of Fasset, ADRA contributed to the development of a learnership

¹⁷ http://www.adraonline.co.za/new/adra_about.htm.

¹⁸ Information obtained during personal interview in June 2007 with Mr Geoff Mansell and Ms Elaine Yacoby, ADRA board members.

¹⁹ <http://www.adraonline.co.za/new/publications/Benefits%20of%20belonging%20to%20ADRA.pdf>.

²⁰ *Handbook of the Association of Debt Recovery Agents*, 2003 at <http://www.adraonline.co.za>.

²¹ http://www.adraonline.co.za/new/code_of_conduct.htm.

leading to this qualification during 2005 and 2006 in conjunction with the Council for Debt Collectors and other role-players in the industry. The Learnership in Debt Collection is registered with Fasset, which also confers the qualification once the learnership is successfully completed.

3.4.5 Quality assurance functions

Quality assurance functions for the learnership are performed by Fasset. ADRA does not undertake statutory or regulatory quality assurance functions under the SAQA dispensation.

3.4.6 Organisational capacity and infrastructure

ADRA is managed by a board of eight to ten people who are elected by members annually. The association employs two full-time employees who are responsible for member services, administration and secretarial work.

3.4.7 Continuous professional development

Although ADRA does not exercise formal education and training functions, it encourages training and development through quick high-impact workshops and courses, such as breakfast meetings. ADRA recognises the practical needs of its members who need to equip a new employee with relevant workplace skills and knowledge within the shortest possible time. According to ADRA, debt collection firms operate at small profit margins and, because employees are expected to meet production targets, its members are not readily able to support full time formal academic and workplace training.

The association does not set minimum requirements for members' CPD. However, ADRA assists members to understand new legislation and to deal with the regulatory complexities in an environment where consumer rights are protected by law.

3.5 Chartered Institute of Management Accountants (CIMA)

3.5.1 The organisation

CIMA is an international accounting body for chartered management accountants and exists to professionalise accounting in the business world. Founded in the UK in 1919 as The Institute of Cost and Works Accountants, its initial objective was to provide the range of information needed to plan and manage modern business. Since its inception, it has grown into one of the largest accounting

bodies in the world. In 2004 14 countries from the Southern African Development Community were incorporated into the newly formed CIMA Southern Africa Region.²²

CIMA refers to professional accountants in business as “management accountants”.²³

3.5.2 Members

CIMA’s members work in industry, commerce, not-for-profit organisations and public sector organisations and in diverse areas other than in finance. The institute supports more than 158 000 members and students in 161 countries around the world. Three classes of members are recognised: student, associate (fully qualified chartered management accountant), and fellowship. Associate members have passed the professional examinations and completed three years of structured workplace training. After holding a senior and responsible position for a period of at least three years, associate members may attain fellowship status. Applicants for the fellowship are required to produce proof of three years of strategic-level business experience.

Membership is voluntary. At the time this report was written, the institute had 4 300 members, including registered students in South Africa.

3.5.3 Role and function of organisation

CIMA aims to increase the employability of its members and to equip them to drive successful organisations around the world.²⁴ For this reason, a core function of CIMA is to oversee and enable the education and training of management accountants. It works closely with leading employers and course providers to educate, train, and qualify financial managers and to update and revise the syllabus to meet employers’ changing commercial requirements.²⁵

One of the organisation’s main functions is to provide comprehensive member and student support by offering study material and examination services and enabling training and professional development throughout members’ careers.

²² www.cimaglobal.com/cps/rde/

²³ CIMA Information brochure: *Why CIMA?* A management accountant’s role is to integrate financial, analytical, business and management skills through the application of accounting techniques, measurement of organisational performance, effective deployment of resources, and formulation and implementation of strategy to generate wealth and value for shareholders.

²⁴ CIMA Information brochure: *Why CIMA?*

²⁵ CIMA Information brochure: *Why CIMA?*

The institute sets standards of education and conduct to maintain professional levels of excellence and competence of its members and students. CIMA also performs professional and regulatory functions to ensure that members adhere to its ethical guidelines, by-laws, and regulations.

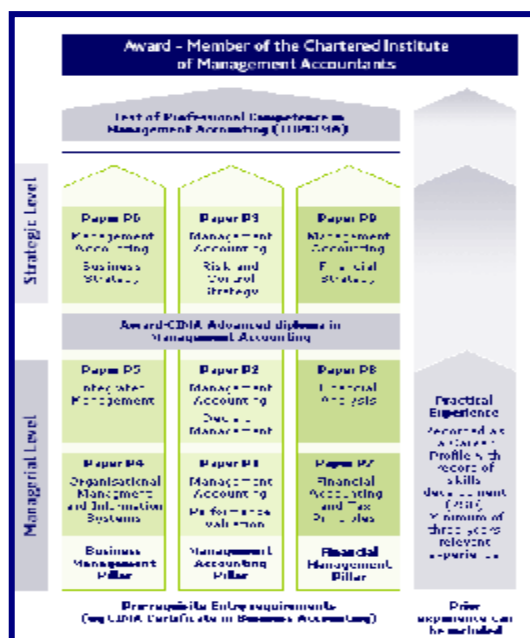
As a member of IFAC, CIMA plays a major role in IFAC's Professional Accountants in Business (PAIB) Committee to enable global development and exchange of knowledge and best practice.

With its Accreditation through Partnership scheme, CIMA provides formal recognition of programmes, courses and degrees offered by higher education tuition providers. CIMA assists employers and workplace training providers to support students with their studies and professional development.²⁶

3.5.4 Qualifications and designations

CIMA offers three qualifications: National Certificate in Business Accounting (NQF level 5), National Diploma in Management Accounting (NQF level 6), and the Professional Qualification: Chartered Management Accountant (NQF level 7). All these qualifications are registered as learnerships with Fasset and the Department of Labour. The three qualifications form a learning pathway to attain CIMA's internationally recognised professional qualification in management accounting, as depicted in Figure 3-1.

Figure 3-1 CIMA Professional Qualification Structure



Source: www.cimaglobal.com/professional_qualification

²⁶ <http://www.cimaglobal.com/cps/rde/xchg/SID-0AAAC544-3081A38E/live/root.xsl/6068.htm>.

The Professional Qualification builds upon three levels:

- The managerial level (six examinations);
- The strategic level (three examinations); and
- The Test of Professional Competence in Management Accounting (TOPCIMA), which is an examination based on a case study.

The Professional Qualification focuses on accounting in a business and corporate environment. Since CIMA aims to develop forward-looking and strategic business leaders, rather than to train traditional accountants who report on past performance, the qualification incorporates business management, information analysis and interpretation, and strategy development to equip its members with the skills required to achieve business growth.

The syllabus is built on three learning pillars: Business Management, Management Accounting and Financial Management. Learners who have completed six examinations at managerial level across the three learning areas are awarded the Diploma in Management Accounting. To qualify as a chartered management accountant and to use the designation “ACMA”, learners have to complete both the managerial and strategic levels of examinations, and the CIMA Test of TOPCIMA. In addition, learners have to complete three years of structured workplace learning at a workplace training provider approved by CIMA. A chartered management accountant with fellowship status of CIMA uses the designation “FCMA”.

The institute works in partnership with a number of higher education institutions and recognises relevant qualifications offered and, therefore, some learners may be eligible for exemptions from certain of the CIMA examination papers. CIMA also recognises qualifications conferred by ACCA, SAICA and ICSA. RPL takes place on an individual basis.

At the time this report was written, CIMA was not planning the development of further learnerships as no new needs had been identified.

3.5.5 Quality assurance functions

CIMA is a registered QAP of the FassetQA and performs quality assurance functions on behalf of Fasset. The institute accredits institutional and workplace education and training providers and conducts site and monitoring visits on behalf of Fasset to ensure that providers continue to meet rigorous requirements. In addition, CIMA is accredited as a workplace skills provider by Fasset. Marking of examination papers and online computer assessment of learners are performed centrally. CIMA also performs moderation functions on examination papers set for its three qualifications.

3.5.6 Organisational capacity and infrastructure

CIMA Southern Africa strives for continuous membership growth and to professionalise accounting in business. CIMA employs 12 people in South Africa and about 360 globally. The organisation's main function in Southern Africa is the provision of support services for members and students, as well as quality assurance in conjunction with Fasset.

3.5.7 Continuous professional development

In promoting CPD, CIMA adopts an outcomes-based approach so that members do not gain points for merely attending seminars but have to demonstrate the new skills they have acquired. The key aims of CPD activities are to ensure that members maintain competence in their current role and prepare themselves for anticipated future roles in business.

CIMA provides its members with a CPD framework for analysing gaps in skills and knowledge and filling them in ways most relevant to their individual careers and their employers' business needs.²⁷ Retention of CIMA membership is dependent upon members' progression through a development cycle that members set for themselves in accordance with their own development needs. In essence, members identify skills required and the pathway by which to acquire them. Members are required to keep records of learning and report on skills acquired. Every year the institute selects a random sample of members to monitor under its CPD policy.

From time to time CIMA Southern Africa presents some CPD interventions by addressing topical issues or development needs identified by its branch committees.

3.6 Chartered Secretaries Southern Africa

3.6.1 The organisation

Chartered Secretaries Southern Africa is a division of the Institute of Chartered Secretaries and Administrators (ICSA), which is an international professional body for company secretaries and corporate administrators in the public, private, and voluntary sectors. ICSA International promotes best practice in corporate governance and administration and positions itself as an independent and self-regulating professional body able to influence thinking and behaviour on governance.

At the time this report was written, Chartered Secretaries Southern Africa was re-positioning itself and used this name to identify itself, rather than the name "Institute of Chartered Secretaries and

²⁷ CIMA Information brochure: *Why CIMA?*

Administrators” (ICSA) by which it has been known in South Africa.²⁸ ICSA was founded in the UK in 1891 and incorporated by Royal Charter in 1902. The Southern African division was established in 1908 and includes Botswana, Lesotho, Namibia, South Africa and Swaziland.²⁹

Chartered Secretaries Southern Africa is incorporated not-for-gain and serves as an umbrella organisation for the Chartered Institute of Business Management (CIBM)³⁰, the Institute of Business Studies (ISB)³¹ and Mentor – an education foundation with a bursary fund that assists disadvantaged students to study accounting and business administration.³² The organisation is also the home of professional company secretaries who are qualified as chartered secretaries with the Chartered Institute of Secretaries (CIS).

3.6.2 Members

Members of Chartered Secretaries Southern Africa have competence in accounting, taxation, corporate governance, general management, business administration and company secretarial functions. When they reach the level of chartered secretary they are regarded as high-level governance professionals.³³ Members often work in strategic business positions, manage risks, or hold senior positions as corporate administrators.

Membership of Chartered Secretaries Southern Africa is closely linked to the programmes which make up the CIS International Qualifying Scheme and the professional qualification levels recognised by the CIBM. (See Table 3-1 below)

²⁸ Information supplied by Mr Chris de Villiers, Chief Executive Officer of Chartered Secretaries, Southern Africa.

²⁹ www.icsa.co.za; ICSA Annual Review 2006.

³⁰ The CIBM is a professional home for students who have completed programmes of the Chartered Institute of Secretaries (CIS) or certain relevant graduate programmes in accounting and business administration, but who have not yet completed the Board Examinations. (See ICSA Annual Review 2006.)

³¹ The IBS offers a bridging course for disadvantaged learners who have not attained a Grade 12 or equivalent qualification.

³² Mentor is the Business Administrators’ Education Foundation and aims to give young South Africans access to business skills to improve their employability. It also supports and promotes learnerships. (See ICSA’s Information file on Mentor.)

³³ ICSA Annual Review 2006; The role of a governance professional is to champion and advise on best practice in governance, drive a compliance framework to uphold an organisation’s integrity, act as consultant on standards of ethical and corporate behaviour, and bridge the gap between interests of the board, management and stakeholders. (See www.csaust.com.)

Table 3-1 Membership levels, requirements and designations of Chartered Secretaries Southern Africa

Membership class		Professional body	Membership requirements	Designation
1	Affiliate CIBM	Chartered Institute of Business Management (CIBM)	Complete Programme 1 on CIS International Qualifying Scheme	Affiliate CIBM
2	Licentiate CIBM	Chartered Institute of Business Management (CIBM)	Complete Programme 2 on CIS International Qualifying Scheme	Licentiate CIBM
3	Associate CIBM	Chartered Institute of Business Management (CIBM)	Complete Programme 3 on CIS International Qualifying Scheme (Professional Entry Scheme)	Associate CIBM
4	Fellow CIBM	Chartered Institute of Business Management (CIBM)	Complete Programme 4: CIS International (Postgraduate) Qualifying Board Examinations	GradICSA ³⁴ or Fellow CIBM
5	Associate of CIS	Chartered Institute of Secretaries (CIS)	CIS International Qualifying Board Exam + CPD + corporate governance experience + 3-6 years relevant working experience	Chartered Secretary (ACIS)
6	Fellow of CIS	Chartered Institute of Secretaries (CIS)	International qualifying Board + 6 years senior management experience	(FCIS)

Source: Compiled from ICSA Annual Review 2006; Business Education Brochure on CIS careers; www.icsa.co.za.

In June 2007 Chartered Secretaries Southern Africa had 2 500 members who were chartered secretaries and another 1 000 people held different levels of membership in the CIBM.³⁵ When viewed worldwide, ICSA serves as the professional forum for 46 000 members and 27 500 students in 70 countries.³⁶

Chartered Secretaries Southern Africa reported an increase in demand by professionals and graduates who applied to write the CIS International Qualifying Board Examinations.³⁷

3.6.3 Role and function of organisation

The core focus of Chartered Secretaries Southern Africa is benchmarking for membership of three institutes, namely the Institute of Business Management (IBS), Chartered Institute of Business Management (CIBM) and the Chartered Institute of Secretaries (CIS). The organisation is not directly

³⁴ GradICSAs are CIBM members who are undergoing experiential learning in the workplace before they become eligible for Associate Membership of Chartered Secretaries. (See ICSA Annual Review 2006.)

³⁵ Interview in June 2007 with Mr Chris de Villiers, Chief Executive Officer of Chartered Secretaries, Southern Africa.

³⁶ www.icsa.co.za.

³⁷ ICSA Annual Review 2006.

involved in the provision of education and training, but administers examinations and conducts assessments to determine whether students have met the competency requirements for membership at a particular level.

The organisation enforces a strict code of conduct with which all members are required to comply. It promotes best practice in all areas of corporate governance. With its worldwide reach, the CIS provides a global voice on boardroom and regulatory issues for members and for commerce and industry.

Chartered Secretaries Southern Africa offers a range of support services to its members and students, such as technical advice on local and international legislation and regulations, networking opportunities, and guidelines for ethical and appropriate corporate conduct. Support is also provided through various publications, including Technical Newsletter (a monthly electronic newsletter), BoardRoom (the bi-monthly official journal of the Institute), several booklets on best practice, the Membership Handbook, ICSA Red Flag law updates (an electronic updating service on new legislation) and electronic study textbooks for the CIS International Board Examinations.³⁸

3.6.4 Qualifications and designations

The CIS International Qualifying Scheme was outlined in Table 3-1 above in relation to the levels of membership. This scheme comprises three programmes and focuses on financial accounting, economics, information systems, commercial law, taxation, management principles, management accounting, corporate law, and strategic and operational management. Success at these three levels enables learners to enrol for a fourth CIS programme, which culminates in the CIS International Qualifying Board Examinations.³⁹ All four programmes in the CIS International Qualifying Scheme and two IBS programmes lead to qualifications that are registered on the NQF. Table 3-2 summarises the professional programmes recognised by Chartered Secretaries Southern Africa and the equivalent SAQA-registered qualifications and the NQF levels at which they are registered.

³⁸ ICSA Annual Review 2006.

³⁹ ICSA Annual Review 2006.



Table 3-2 Chartered Secretaries Southern Africa programmes and links with SAQA-registered qualifications

CIS and IBS Registrations	SAQA qualification IDs	SAQA qualification titles	NQF level
IBS level 3	SAQA ID: 23655	National Certificate: Business Administration Services	3
IBS level 4	SAQA ID: 49129	FETC Certificate in Management and Administration	4
CIS Programme 1	SAQA ID 49126	National Certificate in Management and Administration	5
CIS Programme 2	SAQA ID 50222	National Certificate in Governance and Administration	5
CIS Programme 3	SAQA ID 50224	National Certificate in Governance and Administration	6
CIS Programme 4 and CIS International Qualifying Board Examinations	SAQA ID 50223	National Certificate in Governance and Administration	7

Source: Adapted from ICSA Annual Review 2006.

Chartered Secretaries Southern Africa administers the programmes in the CIS Qualifying Scheme in terms of the qualifying criteria set by the ICSA International body and certificates are issued to successful learners who have complied with the criteria.⁴⁰ It also administers the CIS International Qualifying Board Examinations, which are set and recognised internationally at postgraduate level.⁴¹

For appointment as a chartered secretary (and election as an Associate of Chartered Secretaries Southern Africa), an applicant must submit proof of relevant experience over six years in work areas such as general management and administration, accounting and financial management, company secretarial and legal work, information systems management, and committee administration.⁴² Proof takes the form of a portfolio of evidence that must be signed off by referees or superiors in the organisation where the applicant worked.⁴³ In addition, applicants must furnish a full career record.⁴⁴

⁴⁰ ICSA Annual Review 2006.

⁴¹ ICSA Annual Review 2006.

⁴² ICSA Member Handbook, International Standard – version April 2006, Chapter 3.

⁴³ Interview in June 2007 with Mr Chris de Villiers, Chief Executive Officer of Chartered Secretaries, Southern Africa.

⁴⁴ ICSA Member Handbook, International Standard – version April 2006, Chapter 3.

Chartered Secretaries Southern Africa grants exemptions from certain courses or programmes in the CIS International Qualifying Scheme if the learner has achieved relevant academic outcomes. Graduates from South African Universities who hold relevant degrees in accounting and business administration are permitted to proceed directly to the Qualifying Board Examination, which requires intensive self-study.⁴⁵ Usually, such learners are granted membership of the CIBM which caters for professionals who have not yet achieved the status of chartered secretary.⁴⁶

The Institute of Business Studies (IBS) registered two entry-level learnerships – the National Certificate in Business Administration at NQF levels 3 and 4 respectively. The level 3 qualification is regarded as an open-access qualification in business administration.⁴⁷ Both these learnerships are registered with the Department of Labour.

3.6.5 Quality assurance functions

Chartered Secretaries Southern Africa works closely with the Services SETA, which performs quality assurance functions with regard to the qualifications and learnerships mentioned in Section 3.6.4 above. The Council of ICSA International sets the international standard for admission to the profession of chartered secretary.⁴⁸ Standards for the Qualifying Board Examination are set internationally. Examination papers are marked and assessed by Chartered Secretaries Southern Africa locally and the Professional Standards Committee of ICSA International acts as the ultimate external moderator on the work performed by Chartered Secretaries Southern Africa.⁴⁹

Chartered Secretaries Southern Africa believes that it is evolving from a purely professional body serving member needs to an independent assessment body and it has submitted a formal application to Umalusi⁵⁰ to conduct assessments in partnership with the latter body.⁵¹

⁴⁵ Interview in June 2007 with Mr Chris de Villiers, Chief Executive Officer of Chartered Secretaries, Southern Africa.

⁴⁶ ICSA Annual Review 2006.

⁴⁷ ICSA information file on Mentor.

⁴⁸ ICSA Member Handbook, International Standard – version April 2006, Chapter 3.

⁴⁹ Interview in June 2007 with Mr Chris de Villiers, Chief Executive Officer of Chartered Secretaries, Southern Africa.

⁵⁰ Umalusi is a statutory organisation that monitors and improves the quality of general and further education and training in South Africa. It monitors the standards of qualifications, moderates learner achievements, and evaluates training providers' capacity to deliver and assess qualifications and learning programmes against set quality standards. (www.umalusi.org.za).

⁵¹ Interview in June 2007 with Mr Chris de Villiers, Chief Executive Officer of Chartered Secretaries, Southern Africa.

3.6.6 Organisational capacity and infrastructure

Chartered Secretaries Southern Africa is governed by a board of directors that assumes a policy-making and strategic role. The executive committee deals with policy implementation and goals set by this board. The CEO is responsible for operational matters, the daily administration of the organisation, and also liaises directly with SAQA and SETAs. At the time this report was written, Chartered Secretaries Southern Africa employed 16 full time staff members, two quality assurance managers and one technical advisor.

Key operational areas include logistics (customer services, accounts, IT and examinations) and membership administration. Designated committees deal with governance, education and admissions. The Technical Committee of Chartered Secretaries Southern Africa consists of members of the organisation who are experts in law, accounting, tax, professional practice, and related fields and who advise the organisation on documents released for public comment, technical matters relevant to corporate governance and administration, and also on how the organisation should position itself for greater recognition as a qualifying body in corporate governance.⁵² The Technical Committee forms work groups in areas such as legislation and practice, accounting, tax and practice, professional practice, and CPD. Some non-core operational functions are outsourced.⁵³

Internationally, ICSA has divisions in the UK, Australia, Canada, South Africa and New Zealand and associations in Hong Kong, Malaysia, Singapore and Zimbabwe.⁵⁴

3.6.7 Continuous professional development

Chartered Secretaries Southern Africa endorses compulsory CPD to ensure that its members remain in good standing as competent and informed professionals. The organisation has largely adopted the CIMA model and an output-based approach for CPD. Members are required to design their own CPD programmes based on their particular career paths and the need to remain effective as professionals. Members log their CPD programmes with the organisation and keep a record of how they meet their own development objectives. Apart from retaining their portfolio of evidence on CPD activities, it is mandatory for members to submit a short report with their attestations regarding CPD. Although the

⁵² ICSA Annual Review 2006.

⁵³ Interview in June 2007 with Mr Chris de Villiers, Chief Executive Officer of Chartered Secretaries, Southern Africa; ICSA Member Handbook, International Standard – version April 2006, Chapter 4.

⁵⁴ www.icsa.co.uk.

CPD programmes are individual and self-regulating, they are compulsory for all members. Chartered Secretaries Southern Africa conducts spot audits on members' submissions.⁵⁵

3.7 Independent Regulatory Board for Auditors (IRBA)

3.7.1 The organisation

The Independent Regulatory Board for Auditors (IRBA) is a statutory body established by the Auditing Profession Act, 25 of 2006 to regulate and control the auditing profession. Through the regulation of services rendered by registered auditors, the IRBA protects the financial interests of the people of South Africa and other stakeholders so that they can rely on the competence, good faith, and integrity of such auditors.⁵⁶ The IRBA is the successor body to the former Public Accountants' and Auditors' Board (PAAB), which was constituted in terms of the Public Accountants and Auditors Act, 80 of 1991. All property, rights and obligations of the PAAB became vested in the IRBA.

The auditing profession is a sub-component of the accountancy profession specialising in public auditing. Following qualification, accountants entering public practice are required to register with the IRBA and are governed by its regulations.⁵⁷ In essence, all auditors and public accountants who conduct audits⁵⁸ and perform the attest function must be registered with and licensed annually by the IRBA. Both individuals and firms practising as auditors are required to register.⁵⁹ Qualified accountants who do not enter public practice are not subject to the jurisdiction of the IRBA, but are subject to the jurisdiction of professional accounting bodies such as SAICA, SAIPA, ACCA, CIMA and SAIGA (Southern African Institute of Government Auditors).⁶⁰

The IRBA is funded by prescribed fees payable by registered auditors, moneys accruing to it by the imposition of sanctions, and by money appropriated by Parliament.⁶¹ The budget and strategic plan of the regulatory board are submitted annually to the Minister of Finance, in terms of the Public Finance Management Act, 1 of 1999.

⁵⁵ Interview in June 2007 with Mr Chris de Villiers, Chief Executive Officer of Chartered Secretaries, Southern Africa; ICSA Member Handbook, International Standard – version April 2006, Chapter 5.

⁵⁶ www.irba.co.za; www.saica.co.za.

⁵⁷ www.irba.co.za.

⁵⁸ According to Section 1 of the Auditing Profession Act, 25 of 2006 “audit” means: “the examination of, in accordance with prescribed or applicable auditing standards, financial statements with the objective as to expressing an opinion as to their fairness or compliance with an identified financial reporting framework and any applicable statutory requirements; or financial and other information, prepared in accordance with suitable criteria, with the objective of expressing an opinion on the financial and other information”.

⁵⁹ Section 1 of the Auditing Profession Act, 25 of 2006.

⁶⁰ The respective roles and functions of these professional accounting bodies are considered in this chapter.

⁶¹ Section 25 of the Auditing Profession Act, 25 of 2006.

3.7.2 Members

Since it is a regulatory institution, the IRBA does not have a membership base of individuals or professional firms. It is governed by a board, whose members are appointed by the Minister of Finance on the basis of their competence, knowledge and experience to manage and guide the statutory activities of the IRBA, and must include members of the auditing profession itself. The Minister of Finance is the executive authority and may designate officials from the National Treasury as ministerial representatives to participate as observers at board meetings.⁶²

3.7.3 Role and function of organisation

The IRBA executes statutory duties and functions. It is obliged to promote the integrity of the auditing profession, including investigating alleged improper conduct, conducting disciplinary hearings, imposing sanctions for improper conduct, and conducting practice reviews or inspections.⁶³ It has to take measures to protect members of the public in their dealings with registered auditors and prescribes standards of professional competence, ethics, and conduct for registered auditors. The IRBA must also prescribe auditing standards and promote education and research in matters concerning the profession.

Statutory provisions⁶⁴ mandate the IRBA to establish committees to assist it in the performance of its functions, including committees for: auditor ethics; auditing standards; education, training and professional development; inspections; investigations; and disciplinary matters.⁶⁵

The regulatory board performs practice reviews of individual audit practitioners to monitor compliance by registered auditors with appropriate levels of professional standards in the performance of the attest function. A secondary objective is to provide guidance to practitioners to assist them to improve their standards.⁶⁶

By prescribing minimum requirements for the accreditation of professional bodies representing auditors and public accountants and maintaining a register of such accredited bodies, the IRBA

⁶² Section 29 of the Auditing Profession Act, 25 of 2006.

⁶³ Section 2 of the Auditing Profession Act, 25 of 2006.

⁶⁴ Section 20 of the Auditing Profession Act, 25 of 2006.

⁶⁵ Sections 20 to 24 of the Auditing Profession Act, 25 of 2006.

⁶⁶ www.irba.co.za.

exercises control over the profession.⁶⁷ At the time this report was written, the IRBA had accredited only SAICA, but was planning to extend invitations for accreditation to other professional bodies.⁶⁸

With regard to the registration of auditors, the IRBA prescribes minimum qualifications, competency standards and registration requirements; keeps a public register; determines the duration of registration; and terminates registration in accordance with legislation.⁶⁹

In the international arena, the IRBA participates in activities of global standard-setting bodies such as IFAC and cooperates with international regulators in matters concerning audits and the profession. To ensure consistency between South African auditing standards and those set by the International Auditing and Assurance Standards Board (IAASB) of IFAC, the IRBA has adopted IFAC's international suite of standards. The IRBA makes inputs to drafts on auditing standards proposed by these international bodies.⁷⁰

3.7.4 Qualifications and designations

The Auditing Profession Act authorises the IRBA to control and maintain the regulatory framework for the education and training of adequate numbers of competent and disciplined registered auditors, to serve the needs of South Africa. In this regard the regulatory board may recognise educational qualifications or programmes or continued education, training and educational development in the auditing profession of educational institutions and accredited professional bodies. It may also withdraw such recognition⁷¹ The IRBA may itself conduct qualifying examinations or recognise accredited professional bodies to conduct qualifying examinations for auditing.⁷²

Currently, the IRBA shares many of its duties regarding education and training with SAICA. In practice, the IRBA permits SAICA as an accredited professional body to monitor standards in academic accountancy programmes run by universities, set the professional qualifying examination for accountants (QE1), and oversee delivery and quality of the three-year workplace training programme⁷³ for auditors and professional accountants. SAICA also accredits the providers of the

⁶⁷ Section 5 of the Auditing Profession Act, 25 of 2006.

⁶⁸ Interview in June 2007 with Mr Ugandra Naidoo, Director Education, Training and Professional Development of the IRBA.

⁶⁹ Section 6 of the Auditing Profession Act, 25 of 2006.

⁷⁰ Interview in June 2007 with Mr Ugandra Naidoo, Director Education, Training and Professional Development of the IRBA .

⁷¹ Section 7 of the Auditing Profession Act, 25 of 2006.

⁷² Section 7 of the Auditing Profession Act, 25 of 2006.

⁷³ There are two formal workplace training programmes registered by SAICA as learnerships with Fasset and the Department of Labour. These are known as: Chartered Accountant: Auditing; and Chartered Accountant: Financial Management.

audit specialism course, and the IRBA monitors the accreditation processes and quality assurance performed by SAICA in respect of these providers.⁷⁴

The IRBA is responsible for the Audit Specialism Programme (APT) and sets the qualifying examination (known as QE2 or the Public Practice Examination (PPE)) to assess professional competence in auditing of those trainees in the public practice training route. Trainees write the PPE after completing a minimum of 18 months of their three-year training contract.

Members of an IRBA-accredited professional body who are also licensed as auditors in public practice may use the designation “Registered Auditor”.

3.7.5 Quality assurance functions

As part of its statutory quality assurance functions, the IRBA monitors annually whether accredited professional bodies continue to meet prescribed requirements for professional development and competence, that appropriate mechanisms support the CPD of members, and that proper disciplinary practices are followed. SAICA is mandated to operate the Training in Public Practice (TIPP) Programme for accountants and auditors and, in turn, the IRBA monitors the SAICA processes.

In practice, the IRBA assesses whether SAICA (as the only accredited professional body at the time of reporting) adheres to processes and procedures to accredit training providers, monitors workplace training and CPD, and coordinates education and training delivery in accordance with required standards. In this way, the IRBA’s quality assurance functions focus more on oversight of the standards maintained by and activities of professional bodies than on direct accreditation of such bodies.⁷⁵ In addition, the IRBA assesses whether accredited financial bodies remain financially and operationally viable into the foreseeable future. The outcomes of these quality assurance functions determine whether or not the professional body may retain its accreditation under the Auditing Profession Act.⁷⁶

3.7.6 Organisational capacity and infrastructure

At the time this report was written, the IRBA employed 56 permanent staff members, and it expected to employ more people to enable the body to meet all its obligations. The practice review department

⁷⁴ Input by Mr Ugandra Naidoo, Director Education, Training and Professional Development of the IRBA.

⁷⁵ Interview in June 2007 with Mr Ugandra Naidoo, Director Education, Training and Professional Development of the IRBA.

⁷⁶ www.irba.co.za.

conducts site visits to registered auditors to ensure that they continue to meet prescribed standards of practice.

The education, training, and professional development department administers the examination for professional competence in auditing – the Public Practice Examination (PPE) – and monitors standards set by professional bodies with regard to academic training, core assessment of professional competence, and training contracts in the workplace.

The regulatory board's auditing standard-setting structures are aligned to the auditing standard-setting structures of IFAC. In this regard two IRBA structures play prominent roles. First, the Auditing and Assurance Standards Board (AASB) develops and maintains auditing pronouncements in the greater public interest by ensuring consistency, where possible, between South African auditing pronouncements and pronouncements of the International Auditing and Assurance Standards Board (IAASB) of IFAC.⁷⁷ Second, the Consultative Advisory Group (CAG) serves as an advisory body to the AASB on technical matters, work programmes, and prioritisation of projects.⁷⁸

3.7.7 Continuous professional development

The IRBA prescribes requirements for the CPD of members of accredited professional bodies and oversees the CPD processes and activities of those bodies. It also specifies learning areas and CPD requirements relevant for auditors, which focus on technical knowledge, skills for audit practice, and ethical values. Registered auditors are required to furnish proof of their CPD activities every year, failing which their licence may be revoked.⁷⁹

3.8 Institute of Administration and Commerce (IAC)

3.8.1 The organisation

The Institute of Administration and Commerce (IAC) is a professional association of qualified accountants, administrators, managers, and business people engaged in administrative, financial and managerial activities in commerce, industry and the public sector.⁸⁰ It was established in 1927 to meet education needs in business and administration and to assess knowledge of accounting and business management. The IAC fulfils the dual role of a professional management association and

⁷⁷ www.irba.co.za.

⁷⁸ www.irba.co.za.

⁷⁹ Interview in June 2007 with Mr Ugandra Naidoo, Director Education, Training and Professional Development of the IRBA.

⁸⁰ www.iacsa.co.za/page-ethics.htm.

an examining body.⁸¹ The IAC is registered as a not-for-profit organisation and has applied to be registered as a Public Benefit Organisation (PBO) in terms of Section 30 of the Income Tax Act.⁸²

3.8.2 Members

Various grades of professional membership are conferred and these reflect members' status as professional administrators or managers.⁸³ The following hierarchy of membership is recognised:

- Associate members are usually recently graduated learners with diplomas in accounting and former full-time students without working experience and use the designation "AIAC".
- Full members of the IAC are graduates with at least six years' relevant work experience, of which one year must be at middle management level. They use the designation "MIAC".
- Fellows of the Institute (FIAC) qualify after holding full membership for five years and serving in a senior management position for at least five years.
- Accounting officers have completed a degree or diploma with mandatory subjects (financial accounting, taxation, auditing or internal auditing, and company law) and have relevant and verifiable practical accounting experience, or have undergone three years' structured, supervised training (completed articleship), or have gained six years' accounting experience at a supervisory or management level.⁸⁴

Before applicants are admitted as accounting officers, they are subjected to a rigorous oral examination to assess their competency in accounting. Accounting officers of the IAC are allowed to register as accounting officers for close corporations under the provisions of Section 60 of the Close Corporations Act, 69 of 1984. At the time this report was written, the IAC had 830 members who met the technical requirements set for accounting officers and another 250 who met the requirements of the other three membership categories.

During 2007 the IAC audited all its membership records to ensure that registered members continued to meet the minimum technical accounting requirements.

⁸¹ According to Ms Geraldine Johnson, the examinations coordinator at the International Colleges Group (ICG) in Cape Town, the IAC acts as a quality assurance body for the registered qualifications offered by the ICG.

⁸² www.iacsa.co.za/index.htm.

⁸³ www.iacsa.co.za/page-ethics.htm.

⁸⁴ www.iacsa.org.za.

3.8.3 Role and function of organisation

The institute is primarily concerned with formal business and management education.⁸⁵ The IAC is not a direct provider of education and training, but sets learning curricula and acts as examining body for professional examinations.⁸⁶ Education provision on the IAC courses are outsourced to several higher education private training institutions, such as Varsity College and Lyceum College, which provide course material and administer examinations on behalf of the IAC.⁸⁷

The institute promotes the recognition and acceptability of the IAC designation, maintains its professional status through a code of conduct, and takes corrective disciplinary action against members if the code is contravened. Apart from lobbying government on accounting and business issues, the IAC provides regular technical updates for members on relevant accounting, legal, and practical business matters.

3.8.4 Qualifications and designations

The IAC offers professional examinations based on its qualifications and these lead to the award of certificates and diplomas in management, business, and accounting.⁸⁸ The qualifications enable appropriately qualified candidates to follow tertiary-level courses of study relevant to their fields of interest and to meet the requirements of commerce, industry, and the public sector. The IAC played a leading role in the registration with SAQA of the qualifications summarised in Table 3-3 below.

⁸⁵ www.iacsa.co.za/page-ethics.htm.

⁸⁶ www.iacsa.co.za/page-ethics.htm.

⁸⁷ Information obtained during a personal interview in June 2007 with Mr Eshaan Nagia, Acting General Manager of the IAC.

⁸⁸ The examinations are administered by the IAC's training partner, the International Colleges Group (ICG).

Table 3-3 Qualifications of the IAC

	Qualification	NQF level
1	National Diploma: Local Government	6
2	National Diploma: Management	6
3	National Diploma: Office Administration	6
4	National Diploma Sport Management and Coaching	6
5	National Higher Certificate: Local Government	5
6	National Higher Certificate: Management	5
7	National Certificate: Office Administration	5
8	National Higher Certificate: Sport Management and Coaching	5
9	National Certificate: Local Government	5
10	National Higher Certificate: Management	5
11	National Certificate: Office Administration	5
12	National Certificate: Sport Management and Coaching	5

Source: Geraldine Johnson, Examinations Coordinator at the International Colleges Group (ICG) in Cape Town.

Learners working towards the National Diploma: Management may specialise in ten areas. Successful candidates in the financial accounting specialism may attain the status of accounting officer. Other areas of specialisation include cost and management accounting, credit management, general management, corporate management, marketing, human resources development, human resources management, public relations, and labour relations.⁸⁹

The ICG, a distance learning institution, acts as training provider and administrator of examinations for these qualifications on behalf of the IAC.⁹⁰ The institute sets curricula and ensures that the curricula for the training programmes linked to these qualifications are reviewed annually by a panel of subject matter experts from industry. The IAC board monitors the process and undertakes some quality assurance review functions in respect of curriculum content.

The institute recognises other and equivalent accounting qualifications registered with SAQA on the same level as the IAC qualifications.

⁸⁹ Information obtained from Geraldine Johnson, Examinations Coordinator at the International Colleges Group (ICG) in Cape Town.

⁹⁰ Interview with Mr Nagia, Acting General Manager of the IAC, and from information furnished by the ICG.

The institute has not registered a learnership, but it hopes to endorse an existing learnership or to develop a relevant learnership in due course. It has also mooted the possibility of cooperating with another professional body to offer a learnership on a partnership basis. Such a learnership will serve as a vehicle to provide practical training to accounting graduates and to encourage IAC members to take on learners while benefiting from SETA grants.

The IAC has developed a logbook of practical accounting training in the workplace. Employers who use this logbook can ensure that they expose trainees to all relevant aspects of accounting and monitor trainees' progress in a structured manner.

3.8.5 Quality assurance functions

The IAC does not undertake statutory or regulatory quality assurance functions under the SAQA dispensation. However, it promotes professional and ethical conduct and takes disciplinary action against members who breach its code of ethics and professional conduct. In addition, the institute promotes corporate governance and strives to maintain professional standards in accounting and business. The organisation is actively involved in the annual review of syllabi for training offered by the ICG to learners working towards the IAC qualifications set out above.

3.8.6 Organisational capacity and infrastructure

Four permanent staff members are employed to oversee the day-to-day running of the institute. Activities include liaison between head office and regional committees, oversight of technical and taxation matters, disciplinary cases assessed under the institute's code of ethics, membership support, finance, and internal audit.

3.8.7 Continuous professional development

CPD initiatives are driven at regional level and take the form of workshops, meetings and discussions of topical issues. Members are encouraged to undertake their own learning and development activities. The IAC sets minimum CPD requirements for accounting officers of at least 30 hours per year and for a period of three years, in order for membership to be retained. Of the 30 hours required per member annually, a minimum of 15 hours should be devoted to structured training with a further 15 hours allocated to self-initiated, unstructured development.

3.9 Institute of Certified Bookkeepers (ICB)

3.9.1 The organisation

The ICB is a professional body for junior bookkeepers, senior bookkeepers, technical financial accountants, and financial managers of small businesses. The organisation was founded in 1931 with the aim of training qualified bookkeepers and promoting bookkeeping qualifications in Southern Africa. Since its inception, thousands of learners have completed their studies through the ICB, which today is the largest bookkeeping professional body in South Africa. In 2000 the Institute of Financial Accountants (IFA) and the International Association of Bookkeepers (IAB), both based in the United Kingdom, purchased the ICB. Together the ICB, IFA and IAB are represented in more than 100 countries around the world, and more than 35 000 bookkeepers, accounting technicians and financial accountants are members of these three professional bodies.⁹¹

3.9.2 Members

By mid 2007 the ICB had more that 3 000 registered members⁹² (most of whom were student members). Membership is offered at different levels, depending on the level of qualification held. Members are entitled to use professional designations in accordance with the level of membership held, as set out in Table 3-4 below, and are required to pay annual membership subscriptions that vary according to their level of membership.

Prospective members may apply for membership and assessment through RPL in accordance with the ICB's policies and procedures.

⁹¹ www.icb.org.za/aboutus.asp; Institute of Certified Bookkeepers: Mission, Vision and Objectives for 2007.

⁹² www.icb.org.za/aboutus.asp; Accessed 20 April 2008.

Table 3-4 Membership of the ICB

Membership Level	Qualification	NQF level	Type	Designation
Student	Studying towards one of Institute's qualifications			None
Affiliate	National Certificate in Small Business Financial management	NQF 4	Qualification	AfICB(SA)
	Pastel Payroll Administration		Short Course	AfICB(SA) Payroll
	Certificate in Practical Bookkeeping		Short Course	AfICB(SA)
Member	Certificate in Practical Bookkeeping and Accounting		Short Course	MICB(SA)
Fellow	National Diploma: Technical Financial Accounting	NQF 5	Qualification	FICB(SA)/CTFAIcb(SA)
Certified Junior Bookkeeper	National Certificate: Bookkeeping*	NQF 3	Qualification	CJIcb(Sa)
Certified Senior Bookkeeper	Further Education and Training** Certificate: Bookkeeping	NQF 4	Qualification	CSBIcb(SA)

Source: Adapted from www.icb.org.za/routes.asp

* Replaced the Certificate for Registered Accounting Clerk (NQF 3)

** Replaced the Certificate for Registered Bookkeepers

3.9.3 Role and function of organisation

The main focus of the ICB is to conduct professional assessments for people who wish to embark on a career in bookkeeping and accounting. In particular, the ICB acts as assessment body for the eight qualifications designed for junior bookkeepers, senior bookkeepers, accounting technicians, small business financial managers, office administrators and financial accountants. The ICB also conducts assessments of other programmes of some training providers. In terms of an agreement with Damelin, the ICB will assess and qualify accounting learners through the Fasset structures.

Apart from coordinating several training programmes, learnerships and short course programmes, the institute is involved with the development and registration of further qualifications. The ICB provides a variety of member support services, such as: seminars on topical issues; networking opportunities; updated tax information; and access to a bookkeepers' forum operated by a provider of bookkeeping software. It also offers members access to information on the latest developments in the field of accounting, including a technical help desk on accounting and related matters.⁹³

The ICB liaises extensively with other role-players such as professional bodies in the finance and accounting sector, commerce and industry, and with SAQA.

⁹³ www.icb.org.za/aboutus.asp.

3.9.4 Qualifications and designations

The ICB actively seeks accreditation and recognition of its learning and skills development programmes. Eight ICB qualifications are registered on the NQF and these are set out in Table 3-5 below.

Table 3-5 Qualifications of the ICB registered with SAQA

Qualification	NQF level
Certificate for Registered Accounting Clerk	3
Certificate for Registered Bookkeeper	4
National Certificate: Small Business Financial Management	4
National Diploma: Technical Financial Accounting	5
Certificate: Office Administration	5
Higher Certificate: Office Administration	5
Diploma: Office Administration	6
National Diploma: Financial Accounting	6

Source: www.icb.org.za/learnership.asp; interview with Mr Andrew Carlsson, Chief Executive, in June 2007.

Learners who hold equivalent or higher qualifications from recognised and accredited institutions may apply to the ICB on an individual basis for exemption from certain learning areas that form part of the qualifications.

At the time this report was written, the ICB had developed further programmes with the intention of registering these as unit standard-based qualifications with SAQA. (See Table 3-6.)

Table 3-6 New ICB programmes and proposed qualifications

ICB Programme	Proposed qualification (with relevant fundamental units)
Junior Bookkeeper: Trial Balance	National Certificate Bookkeeping NQF level 3
Junior Bookkeeper: Payroll and Monthly SARS Returns	
Junior Bookkeeper: Computerised Bookkeeping	
Senior Bookkeeper: Financial Statements	FETC Bookkeeping to Financial Statements NQF 4
Senior Bookkeeper: Cost and Management Accounting	

Source: Institute of Certified Bookkeepers: Assessment and Recognition of Prior Learning Policy and Procedure for 2007.

The ICB aims to be the professional body of choice for accounting and financial professionals who hold qualifications at levels 3 to 6 on the NQF. As part of its future growth strategy, the ICB plans to introduce a general qualification in financial accounting at level 6.

Five of the ICB qualifications may be obtained via learnerships that are registered with Fasset and the Department of Labour. (See Table 3-7 below.) Fewer than one per cent of ICB members are participating in learnerships.

Table 3-7 ICB-registered learnerships

Learnership	NQF level
Certificate for Registered Accounting Clerk	3
Certificate for Registered Bookkeeper	4
National Certificate: Small Business Financial Management	4
National Diploma: Technical Financial Accounting	5
Certificate: Office Administration	5

3.9.5 Quality assurance functions

The ICB is a QAP of Fasset for all of its qualifications registered on the NQF. The professional body sets, marks, and moderates examinations for its qualifications. As part of its quality assurance role, the ICB conducts summative assessments that are verified by Fasset and, once all the credits are obtained, learners are awarded the relevant qualification by Fasset (which acts as the primary ETQA).

The institute has accredited more than 50 private sector and public sector training institutions as accredited training providers that provide tuition towards ICB qualifications.⁹⁴ It also accredits workplace training providers where learners are able to undergo experiential learning under the five ICB learnerships. In terms of its quality assurance functions, the ICB monitors the training providers.

3.9.6 Organisational capacity and infrastructure

The institute is managed by a board of directors and the CEO oversees ongoing operations. The ICB employs five other full-time employees to manage membership services, coordinate assessments, and conduct quality assurance functions. Part-time employees are responsible for financial management and marketing. Several functions and services such as assessment, moderation, web design, IT support, and database development are outsourced and managed in terms of specific contracts.

3.9.7 Continuous professional development

For ICB members, ongoing professional development will become more important in the future. At the time this report was written, the ICB was in the process of drafting a CPD policy which will require members to participate annually in verifiable structured learning as well as job-relevant unstructured learning activities.

3.10 Institute of Internal Auditors (IIA)

3.10.1 The organisation

The IIA SA is a voluntary association incorporated not-for-gain and is affiliated as a National Institute to the international Institute of Internal Auditors Inc (IIA Inc). Apart from promoting the profile and standing of the profession, the IIA exists to service member needs. In particular, the IIA SA upholds and supports the code of ethics and international standards for the professional practice of internal auditors (of which the IIA is the creator and custodian). The IIA-SA also provides learning and skills development opportunities for internal auditors and offers guidance to the profession, commerce, and industry.⁹⁵

⁹⁴ www.icb.org.za/training.asp.

⁹⁵ www.iiasa.org.za.

3.10.2 Members

The institute's members work in a variety of economic sectors, including: agriculture, forestry, and fisheries; mining; contract construction; manufacturing; transportation, communications, and utility services; wholesale and retail trade; financial, insurance and real estate services; education; and government.⁹⁶

Membership is offered in six categories, as summarised in Table 3-8 below.

Table 3-8 Membership of IIA SA

Category of membership		Requirements for registration as member
1	Full member	Any person holding: The designation CIA (Certified Internal Auditor), or A professional qualification or a relevant university Bachelors Degree, or practising internal auditing and a minimum of one year uninterrupted experience in internal auditing or a related field, e.g. external auditing
2	Associate	Any person who practises internal auditing, but who cannot currently qualify as a full member because of current qualification or experience
3	Affiliate	Any person not directly practising internal auditing (e.g. internal auditors who have moved into other fields, or audit committee members) and who wishes to retain an affiliation with the IIA SA
4	Student	Any person engaged in the full-time tertiary study of internal auditing at a recognised college or university, limited to five-year duration
5	Retired	Those who have retired from active employment and are members in good standing of the IIA
6	Honorary	Those people proposed and approved by the board of directors in recognition of outstanding service to the profession or IIA

Source: Adapted from www.iiasa.org.za/

At the time this report was written, the institute had 5 000 members in South Africa. The international body serves more than 130 000 members around the world.⁹⁷ The IIA SA ascribes its significant growth in membership of almost 30% over the period 2005 to 2007 to the increased focus on corporate governance and risk-management practices in the private and public sectors.⁹⁸

⁹⁶ www.iiasa.org.za/.

⁹⁷ www.theiia.org/aboutus.

⁹⁸ Interview in May 2007 with Ms Veronica du Preez, Chief Executive of the IIA SA.

3.10.3 Role and function of organisation

The IIA SA engages in a variety of functions, including initiatives to raise the reputation and status of the profession, as well as interventions to equip internal auditors with relevant skills through meetings, seminars, conferences, and training. The institute offers structured career development and administers examinations on behalf of IIA Inc.

The IIA SA promotes internationally set standards and a code of ethics for internal auditors to ensure that their members achieve recognition as competent, reputable, and trustworthy professionals. In South Africa, the IIA arranges for quality assessments on the standards for internal audit functions to be reviewed by a team of professional internal audit practitioners.

As part of its broad outreach activities, the institute educates public and private sector organisations on the role and functions of internal audit professionals. The IIA SA also lobbies government and business on legislation and issues pertaining to corporate governance, and liaises with other professional bodies on matters of common interest.⁹⁹

Specific membership services aim to offer up-to-date technical support, professional and ethical advice, access to relevant resources, networking opportunities and wider professional contact, and relevant information on current issues and practices. The IIA SA library collates technical products and publications relevant to the internal audit profession.

Furthermore, the IIA SA provides career guidance and disseminates information on the role of internal auditors at schools.

3.10.4 Qualifications and designations

Three qualifications make up the qualifications framework of IIA SA and are registered on the NQF. The qualifications and designations are based on the International Competency Framework of the IIA Inc. The following qualifications are registered on the NQF:

- Diploma: Technician Internal Auditing (NQF level 6);
- Postgraduate Diploma: General Internal Auditing (NQF level 7); and
- Postgraduate Diploma: Certified Internal Auditing (NQF level 7).

Qualified internal audit technicians use the professional designation “IAT (SA)” and the general internal audit practitioners use the designation “GIA (SA)”. Certified internal auditors may use the

⁹⁹ www.iiasa.org.za; Interview in May 2007 with Ms Veronica du Preez, Chief Executive of the IIA SA.

designation “CIA”, which is an internationally recognised designation. Anyone applying to use designations or to write examinations administered by the IIA SA is required to be a member of the IIA SA.

The institute was instrumental in developing the Internal Audit Technician (IAT) learnership, which is registered with the Bankseta and the Department of Labour as a two-year programme with modular technical training facilitated by IIA SA and a structured workplace training programme. The IIA SA provides employers with a workplace training logbook to record learners’ progress. Learners may apply for RPL in accordance with the Institute’s policies and procedures.

3.10.5 Quality assurance functions

Fasset performs quality assurance functions in respect of the three qualifications that make up the IIA SA Qualification Framework. At the time this report was written, the institute had applied to become a Quality Assurance Partner of Fasset for the IAT learnership. The organisation undertakes quality assurance functions outside the Fasset domain by supporting universities that offer degree programmes for internal auditing. In this regard, the IIA SA participates in syllabus review and faculty advisory committees and student career days, and provides access to research and literature.

3.10.6 Organisational capacity and infrastructure

The IIA SA is governed by a board of directors elected annually in accordance with provisions of its constitution. Ongoing daily operations, national and international liaison, and marketing are the specific responsibilities of the chief executive. A further 19 full-time staff members provide member services, technical services, education and training, marketing, finance, events management, and a variety of administrative functions. The head office is based in Gauteng and regional committees support members in regions.¹⁰⁰

3.10.7 Continuous professional development

The IIA SA presents in-house training and development interventions to a broad range of companies in commerce and industry to support their CPD programmes in internal auditing. The IIA’s CPD programme consists of short courses in relevant topics. From time to time the institute arranges conferences on governance and risk management or current and relevant topics identified by technical queries received and members’ needs.

¹⁰⁰ www.iiasa.org.za.

CIAAs are required to retain records and report annually to the IIA SA on their CPD.

3.11 Institute of Public Finance Accountants (IPFA)

3.11.1 The organisation

IPFA exists to develop skilled financial practitioners and to professionalise workers across all the financial disciplines in the public sector. In particular, the institute focuses on improving financial management in national and provincial government. IPFA was established as a professional body in 1996 to improve financial management throughout government by providing a professional "home" for officials involved in the finance arena. Its establishment coincided with a project on the future of accountancy education initiated by the former Public Accountants' and Auditors' Board (PAAB). The project proposed a tiered structure for the profession and sought to raise the status of public sector finance officers to levels on a par with accounting and finance professionals in the private sector.¹⁰¹

3.11.2 Members

IPFA members are usually employed in the fields of public finance, financial management, supply chain management, taxation, and internal audit or external audit in public sector organisations. Members can qualify for membership by obtaining an IPFA qualification in public sector accounting or through a process of RPL. Eight different membership classes and four tiers of membership are recognised, as set out in Table 3-9.

¹⁰¹ www.ipfa.co.za.

Table 3-9 Membership of IPFA

Level	Membership class	Typical occupations	Membership requirements
Tier 1	Registered Public Sector Financial Officer (RPSFO)	Accountants, Auditors, other specialist designations	Tier 2 membership + workplace experience + professional assessment
Tier 2	Registered Public Sector General Accountant (RPSGA)	General Accountant	Public Sector B.Com degree or equivalent + workplace experience + professional assessment, OR RPL + workplace experience + professional assessment
Tier 3	Registered Public Sector Accounting Technician (RPSAT)	Accounting Technician	Learnership NQF level 5 or Diploma in Public Sector Accounting + workplace experience + membership assessment, OR RPL + workplace experience + membership assessment
Tier 4	Registered Public Sector Accounts Administrator (RPSAA)	Accounts Administrator	Learnership NQF level 4 or Diploma in Public Sector Accounting + workplace experience + membership assessment, OR RPL + workplace experience + membership assessment
	Affiliate member		Members not employed in the public sector
	Specialist		Specialist with postgraduate qualification in a field other than accounting
	Student		Students studying in the financial field
	Honorary		Special designation conferred by IPFA

Source : www.ipfa.co.za.

The IPFA qualifications and their correlation with different membership levels are described in Section 3.11.4 below. At the time this report was written, IPFA had 419 members. Membership has dropped since 2006, which was the year IPFA introduced more stringent admission criteria. IPFA requires its members to uphold a code of ethics and conduct.

3.11.3 Role and function of organisation

The core function of the institute is to provide certification, facilitate accredited education and training, and to provide support to accounting practitioners in the public sector. IPFA also conducts research into new developments and lobbies government on legislation and relevant accounting, financial management and auditing issues. Because IPFA confers qualifications, it has de-registered as a training provider. Much of the training for IPFA qualifications is delivered by IPFA's commercial

partner, Public Finance IQ (PFiQ), which is accredited as an education and training provider by Fasset.¹⁰² A main focal point for the medium term will be to increase the pool of accredited providers for the IPFA public accounting qualifications offered at NQF levels 4 and 5.¹⁰³ The institute also hopes that universities will be able to provide course support and material for its postgraduate qualifications in financial management registered at NQF levels 6 and 7.¹⁰⁴

IPFA's CEO is a member of and represents a consortium of public sector bodies on the Fasset Board. Senior IPFA officers also play a leading role in skills planning and quality assurance functions performed by Fasset. Seminars and workshops on topical issues are held for members.

3.11.4 Qualifications and designations

The institute has developed four qualifications to address the skills needs of financial staff from entry level to CEO in the public sector. It has a qualifications framework comprising a four-tier structure, as summarised in Table 3-10. All four qualifications are registered on the NQF.

Table 3-10 Qualifications of IPFA

Qualification	NQF level	IPFA membership level
Postgraduate Diploma in Financial Management	7	Tier 1
Postgraduate Certificate in Financial Management	6	Tier 2
Diploma: Public Sector Accounting (Leadership)	5	Tier 3
Certificate: Public Sector Accounting (Leadership)	4	Tier 4

Source: www.ipfa.co.za.

IPFA has rolled out two public sector accounting learnerships at NQF levels 4 and 5, which are registered with Fasset and the Department of Labour. These learnerships are designed to address the critical skills shortage among public finance support staff. IPFA has highlighted specific challenges relating to the implementation of learnerships in the public sector, such as: learner selection due to the small pool of potential learners who meet functional numeracy and literacy requirements to enter a learnership leading to an NQF level 4 qualification; and the non-availability of effective mentors in the workplace.¹⁰⁵

¹⁰² Interview with Ms Zahra Cassim, Chief Executive of IPFA.

¹⁰³ Interview with Ms Zahra Cassim, Chief Executive of IPFA.

¹⁰⁴ Interview with Ms Zahra Cassim, Chief Executive of IPFA; www.ipfa.co.za.

¹⁰⁵ Interview with Ms Zahra Cassim, Chief Executive of IPFA; www.ipfa.co.za.

3.11.5 Quality assurance functions

Although IPFA has not applied to be a formal QAP of Fasset, it works closely with Fasset on all aspects of quality assurance in relation to IPFA qualifications and learnerships. At the time of reporting, Fasset performed all the quality assurance functions required for the IPFA qualifications. Fasset conducted quality assurance in respect of training delivered by PFiQ.

3.11.6 Organisational capacity and infrastructure

The Institute is governed by a council and a chief executive. It shares offices and infrastructure with the training provider PFiQ. IPFA provides membership support services and conducts marketing. A technical committee assists it by giving input into matters affecting public sector finance, recommending topics for articles and publications, and the provision of technical assistance to members.

The IPFA Education, Training and Membership Committee is specifically tasked to assist the institute to maintain high academic standards and the required knowledge, skills, values and attitudes nurtured through education and training in areas of public finance, financial management, and accounting.

3.11.7 Continuous professional development

IPFA supports lifelong learning and a commitment from its members to personal development but has not actively promoted CPD.¹⁰⁶ It has a policy for continuing professional learning, which focuses on self-development and updating of relevant competencies to keep financial professionals up to date. To align its CPD policies to international requirements set by IFAC, IPFA will look into adopting an outcomes-based model for CPD, according to which members will be required to submit evidence of training and personal learning.

3.12 South African Institute of Chartered Accountants (SAICA)

3.12.1 The organisation

SAICA serves the interests of its members and creates and maintains standards of practice and ethics. It is the custodian of the designations “CA(SA)”, “AGA(SA)” and “AAT(SA)”¹⁰⁷. SAICA’s mission is to serve the interests of the chartered accountancy profession and society by upholding

¹⁰⁶ Interview with Ms Zahra Cassim, Chief Executive of IPFA.

¹⁰⁷ The qualification requirements to use these designations are discussed in the sub-paragraph on SAICA’s qualifications and designations below.

professional standards and integrity, as well as the standing of SAICA nationally and internationally. Key strategic objectives are to: improve the competitiveness of chartered accountants and the CA(SA) brand; influence national and international agendas in areas relevant to the profession; and transform its member base.¹⁰⁸ When measured in terms of its membership, SAICA is the largest professional accounting body in South Africa.

SAICA can trace its historic origins to 1894 when the Institute of Accountants and Auditors was established to regulate the accounting profession. Various regional bodies developed over a period of 70 years and, in 1966, the National Council of Chartered Accountants was created. Unification between this council and various bodies was achieved in 1980 when SAICA was formed with 9 012 members.¹⁰⁹

SAICA is a non-profit, voluntary body and over years it has developed very close professional ties with the IRBA and its predecessor, the PAAB.

3.12.2 Members

SAICA recognises three categories of members: Chartered Accountant (CA(SA))¹¹⁰, Associate General Accountant (AGA(SA))¹¹¹, and Associate Accounting Technician (AAT(SA))¹¹². However in 2004 SAICA discontinued the AGA(SA) and AAT(SA) colleges and stopped marketing these two categories of membership.

Chartered accountants (CAs) are involved in a variety of economic activities in public practice such as: auditing/assurance, taxation, financial management, management consultancy, secretarial and accounting services, information technology, management accounting, corporate finance, forensic

¹⁰⁸ www.saica.co.za.

¹⁰⁹ www.saica.co.za.

¹¹⁰ To use the designation CA(SA), a person requires a tertiary qualification at honours level in accounting (The Certificate in Accounting (CTA) or an equivalent qualification) obtained at a SAICA-accredited University. In addition, the person must complete at least a three-year learnership with an accredited workplace training provider, including a specialism course in either financial management or auditing, and must pass two professional qualifying examinations: QE 1 tests professional competence in the four disciplines of financial accounting, auditing, management accounting and taxation. In addition, trainees who specialise in Auditing write the Public Practice Examinations (PPE) and those who specialise in Financial Management write the QE 2. The person must be registered with SAICA to be entitled to use the designation "CA(SA)".

¹¹¹ The designation "Associate General Accountant" (AGA(SA)) requires a tertiary qualification in Accounting, obtained at a SAICA accredited University or University of Technology. In addition, the person must complete a three-year learnership with an accredited workplace training provider and must pass the qualifying examination set by SAICA and register as a member of SAICA.

¹¹² To use the designation "Associate Accounting Technician" (AAT(SA)), a person must have obtained a Diploma in Accounting from a SAICA-accredited tertiary institution, successfully completed a two-year learnership with an accredited workplace training provider and must pass a competency examination set by SAICA and register as a member of SAICA.

auditing, and insolvency administration. In commerce and industry CAs record, monitor and interpret financial results; prepare and interpret financial statements; oversee reporting, cost accounting and computer systems; improve efficiencies and effectiveness to optimise financial results; and fulfil the roles of financial director, management accountant, financial specialist, and internal auditor as part of the senior management team.¹¹³

Associate general accountants (AGAs) act as accounting officers for close corporations, prepare financial statements, design and operate accounting systems to provide management information to run a business, conduct tax planning, and use information technology to perform diverse accounting functions. Associate accounting technicians (AATs) typically record and account for cash and credit transactions, record payroll and inventory transactions, log information from source documents into accounting systems, record capital transactions, prepare financial accounts and VAT returns, and prepare spreadsheets for cost analysis, budget analysis and cost and budget control.¹¹⁴

At the time this report was written, SAICA had approximately 26 900 members who were CAs. Of these, about 6 100 were absentee members (and mostly working outside South Africa). The majority of CAs (87%) belonged to the white population group and just more than 3% were Africans. By July 2007 SAICA had registered almost 11 900 trainees on workplace-based learnership contracts, of whom approximately 23% were Africans. At the end of September 2007, the SAICA associate members numbered 1 220 registered AGAs and 227 AATs.¹¹⁵

3.12.3 Role and function of organisation

Apart from promoting the interests of its members, SAICA's primary focus is to advance all aspects of the theory and practice of accounting and to safeguard the professional independence of its members.¹¹⁶ It strives to uphold high standards of conduct among its members, associates, and trainees and to maintain both the integrity and status of the profession. For these purposes SAICA enforces a code of professional conduct, provides legal and ethical advisory services to members. The SAICA board performs these functions with the support of a disciplinary panel, a professional conduct committee, and a disciplinary committee.¹¹⁷

¹¹³ www.saica.co.za.

¹¹⁴ www.saica.co.za.

¹¹⁵ www.saica.co.za.

¹¹⁶ SAICA Constitution on www.saica.co.za.

¹¹⁷ SAICA Constitution on www.saica.co.za.

The institute makes submissions on draft legislation and proposed statutory changes relating to accounting and auditing practice, taxation, corporate laws, public sector, regulated industries, and the accounting profession.

SAICA is very active in accountancy development. It strives to ensure that members of the profession are adequately educated and trained to meet international standards and market demands made upon CAs. In this regard SAICA works to deliver competent entry-level members and to support members to grow their professional competence throughout their careers. The institute sets and benchmarks education and training standards against international standards and takes measures to ensure that its qualifications are recognised internationally. It cooperates closely with IRBA to set and maintain education and training standards.

Several publications serve member needs. The *SAICA Handbook* is an authoritative compilation of source documents, circulars, guides, and professional pronouncements available in hard copy and online to members. *Accountancy SA* is a monthly accountancy journal covering news, features and technical matters in the profession. *Communiqué* is a bi-monthly electronic newsletter. *Integritax* is the official electronic tax newsletter containing a range of practical, relevant, interesting and current tax articles contributed by firms in public practice, law firms, commerce and industry. *Techtalk* aims to inform members of topical and current developments in accounting and auditing and supplies answers to technical problems arising from practice.¹¹⁸

The Thuthuka Programme is SAICA's flagship project to transform the profession to better reflect the population demographics of South Africa and enable community upliftment. "Thuthuka" means "to develop" and this project was launched in 2002 with the aim of developing accountancy and numeracy skills in a comprehensive and holistic manner. Among the main activities of Thuthuka are to establish and maintain structures for carrying out and promoting skills development.¹¹⁹ The core focus is on historically disadvantaged African learners from South Africa.

While the project spans multiple levels and interventions, including High School mathematics, accounting, science and English clinics, teacher and university lecturer enrichment programmes and financial management skills for personal finances, business budgeting and financial controls, a key focus is on undergraduate-level technical and holistic development interventions for accountancy learners.¹²⁰ The tertiary development programme is offered at several universities, including the

¹¹⁸ www.saica.co.za.

¹¹⁹ www.saica.co.za.

¹²⁰ www.saica.co.za.

University of Fort Hare, the University of Limpopo, the Nelson Mandela Metropolitan University, the University of Johannesburg, the University of the Free State, and the University of Stellenbosch. The programme affords opportunities to accountancy undergraduates to study and learn in a constructive and supportive environment. Specific postgraduate interventions assist African and Coloured students to succeed in the Qualifying Examination.¹²¹ Although Thuthuka's main academic goal is to train CAs, the secondary focus is to prepare accounting professionals with a general commercial qualification.

A section 21 ("not-for-profit") company was established to raise donor funding from institutions such as the National Skills Fund, Fasset, the departments of education in the Eastern Cape, Limpopo and KwaZulu-Natal, the Department of Science and Technology, audit firms, individuals, and donors in commerce and industry.¹²² The Thuthuka Bursary Fund enables the academic and professional development of historically disadvantaged South Africans who wish to qualify as CAs. Annually between 200 and 300 African and Coloured students receive bursaries from this source.

SAICA's active role on the international front is evident from its representation on the council of IFAC and service on the Board of the International Accounting Standards Committee. Through its influential role in the Eastern, Central & Southern African Federation of Accountants (ECSAFA), the institute promotes internationally recognised standards of professional competence and conduct in the region.¹²³

Through a subvention fund, SAICA supplements the salaries of academic staff at SAICA-accredited universities to retain capable lecturers who may otherwise be drawn to commerce and industry or public practice by much higher remuneration structures than those offered by universities.

SAICA also commissions and conducts research in accounting, auditing, financial management, and related matters.

3.12.4 Qualifications and designations

SAICA was the driving force behind the registration on the NQF of four qualifications, listed in Table 3-11. SAICA members who achieve the qualifications are entitled to use the designations shown in the table. These qualifications are also registered as learnerships with Fasset and the Department of Labour.

¹²¹ www.saica.co.za.

¹²² www.saica.co.za.

¹²³ www.saica.co.za; Interview in May 2007 with Mr Freddie Cloete, Senior Executive Education and Training of SAICA.

Table 3-11 SAICA qualifications

Qualification	NQF level	Designation
Chartered Accountant: Auditing	7	CA(SA)
Chartered Accountant: Financial Management	7	CA(SA)
Associate General Accountant	6	AGA(SA)
Associate Accounting Technician	5	AAT(SA)

Source: www.saica.co.za.

The institute prescribes degrees, diplomas, and other qualifications to be obtained by a person who wishes to become a member, associate, or trainee. People who wish to qualify as CAs should enter a SAICA-accredited undergraduate and postgraduate accounting programme (to obtain the Certificate in the Theory of Accounting (CTA) or an equivalent qualification) at one of 13 accredited universities.¹²⁴ SAICA sets syllabi for the accredited accounting degrees and postgraduate qualifications, as well as for professional competency assessments and qualification examinations.

The learnerships for trainees wishing to qualify as CAs are linked to the Training Inside Public Practice (TIPP) or Training Outside Public Practice (TOPP) programmes overseen by SAICA. If the trainee follows the TIPP route, training takes place at a firm of registered auditors or in the public sector (including the Office of the Auditor-General). Trainees who specialise in financial management rather than auditing follow the TOPP route where training is provided by an approved workplace provider (an organisation) in commerce and industry or in a firm in public practice. In the TIPP programme practical training takes place in a Registered Training Office (RTO) and in the TOPP programme training is provided by an Approved Training Office (ATO).

At the time of reporting, SAICA was in the process of reviewing its education and training model. Its curriculum committee was reviewing university syllabi to ensure their continued relevance and to assess concerns of information overload in demanding courses. The institute has also launched

¹²⁴ SAICA-accredited undergraduate and postgraduate accounting programmes leading to the Certificate in the Theory of Accounting (CTA) are provided at the following universities: North West University, Nelson Mandela Metropolitan University, Rhodes University, University of Cape Town, University of Fort Hare, University of the Free State, University of Johannesburg, University of KwaZulu-Natal, UNISA, University of Stellenbosch, University of Pretoria, University of the Western Cape, University of the Witwatersrand. (See www.saica.co.za.)

research into the competency requirements of CAs in the future and it was anticipated that the outcome of the research would inform syllabus content.¹²⁵

The Chartered Accountants Designation Act, 67 of 1993 governs the use of the CA(SA) designation and permits its use exclusively to SAICA members. The institute takes legal action against people using the designation without also holding membership of SAICA.¹²⁶

In 2004 the SAICA board decided to discontinue the qualifying examinations for the AGA(SA) and AAT(SA) qualifications. Trainees were permitted to complete their learnerships, write the examinations, and register as associates of SAICA but no new applicants were accepted into the training programmes.¹²⁷ While SAICA ceased to market the AGA(SA) and AAT(SA) qualifications and the associated membership, associate members are permitted to retain their status with SAICA and continue to use their designation.¹²⁸ In 2007 it was mooted that SAICA may re-define and revise the AGA(SA) qualification.¹²⁹

3.12.5 Quality assurance functions

SAICA is accredited by SAQA as an ETQA. In exercising its quality assurance functions SAICA determines the requirements for the qualifications, sets standards for education and training, accredits training institutions that offer training towards these qualifications (both academic tuition and workplace training providers), administers the qualifying examinations¹³⁰, performs other assessment and moderation functions, and issues certificates.

In fulfilling its role as an ETQA, the institute cooperates closely with SAQA. It also works closely with Fasset to implement the four learnerships registered with Fasset.¹³¹ The SAICA ETQA supports outcomes-based course structures and ensures that learners undergo continuous formative assessment and are able to integrate practical and theoretical aspects of learning.

¹²⁵ Interview in May 2007 with Mr Freddie Cloete, Senior Executive Education and Training of SAICA.

¹²⁶ www.saica.co.za.

¹²⁷ www.saica.co.za.

¹²⁸ www.saica.co.za.

¹²⁹ Interview in May 2007 with Mr Freddie Cloete, Senior Executive Education and Training of SAICA.

¹³⁰ SAICA administers the qualifying examination for Accounting (QE 1) and the qualifying examination for the financial management specialism (QE 2). Trainees on the public practice training route write the PPE, a professional proficiency assessment in auditing and public practice that is administered by the IRBA.

¹³¹ www.fasset.org.za.

3.12.6 Organisational capacity and infrastructure

SAICA is controlled by a board, whose members are elected by the institute's members through regional committees, bodies representing commerce and industry, large practices, small practices, and the ABASA. The board determines strategy and policy, oversees their implementation, and monitors the performance of the secretariat, which is responsible for day-to-day operations. At the time of reporting, SAICA employed 106 people at its head office in Johannesburg and regional offices in Bloemfontein, Cape Town and Durban.¹³² The executive president leads the secretariat.

As a large professional body, the institute has operational divisions dedicated to standards, transformation, education and training, support services, members' services, technical matters, legal, ethical and taxation services, human resources, marketing, library and information services, and seminars and events. SAICA also coordinates many committees, interest groups and task forces to cover a wide range of specialist topics.¹³³

3.12.7 Continuous professional development

All SAICA members and associates are required to participate in CPD to maintain their competency and retain membership of the institute. An online system is available and members and associates are required to record their CPD activities. Since lifelong professional development is mandatory, SAICA monitors compliance.¹³⁴

The institute provides CPD through its seminars and events division, enables access to resources via its website, and cooperates with external training providers to enable members to pursue ongoing learning and professional development.

CPD planning and monitoring are carried out to meet IFAC standards. While SAICA monitors and enforces CPD, the onus is on each member or associate to enhance and maintain their professional competence.¹³⁵ Three different approaches are used to measure CPD activities – input-based, output-based, and combination approaches. Under the input-based model, members must complete 120 hours of learning activities over a three-year period, of which 60 hours must be verifiable. Members must complete a minimum of 20 hours of learning per year. Members are encouraged to conduct their learning on a basis and in a format that will best serve their professional and learning

¹³² www.saica.co.za; Interview in May 2007 with Mr Freddie Cloete, Senior Executive Education and Training of SAICA.

¹³³ www.saica.co.za.

¹³⁴ www.saica.co.za.

¹³⁵ Interview in May 2007 with Mr Freddie Cloete, Senior Executive Education and Training of SAICA.

needs. SAICA anticipates that it will move towards the output-based approach from 2009 onwards. At that stage members will be required to provide evidence of their professional learning and development as verified by a competent source and measured in accordance with a valid competence assessment method. Disciplinary action is taken in instances of non-compliance, especially in cases of wilful non-compliance with CPD requirements.¹³⁶

3.13 South African Institute of Financial Markets (SAIFM)

3.13.1 The organisation

The SAIFM is a non-profit voluntary association established to promote professionalism and integrity in the financial markets. The institute provides training material and administers examinations for a specialised niche market. It was founded by the Johannesburg Securities Exchange (JSE Ltd) and the Bond Exchange of South Africa (BESA) to provide licensing examinations for the financial markets. To achieve these objectives the institute offers various examinations and workshops in the fields of securities, bonds, derivatives, money market, forex, compliance, and settlement.¹³⁷

3.13.2 Members

Membership of the SAIFM is voluntary and aimed at individuals working or studying towards qualifications in financial markets. Three classes of membership are available: students who are registered for the Registered Persons Examination (RPE) may apply to become an associate members of the SAIFM; full membership is available to people who have passed three of the qualifying examinations; and fellowship of the institute is a prestigious status awarded to members with recognised expertise in financial markets and who enjoy good standing for their contributions to education of participants in financial markets, or who have developed instruments or indices for financial markets. Prospective fellows should have a good track record of at least five years, hold a senior and decision-making position in financial markets, and be nominated by an existing fellow.¹³⁸

In 2007 the SAIFM reported an increase in membership resulting from a strategic drive aimed at improving the demographic profile of its membership. At the time of reporting, the SAIFM had 506 members across all three membership categories.

¹³⁶ Interview in May 2007 with Mr Freddie Cloete, Senior Executive Education and Training of SAICA; www.saica.co.za.

¹³⁷ www.saifm.co.za. Interview in May 2007 with Ms Karin van Wyk, CEO of the SAIFM.

¹³⁸ www.saifm.co.za.

3.13.3 Role and function of organisation

The main role of the SAIFM is to offer educational, examination, and accreditation services for financial market professionals in South Africa and other African countries. It serves the needs of its major stakeholders, the JSE and the Bond Exchange by providing professional training material and the means of obtaining suitable qualifications to people working in financial markets. The institute does not provide lectures but develops curricula and training material. The study material for the professional examinations is designed as self-study courses and contains guidelines on criteria to obtain the qualifications.¹³⁹ Learners are able to access the study material online via the SAIFM website.

The SAIFM plans to add other modules to its repertoire, including portfolio management, corporate treasury management (in partnership with the Association of Corporate Treasurers of South Africa (ACTSA)), and possibly risk management.¹⁴⁰

Members of the SAIFM are required to adhere to a code of conduct, whose application is monitored to ensure that high standards of business ethics and practice are upheld. In terms of the code, members must conduct themselves with integrity and dignity and act in an ethical manner in their dealings with the public, clients, employers, employees, dealers, and fellow members. Also, members are required to act with appropriate skill, care, and diligence and exercise independent professional judgement in the conduct of all professional dealings.¹⁴¹

The institute publishes the online *Financial Markets Journal*, which contains news and discussions on technical and current issues relevant to financial market practitioners.¹⁴² The journal is made available to 10 000 subscribers on the institute's database. The SAIFM also offers member services and administration to meet the needs of its members and major stakeholders.

3.13.4 Qualifications and designations

The SAIFM offers seven RPE examinations to meet the licensing needs of people employed in financial markets. Although the qualifications are not registered on the NQF, the examinations are aligned to unit standards that lead to qualifications registered on the NQF.¹⁴³

¹³⁹ Interview in May 2007 with Ms Karin van Wyk, CEO of the SAIFM.

¹⁴⁰ Information provided by Ms Karin van Wyk, CEO of the SAIFM.

¹⁴¹ www.saifm.co.za.

¹⁴² www.financialmarketsjournal.co.za.

¹⁴³ Interview in May 2007 with Ms Karin van Wyk, CEO of the SAIFM.

The RPE serves as an introduction to the financial markets for people wishing to become financial market practitioners. The study material covers the instruments, processes and activities on the regulated exchanges as well as the over-the-counter markets. Candidates are able to write RPEs for nine specialist areas, including the equities market, bond market (compliance or trader), futures market, money market, currency derivatives market (trader or advisor), the yield-X market, and the forex market.¹⁴⁴ In terms of rules prescribed by the JSE Ltd, any person who is not a stockbroker and advises on a transaction in securities must have passed the RPE for the equities market. Together with some other requirements, the RPE are recognised as entry requirements for the Stockbrokers Examination. The Financial Services Authority (FSA) in London recognises the RPE in respect of a person wishing to become a securities representative or a futures and options representative in the UK, subject to the candidate's successful completion of a UK regulatory module in financial markets.¹⁴⁵

These RPEs are also used by financial services providers and intermediaries to comply with competency and the Fit and Proper requirements set by the Financial Services Board (FSB) in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002.¹⁴⁶ Candidates who have passed the RPE may enrol for further SAIFM modules at the University of Johannesburg (UJ) and obtain a Certificate in Financial Markets from that university.¹⁴⁷

The SAIFM also offers the following examinations:

- The Agricultural Products Divisions Examinations for people who need to qualify as dealers in the Agricultural Products Division of the JSE Ltd;
- The JSE Equity Trade Examination, which qualifies people to execute equities trades on the JSE Ltd;
- The JSE Compliance Officer Examination, which qualifies employees of member firms of the JSE Ltd to act as compliance officers to ensure compliance by the member with the provisions of the Security Services Act, 2004, and the regulatory environment of the JSE Ltd;¹⁴⁸ and

¹⁴⁴ www.saifm.co.za.

¹⁴⁵ www.saifm.co.za.

¹⁴⁶ Interview in May 2007 with Ms Karin van Wyk, CEO of the SAIFM.

¹⁴⁷ Interview in May 2007 with Ms Karin van Wyk, CEO of the SAIFM.

¹⁴⁸ It is a regulatory requirement that JSE member firms appoint at least one compliance officer who must have passed the prescribed compliance officer examination. (See www.saifm.co.za.)

- The JSE Settlement Officer Examination, which qualifies people working for equity brokers in JSE Ltd member firms to oversee and report on the efficient and timely settlement of transactions in accordance with JSE Ltd rules.

According to the SAIFM, people with the above qualifications are in high demand by JSE member firms. During 2007 the number of learners writing the RPE increased in comparison to previous years.

At the time of reporting, the Senior Dealer Financial Examination was withdrawn by the SAIFM and the Financial Derivatives Rules Examination was suspended pending the update of a database to align it with the current Rules of the JSE Derivatives Department.¹⁴⁹

SAIFM is in discussion with the exchanges to assist in the development of further examinations that may be required for various roles identified within the industry. These requirements will become apparent as soon as the new rules for the exchanges are drafted, whereupon the development of the exams to underpin these requirements will commence.

3.13.5 Quality assurance functions

The institute does not exercise quality assurance functions within the SETA or SAQA framework because it is an accredited assessment site, i.e. a provider. It employs assessors and moderators to assess and moderate examinations of candidates who have written the professional examinations that the institute administers.

3.13.6 Organisational capacity and infrastructure

The SAIFM is governed by a board of governors consisting of representatives from the FSB, JSE Ltd, Bond Exchange of South Africa, the South African Reserve Bank, as well as governors elected by the institute's members from the ranks of fellows of the institute. The business of the SAIFM is conducted and administered by four full-time staff members. Ongoing daily activities include membership administration, provision and assessment of online examinations, and dealing with appeals and reviews of examination results.¹⁵⁰ Certain functions are outsourced, such as accounting services, maintenance of computer and database systems, and moderation of examinations.

¹⁴⁹ www.saifm.co.za.

¹⁵⁰ Interview in May 2007 with Ms Karin van Wyk, CEO of the SAIFM; www.saifm.co.za.

3.13.7 Continuous professional development

The institute does not maintain a formal policy on CPD for its members. As and when it receives requests from its stakeholders and members, the SAIFM provides members and others involved in the financial markets with relevant and topical professional education opportunities.¹⁵¹

3.14 South African Institute of Professional Accountants (SAIPA)

3.14.1 The organisation

SAIPA exists to serve the needs of professional accountants in public practice and commerce. Most of the institute's members are in public practice and offer accounting, financial management, taxation and business consultancy services to the general public and business, and especially to the small, medium and micro enterprise (SMME) sector.¹⁵² Practising members of the institute perform duties as accounting officers and provide a variety of accountancy-related services to companies, close corporations, partnerships, sole proprietors, trusts, and various other types of small-business and non-corporate undertakings. By September 2007 SAIPA members were not permitted to perform the attest function, but the institution indicated its intention to apply to the IRBA for accreditation as a professional body in accordance with the provisions of the Auditing Professions Act.¹⁵³

Against this background, SAIPA's mission is to create stakeholder wealth by developing skills needed to provide professional, innovative, and sustainable accountancy solutions.¹⁵⁴ This is achieved by positioning the institute as a centre of accountancy excellence and developing the qualifications, competencies, values, and skills of its members and staff.¹⁵⁵ SAIPA is a full member of IFAC and of ECSAFA.

The institute traces its origins to the Institute of Commercial and Financial Accountants of South Africa (CFA) which was established in 1982 to serve as a professional body for accounting support staff in commerce and industry. Between 2004 and 2007 the organisation underwent major transformation, restructuring, and re-positioning.

¹⁵¹ Interview in May 2007 with Ms Karin van Wyk, CEO of the SAIFM.

¹⁵² Interview in June 2007 with Mr Shahied Daniels, Chief Executive of SAIPA; www.saipa.co.za.

¹⁵³ Interview in June 2007 with Mr Shahied Daniels, Chief Executive of SAIPA.

¹⁵⁴ SAIPA Annual Report 2006; www.saipa.co.za.

¹⁵⁵ www.saipa.co.za.

3.14.2 Members

With its membership of nearly 6 000 (excluding students and associates), SAIPA is the second-largest accounting professional body in South Africa. Members work in practice, commerce and industry, government, and academia. The institute has approximately 1 500 trainee accountant members who undergo workplace training on three-year learnership contracts.

In 2006 SAIPA changed its membership to a single stream. Membership is linked to the institute's own academic, practical, and professional evaluation requirements. Prospective members are required to have specified academic¹⁵⁶ and practical training¹⁵⁷ or experience¹⁵⁸ before they are permitted to take SAIPA's Professional Evaluation (PE). Individuals who meet the criteria, and who succeed in the PE, may become full members of the institute and use the designation "Professional Accountant (SA)".¹⁵⁹ SAIPA may admit people as full members based on RPL.¹⁶⁰ Other types of full membership include honorary¹⁶¹, life¹⁶², retired¹⁶³, and foreign¹⁶⁴.

Accounting technicians may apply for affiliate membership of SAIPA if they meet the following criteria:¹⁶⁵

- SAIPA trainee accountants on an official SAIPA learnership programme who have completed their practical training but not their academic studies, and who do not intend to write the PE;
- Other part qualifiers with a part-academic qualification, a minimum of five years' relevant experience, but who must pass the PE assessment if their affiliate membership is to be confirmed

¹⁵⁶ The academic requirements include a degree in accounting/commerce from a SAIPA-approved university or university of technology, with core subject requirements being Financial Accounting 3, Taxation 1, Auditing 1 or Internal Auditing 2 or Internal Control and Code of Ethics 1 & 2, Corporate Law 1 or Commercial Law 2, and Management Accounting. (See www.saipa.co.za.)

¹⁵⁷ To meet the practical training requirements, candidates must have completed three years of workplace training under a SAIPA-supervised learnership or completed another training contract with a SAIPA-approved professional body. (See www.saipa.co.za.)

¹⁵⁸ Candidates may also qualify for membership if they produce proof of six years' relevant and verifiable experience against the institute's official logbook, and which experience is verified by previous and current employers. (See www.saipa.co.za.)

¹⁵⁹ www.saipa.co.za.

¹⁶⁰ SAIPA Constitution.

¹⁶¹ The SAIPA board may confer honorary membership on a person who has rendered meritorious service to the institute. (See SAIPA Constitution.)

¹⁶² The SAIPA board may grant life membership to a full member of good standing. (See SAIPA Constitution.)

¹⁶³ Full members may apply to be classified as retired members upon their retirement from practice.

¹⁶⁴ Full members who take up residence outside of South Africa may apply to be classified as foreign members.

¹⁶⁵ www.saipa.co.za.

- Experienced qualifiers with a minimum of five years' practical experience and who have passed the PE assessment.

Members of the institute who are in public practice may offer to the public only professional services for which they are qualified.¹⁶⁶ Membership is renewable annually on condition that members retain their good standing.¹⁶⁷

SAIPA reported a growth in membership, despite the departure of members who leave South Africa to explore employment and business opportunities overseas.¹⁶⁸

3.14.3 Role and function of organisation

The institute offers a range of products and services to enable members to develop the required knowledge, competencies and functional skills to practise effectively in accordance with local and international regulatory frameworks and standards. SAIPA offers technical assistance to members in fields of accounting, tax and commercial law.

The Institute issues several publications including the monthly journal, *The Professional Accountant*, the *SAIPA Members' Handbook* which contains the SAIPA Code of Conduct, Constitution and by-laws, and *TechNews*, a newsletter dedicated to inform members of developments in accounting and reporting, audit, assurance and related matters, ethics and legal issues, taxation, and accountancy practice. SAIPA's practice guides for members cover topics such as accountants' reporting duties under the Financial Intelligence Centre Act, 38 of 2001 and management of tax amnesty cases.¹⁶⁹

The organisation also makes submissions to government and the larger accountancy profession on legislation affecting accountants, business and commerce and taxation. Many of its submissions focus on the business and accounting challenges for SMMEs and how the regulatory burden affects their competitiveness and sustainability.¹⁷⁰

SAIPA plays a proactive role in the development and implementation of accounting standards. Through its technical committee the institute enjoys representation on the Accounting Practices Board, the African Union workgroup on harmonising business legislation in Africa; at national stakeholder meetings of SARS; and at national stakeholder meetings of the Companies and Intellectual Property Registration Office (CIPRO).

¹⁶⁶ www.saipa.co.za.

¹⁶⁷ SAIPA Constitution.

¹⁶⁸ Interview in June 2007 with Mr Shahied Daniels, Chief Executive of SAIPA.

¹⁶⁹ www.saipa.co.za.

¹⁷⁰ SAIPA Annual Report 2006; www.saipa.co.za.

Apart from providing members in public practice with mandatory professional indemnity insurance, SAIPA prescribes and upholds a code of conduct. This code aims to raise the level of professionalism and quality of service rendered to the public, to enhance the credibility of the accounting profession and increase the confidence of the public in the profession.¹⁷¹ Breaches of the code may be considered punishable offences.¹⁷² The institute attends to complaints relating to unprofessional conduct and institute disciplinary action. Some of SAIPA's duties include performance of practice reviews, disciplinary reviews, and the imposition of fines. It also provides guidance and assistance to members on investigations and disciplinary processes. The institute's investigation and disciplinary procedures comply with IFAC requirements.¹⁷³

The institute markets its learnerships and membership services at tertiary institutions and organises an annual Accounting Olympiad for secondary school learners.

3.14.4 Qualifications and designations

SAIPA was instrumental in the registration with SAQA of two qualifications at NQF level 7: the Postgraduate Professional Qualification: Professional Accountant in Business and the Postgraduate Diploma: Professional Accountant in Practice. Both these qualifications are obtained via the learnership route, which provides trainees with opportunities to gain relevant practical work experience after achieving an accounting degree from a SAIPA-accredited tertiary institution¹⁷⁴ or while working and completing accountancy studies. These three-year learnerships are registered with Fasset and the Department of Labour. Simulation assessments take place regularly during the learnership and exam-based simulations take place every six months. The principal of the workplace training provider has to ensure that the learners meet SAIPA quality standards.

The three-year learnerships are followed by the SAIPA professional examinations and successful candidates may use the designation "Professional Accountant SA".

In view of the acute shortage of qualified and accredited accounting support staff, SAIPA was instrumental in introducing competency-based training (CBET Programme) for Accounting Technicians.¹⁷⁵

¹⁷¹ SAIPA Code of Conduct.

¹⁷² SAIPA Code of Conduct.

¹⁷³ www.saipa.co.za.

¹⁷⁴ SAIPA's academic programme approval was in preparation at the time this report was being written.

¹⁷⁵ www.saipa.co.za.

3.14.5 Quality assurance functions

SAIPA conducts quality assurance functions for its two learnerships and, at the time of writing this report it was in the process of acquiring accreditation as QAP of Fasset. Among its major quality assurance functions are the assessment and accreditation of approved training centres (ATCs), where trainees may participate in structured workplace learning towards the SAIPA qualifications. The institute's assessors conduct quality audits on ATCs at least once every three years, and quality assurance procedure records are subject to audits by Fasset and SAQA.

The professional examinations are set, marked, assessed, and moderated by academics on behalf of SAIPA.

When this report was being prepared, SAIPA had commenced with a process to accredit academic accounting programmes offered by certain universities and universities of technology. The process involved the assessment of course and programme content and the development of policies for learners to bridge gaps if they qualified on non-SAIPA accredited programmes.¹⁷⁶

SAIPA moderates the trainees' simulation assessments during their three-year learnerships and gives assurance to Fasset that the learners meet the required standards and that due processes have been followed.¹⁷⁷

3.14.6 Organisational capacity and infrastructure

The institute is governed by a board, which determines policy and approves and monitors the institute's strategic plan, annual business plan, and budget. The SAIPA secretariat manages the daily operations under the leadership of the chief executive. In June 2007 the institute employed 25 staff members at its head office in Midrand. The major functions of the secretariat include accreditation of workplace providers, management of compliance with standards as required by Fasset, the IRBA and IFAC. Key departments include the technical, marketing and CPD and legal departments.¹⁷⁸

3.14.7 Continuous professional development

SAIPA requires its members to develop and maintain their professional competence in areas relevant to their work. The institute's CPD requirements are aligned to IFAC specifications. Members need to complete a minimum of 120 CPD hours over a three-year period and, of these, at least 60 hours must

¹⁷⁶ Interview in June 2007 with Mr Shahied Daniels, Chief Executive of SAIPA; www.saipa.co.za.

¹⁷⁷ Interview in June 2007 with Mr Shahied Daniels, Chief Executive of SAIPA.

¹⁷⁸ Interview in June 2007 with Mr Shahied Daniels, Chief Executive of SAIPA.

be dedicated to structured CPD activities, which include attendance at: conferences and seminars; in-house company training courses; CPD courses offered by SAIPA or other recognised professional bodies; and courses presented by educational institutions. Structured activities also include service on technical meetings and writing of technical articles or books. Members need to produce an annual schedule of 20 hours of structured and 20 hours of unstructured CPD and to provide SAIPA with proof of their CPD activities in order to retain membership. Penalties and fines may be imposed if members fail to adhere to the CPD policies.

SAIPA conducts an annual survey to identify relevant topics for CPD seminars, workshops, and breakfast working sessions.

3.15 Southern African Institute of Government Auditors (SAIGA)

3.15.1 The organisation

SAIGA was founded in 1988 and is a registered non-profit organisation. It serves its members' interests by advancing the disciplines of accountability and auditing in the public and private sectors.¹⁷⁹ Although its members are mostly employed in the government sector, the institute recognises that the principles of government auditing are based on generic auditing principles and so SAIGA aims to promote auditing in its wider context.

3.15.2 Members

Members of the institute are entitled to use the designation "Registered Government Auditor" (RGA).¹⁸⁰ SAIGA recognises five different classes of membership: full, honorary, associate and corporate, as well as trainee-auditor membership. Full members are people who have obtained a qualification equal to the curriculum or syllabus prescribed by the institute and who have fulfilled SAIGA's educational and practical experience requirements.¹⁸¹ Members need to demonstrate their ability to apply principles and techniques of government auditing efficiently, as well as hold verifiable proof of four years' relevant work experience with proficiency in government auditing.¹⁸² Honorary members are appointed by SAIGA's council for special services rendered to the Institute. Associate

¹⁷⁹ SAIGA Constitution; www.saiga.co.za.

¹⁸⁰ www.saiga.co.za.

¹⁸¹ This curriculum sets the requirements of technical and academic learning to be achieved before a person may become an RGA.

¹⁸² SAIGA Constitution; www.saiga.co.za.

members are corporate members or people and institutions affiliated to the institute and who subscribe to SAIGA's objectives.¹⁸³

Corporate membership may be granted to any corporate body, firm, or institution that subscribes to the objectives of the institute, such as national or provincial government departments or public entities. Trainee auditors are admitted on application and must state their intention of becoming a full member and of studying to master the body of knowledge and skills required of government auditors. Trainees must provide SAIGA with an annual progress report on academic achievements and professional and practical experience gained.¹⁸⁴

The institute records its members on a public register. At the time of reporting, the institute had just under 300 full members, 150 trainee auditors, and approximately 1 500 people associated with the it through corporate membership.

3.15.3 Role and function of organisation

As part of its function to promote the knowledge, practice and application of principles and techniques of accountability and auditing, SAIGA established the Public Finance Management Academy™ (PFMA) in 1997. This academy offers SAIGA's Public Finance Management Programme™, which is a portfolio of modular and outcomes-based short courses specifically designed for the public sector.¹⁸⁵ The main focus is on the Public Finance Management Act, 1 of 1999 and related legislation and the programme was originally accredited by the National Treasury.¹⁸⁶ Participants are able to earn education credits for attending the courses, and these are used to meet employers' requirements for continued professional education and training. Learners who earn 120 educational credits and complete an assignment receive a certificate to show that they have completed the portfolio of short courses.¹⁸⁷ Completion of the Public Finance Management Programme™ does not lead to a qualification registered on the NQF.

¹⁸³ www.saiga.co.za.

¹⁸⁴ www.saiga.co.za.

¹⁸⁵ The Public Finance Management Academy: Information brochure on the Public Finance Management Programme™.

¹⁸⁶ Interview in May 2007 with Prof Dieter Gloeck, Executive President of SAIGA. The Validation Board of National Treasury validated the courses in terms of relevance and quality of issues covered. This board disbanded in 2006. (See The Public Finance Management Academy™: Information brochure on the Public Finance Management Programme™.)

¹⁸⁷ The Public Finance Management Academy™: Information brochure on the Public Finance Management Programme™.

SAIGA has also developed a curriculum for the professional education and development of RGAs, known as the Common Body of Knowledge and Skills (COBOKS). It describes the technical subject areas that a learner should master to become a RGA and serves as a technical guide to learners and tertiary training institutions.¹⁸⁸ In developing the curriculum, SAIGA referred to global accounting curriculum benchmarks and guidelines set by IFAC, the International Organisation of Supreme Audit Institutions (INTOSA), and the United Nations UNCTAD Secretariat. Certain of the South African requirements set by the Auditor-General, SAQA and tertiary institutions have also been incorporated.¹⁸⁹ The curriculum covers accounting standards comprising Generally Recognised Accounting Practices (GRAP), including Generally Accepted Municipal Accounting Practices (GAMAP), and both the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB). Also included are relevant public sector accounting standards such as the International Public Sector Accounting Standards (IPSAS) published by the International Public Sector Accounting Standards Board (IPSASB) and the implementation of GRAP in government and public sector institutions in South Africa.¹⁹⁰

In an effort to further advance accountability and auditing, SAIGA arranges lectures, courses, workshops, conferences, study tours, discussion forums and networking opportunities for members and interested parties. The institute also publishes and sells journals, newsletters, pamphlets relating to accountability and auditing, including *Auditing SA*, *Spotlight on Accountability and Auditing*, *The Southern African Journal of Accountability and Auditing Research* and *SAIGA e-com*.¹⁹¹ SAIGA undertakes research and related activities such as a fraud survey in the public sector and also sponsors the Annual Public Sector Reporting Awards to promote transparency, accountability and excellence in annual reports produced in the public sector.¹⁹²

SAIGA has indicated its intention to register as a training provider with the Local Government Water and Related Services Sector Education and Training Authority (LGSETA) to present short courses on relevant unit standards.

¹⁸⁸ SAIGA 2006. Executive Summary in *COBOKS*.

¹⁸⁹ SAIGA 2006. *COBOKS* Part One.

¹⁹⁰ SAIGA 2006. *COBOKS* Part Two, p. 27.

¹⁹¹ www.saiga.co.za

¹⁹² www.saiga.co.za.

SAIGA requires its members to uphold the INTOSAI Code of Ethics for Public Sector Auditors, which is an international statement of values and principles that should guide the daily work of public sector auditors.¹⁹³

At the time of reporting, SAIGA was not accredited by the IRBA as a professional body under the Auditing Profession Act, but was in the process of applying for such accreditation to enable its members to practice as registered auditors and to accept audits in the private sector as well.¹⁹⁴

3.15.4 Qualifications and designations

SAIGA has designed and registered two full qualifications with SAQA. The Certificate in Government Auditing is registered at level 7 on the NQF, and candidates who wish to become RGAs must complete this qualification in addition to meeting other requirements. The Certificate: Public Finance Management is registered at NQF level 5.

Prospective RGAs need to complete a four-year formal academic programme (with financial accounting, management accounting and auditing as main subjects) at a registered tertiary training institution. Graduates also need to complete four years of practical training in the public sector, which must be certified by the Auditor-General.¹⁹⁵ Finally, candidates must pass the National Qualifying Examination for Registered Government Auditors (RGA-QE).¹⁹⁶

SAIGA prescribes syllabi and makes rules for examinations and competency assessments. The institute's education and training committee sets the examination papers for the RGA-QE which covers accounting topics, auditing, and regulatory matters. The institute's examination board exercises further quality control over the RGA-QE.¹⁹⁷

SAIGA believes that the practical traineeship for prospective RGAs should be converted to a learnership and that the Auditor-General should encourage learnerships as a pathway to gaining the competencies and skills required for auditing practice.¹⁹⁸

¹⁹³ www.saiga.co.za.

¹⁹⁴ Interview in May 2007 with Prof Dieter Gloeck, Executive President of SAIGA.

¹⁹⁵ Candidates who are not employed by the Auditor-General, but work for private audit firms that assist the Office of the Auditor-General in public audit work, can also meet this requirement, provided that the Auditor-General certifies their public audit work record as correct. (See www.saiga.co.za.)

¹⁹⁶ www.saiga.co.za.

¹⁹⁷ Input provided by Prof Dieter Gloeck, Executive President of SAIGA.

¹⁹⁸ Interview in May 2007 with Prof Dieter Gloeck, Executive President of SAIGA.

3.15.5 Quality assurance functions

SAIGA does not undertake statutory or regulatory quality assurance functions under the SAQA dispensation. However, the institute acts as a self-regulator to promote its professional and ethical code.

3.15.6 Organisational capacity and infrastructure

The institute is governed by a council, whose members are elected at SAIGA's annual general meeting. The executive committee oversees operational matters and manages the affairs of the institute. The president of the committee is elected for a period of five years and is responsible for the effective, efficient and accountable operation of the SAIGA secretariat.¹⁹⁹ The institute has developed a unique model to operate a secretariat based on varying needs during different periods of the year. It does not employ a full-time secretariat, but core functions are outsourced and members and office bearers play an important role in staff committees and perform ongoing tasks. Some of the core functions of the secretariat include:

- Registration and administration of members, trainee auditors, corporate members, and membership fees;
- Administrative and secretarial support to office bearers, at the institute's meetings, with bookings for training courses and events management;
- Member support and CPD enforcement, management and support;
- Managing the Annual Public Sector Reporting Awards and the annual RGA-Qualifying Examination;
- Administrative support to publish SAIGA's journals and newsletters; and
- Marketing of the institute and its activities.²⁰⁰

3.15.7 Continuous professional development

SAIGA enforces a formal CPD policy. Ongoing learning and CPD activities are compulsory for RGAs to ensure that they maintain and develop their capabilities to perform competently within their professional environment, contribute towards the development of the profession, and serve the public interest. In terms of the institute's CPD policy, individual RGAs are responsible for ensuring that they

¹⁹⁹ SAIGA Constitution; www.saiga.co.za.

²⁰⁰ From input provided by Prof Dieter Gloeck, Executive President of SAIGA.

maintain, develop, and expand their knowledge and skills in their fields of expertise. RGAs must therefore identify relevant and applicable CPD activities. The minimum requirement for an RGA is to complete 180 hours of CPD activities over a four-year period, of which 90 hours must be confirmed by an authoritative external source.²⁰¹ The institute encourages RGAs to record at least 20 hours of CPD activities per annum. Since RGAs report their CPD activities on SAIGA's website, the submissions become subject to formal monitoring by the institute.²⁰²

The courses offered by SAIGA's Public Finance Management Academy™ are designed to meet members' needs for continued professional education and development.

3.16 Conclusions

It is evident from the information presented in this chapter that professional bodies play a pivotal role in the development of skills, the maintenance of capabilities, and the upholding of professional standards in the Financial and Accounting Services Sector. The professional bodies contribute to a range of skills development activities, including: setting of educational standards; accreditation of education and training providers and workplace training providers; development of curricula; provision and distribution of learning material; setting and administering of professional examinations; enforcing CPD among their members; organisation of conferences, seminars and workshops; and the distribution of technical information and specialist knowledge via journals, newsletters and web-based facilities. In the period between 2002 and 2007, many professional bodies played an active role in the development of qualifications and registration of learnerships to ensure that the sectors' workers may participate in structured learning in the workplace.

Office bearers and members of many of the bodies play an active role in Fasset's skills development activities and so share their knowledge for the benefit of the broader sector.

Several of the professional bodies maintain international links with global organisations in their field and ensure that international standards and criteria for finance and accounting practice are introduced and upheld in South Africa. Most of the bodies actively promote principles of good governance, ethics and integrity to maintain their members' professional standing in the business world and to build public confidence in the work of accountants.

²⁰¹ SAIGA's Policy and requirements for Continued Professional Development of RGAs.

²⁰² From input provided by Prof Dieter Gloeck, Executive President of SAIGA.

Many of the professional bodies cooperate closely with training providers and institutions to deliver high standards of education and training and, in the case of several of these bodies, the standards, qualifications and learning programmes are recognised internationally.

4 TRAINING INSTITUTIONS

4.1 Introduction

The Financial and Accounting Services Sector requires skilled, qualified, and often also specialised workers to render finance and accounting services to commerce and industry and the public. Higher education and training (HET) institutions play a major role in providing formal education to prepare the workforce for employment. Since the majority of workers in the sector have tertiary-level qualifications, higher education institutions are the main providers of skills development in the sector.

This chapter focuses mainly on education and training provided by HET institutions, and the problems experienced in delivering education from the perspectives of higher education providers. The chapter contains an overview of education and training provision, the market focus, and the type of training provided. Issues affecting the organisational capacity of training providers are outlined and the interaction between HET institutions and professional bodies in the sector are considered. Current selection and admission criteria and practices of HET institutions, as well as measures to be adopted in future, are discussed. Factors influencing access to higher education and students' academic success are also discussed from the viewpoints of the training providers. In addition, the various support strategies used by HET institutions to assist learners in their accounting and commerce studies are highlighted and the institutions' differing views of and roles in training and development for the workplace are also included.

The actual output of HET institutions is discussed in Chapter 7, which deals with the supply of skills to the Financial and Accounting Services Sector.

4.2 Overview of education and training provision in the sector

4.2.1 Public tertiary education and training

In South Africa public higher education is offered by universities and universities of technology (formerly known as technikons). Between 2003 and 2006, the country's public higher education institutions underwent major re-organisation and restructuring. Following these mergers 21 public

universities and 15 technikons were consolidated into 17 universities²⁰³, of which four are comprehensive institutions and six universities of technology.²⁰⁴

The public institutions provide a broad range of education and training programmes. Most of the academic programmes offered by these institutions fall in the HET band of the NQF; i.e. NQF levels 5 and above.

The universities and universities of technology are located in seven provinces and are distributed as follows:

- Eastern Cape: four universities;
- Free State: one university and one university of technology;
- Gauteng: four universities (including UNISA's main campus) and two universities of technology;
- KwaZulu-Natal: two universities and two universities of technology;
- Limpopo: two universities;
- North West: one university; and
- Western Cape: three universities and one university of technology.

All the universities offer education in finance, business, commerce and management sciences, including courses in financial accounting, cost and management accounting, auditing, internal auditing, taxation, financial information systems, commercial and company law, and business and financial management. Postgraduate programmes in business administration and business leadership are offered at several of the business schools that are attached to some of the universities.

The universities of technology also provide education in accounting, business, commerce, and management sciences. The fields of study include financial accounting, cost and management

²⁰³ The South African universities are: North West University, Nelson Mandela Metropolitan University, Rhodes University, University of Cape Town, Fort Hare University, University of Johannesburg, University of KwaZulu-Natal, University of Limpopo, University of Pretoria, University of South Africa (UNISA), University of the Free State, Stellenbosch University, University of the Witwatersrand, University of Venda, University of the Western Cape, University of Zululand, Walter Sisulu University. (See www.che.org.za.)

The South African universities of technology are: Cape Peninsula University of Technology, Central University of Technology, Durban Institute of Technology, Mangosuthu University of Technology, Tshwane University of Technology, Vaal University of Technology. (See www.che.org.za.)

²⁰⁴ www.che.org.za.

accounting, internal auditing, auditing, financial management, and information technology. One institution, the Tshwane University of Technology, offers specialist courses in public sector finance.

4.2.2 Private tertiary education and training

In terms of the provisions of the Higher Education Act, 101 of 1997, private institutions offering learning programmes that result in the award of whole qualifications at NQF levels 5 to 8 (i.e. certificates, diplomas or degrees at tertiary level) must be registered with the Department of Education (DoE).²⁰⁵ When such institutions register with the DoE, they are granted the required legal authority to offer higher education programmes and confer higher education qualifications.

According to the DoE, the purpose of registration of private higher education institutions is to ensure that:

- The institutions offer an acceptable quality of education;
- Students receive tertiary education from institutions with adequate resources, capacity, and expertise to deliver quality programmes;
- Students may obtain qualifications aligned to the NQF; and
- The education system undergoes transformation in accordance with government policy and regulation.²⁰⁶

Eligibility criteria and requirements for registration are set out in the Higher Education Act, 101 of 1997 and the Regulations for the Registration of Private Higher Education Institutions that came into effect on 1 April 2003.

There were 72 private higher education institutions registered with the DoE as at 20 September 2007, while 14 enjoyed provisional registration and were afforded stipulated time periods within which to meet all the regulatory requirements.²⁰⁷

4.2.3 Quality assurance

Quality assurance requirements for public and private higher education institutions are set by the Council on Higher Education (CHE), an independent statutory body which exists to advise the Minister of Education on all matters related to higher education policy and to assume executive responsibility

²⁰⁵ Register of Private Higher Institutions at www.education.gov.za.

²⁰⁶ Register of Private Higher Institutions at www.education.gov.za.

²⁰⁷ Register of Private Higher Institutions at www.education.gov.za.

for quality assurance within higher education and training. The quality assurance functions are performed by a sub-committee of the CHE, the Higher Education Quality Committee (HEQC).²⁰⁸ The HEQC accredits public and private providers to offer learning programmes leading to qualifications registered on the NQF, audits quality assurance mechanisms of higher education institutions, and accredits programmes of higher education.²⁰⁹

4.3 Market focus

4.3.1 Target market and geographical reach

The universities and universities of technology mostly attract South African school leavers who wish to obtain a tertiary qualification before they enter the labour market. Distance learning institutions such as UNISA also enrol large numbers of foreign learners and South African students who work and study part time. The universities enrol matriculants with university exemption and who meet each institution's entry criteria for accounting, finance, and business studies.

The universities of technology admit matriculants with and without university exemption and who meet entry criteria. The universities of technology tend to attract the majority of their students from the regions in which the institutions are situated.

The private higher education institutions attract school leavers, unemployed learners, and people already in employment who take up tertiary-level studies to advance their careers. Several of the private institutions indicated that they attract foreign students from a number of African countries. A few of the private institutions educate and train general and public sector accountants and accounting technicians for employers, foreign governments, and corporate clients.

Distance learning institutions such as UNISA, Regent Business School and Lyceum indicated that they may be regarded as tertiary institutions of "last resort" for learners who are unable to access or attend residential universities or training institutions. Among the learners who choose distance learning are those for whom that mode of learning is the only option (because of work or family commitments, financial constraints, or location), those who have abandoned their studies at residential universities or institutions and, sometimes, those with a weaker academic record at secondary-school level and who may have been unable to access other institutions.

²⁰⁸ www.che.org.za; Register of Private Higher Institutions at www.education.gov.za.

²⁰⁹ www.che.org.za.

4.3.2 Type of training provided

Together, the public and private higher education institutions provide a spectrum of programmes in accounting, commerce, and business ranging from levels 5 to 8 on the NQF. The education and training aims to equip an array of entry-level and high-level financial professionals, accountants, accounting technicians, transactional operators, internal auditors, taxation specialists, and junior, middle and senior managers to meet the demands of commerce and industry. Universities and some private providers offer degrees in commerce and business and business systems. Students are able to major in various fields of accounting, economics, marketing and internal auditing.

The majority of the public higher education institutions and a few of the private providers have adapted selected undergraduate and postgraduate programmes to meet the syllabus requirements set by professional bodies such as the Association for Chartered Certified Accountants (ACCA), the Chartered Institute of Management Accountants (CIMA), the Institute of Certified Bookkeepers (ICB), the Institute of Internal Auditors (IIA), the Institute of Public Finance Accountants (IPFA), the South African Institute of Chartered Accountants (SAICA), the South African Institute of Professional Accountants (SAIPA), and the Southern African Institute of Government Auditors (SAIGA).

For a few of the accounting departments at universities the main focus is to train chartered accountants in close cooperation with SAICA, while the secondary focus is to offer students entry into other professional streams. Other universities and the universities of technology adopt a broader approach, by offering a range of accounting programmes to enable their learners to qualify as financial and accounting professionals with bodies such as SAIPA, CIMA, ACCA and the IIA. The public institutions and a few of the private institutions also offer accounting service courses for commercial degrees and diplomas in business administration, general management, marketing, economics, law, and human resources management.

Universities of technology offer programmes that are part of a national curriculum. However, some of the universities of technology offer uniquely designed courses to serve a specific market; for example, the Department of Public Sector Finance at the Tshwane University of Technology offers programmes created to meet public sector accounting needs and to train learners in relevant public sector accounting practices and standards. Programmes offered by universities of technology are career orientated and lead to National Higher Certificates, National Diplomas, and B Tech degrees in areas such as cost and management accounting, internal auditing, and financial information systems, with the opportunity to articulate to M Tech and D Tech Degrees. The business and accounting schools of universities of technology prepare graduates for the teaching profession, public management practice, private business, and accounting practice.

The comprehensive public higher education institutions offer a wide variety of qualifications, from short courses, certificates, diplomas and degree courses to studies at masters' and doctoral levels in accounting, finance and commerce. For example, in 2007 UNISA's College of Economic and Management Science, of which the School for Accounting Sciences forms part, offered 21 undergraduate degrees in business, accounting and public sector studies.²¹⁰

Most of the private institutions currently offer only undergraduate accounting and commerce programmes; however, several institutions contacted for this study indicated that postgraduate accounting and commerce programmes are in the process of development. Several of the private institutions and universities of technology prefer to offer career-orientated finance, accounting and commerce programmes by integrating formal education and compulsory practical training.²¹¹

The short-course providers focus more on practical training relevant to the workplace than on formal education. Several of the short-course providers are geared to offer customised practical training courses, to train against unit standards, and to provide verifiable CPD for members of professional bodies.

4.4 Organisational capacity of providers

4.4.1 Institutional capacity

Public higher education institutions have to cap the number of students in accounting and finance courses because of current education policies and limited resources. Government's funding policies have a direct bearing on institutional capacity. The DoE determines the subsidy amounts payable to public institutions and also sets limitations on students admitted per institution per annum. According to several respondents, the DoE expects the public institutions to set admission limits in accordance with national policies to promote the development of scarce skills. Since science, technology and engineering skills are regarded as scarce but accounting skills are not, institutions are pressurised to give preference to students in the first-mentioned disciplines, rather than in accounting and commerce. Budget constraints influence factors such as the number of approved academic posts, availability of lecture halls and buildings, and support infrastructure, which factors impact on organisational capacity to accommodate students. In general, respondents from distance learning

²¹⁰ www.unisa.ac.za.

²¹¹ Among these are Damelin, Helderberg College, ICESA City Campus, Cape Peninsula University of Technology.

institutions appeared to be less affected by budget and infrastructure constraints than institutions that provided classroom-based and direct contact education.

Several institutions reported that they have limited or no resources to deliver computer-based accounting training and that their resources to support practical work in smaller groups are restricted.

4.4.2 Restructuring

All of the public institutions that participated in the study said that they underwent major restructuring and re-organisation after the amalgamation of public sector tertiary institutions between 2004 and 2006. In some instances the restructuring and integration processes were still ongoing at the time of reporting. This has negatively affected programme delivery and academic management. Ongoing restructuring and associated turf battles have been blamed for difficulties with reallocating resources from departments where student numbers have declined to departments where student numbers have grown or remained static. A number of private institutions have also recently undergone restructuring and integration, which has caused delays with strategic planning, programme development, and academic management.

4.4.3 Student numbers

The majority of institutions that participated in the study said that their student numbers in accounting and commerce programmes have remained static or declined over the last three to four years. Some of the reasons advanced are set out below.

- Increased competition exists among universities and private providers to attract good students from the small pool of learners who had passed matric with mathematics at the Higher Grade level. Two universities saw a decline in the number of accounting students as a result of the effective marketing of accounting and other programmes by neighbouring universities.
- Increased competition exists among the medical, engineering, actuarial science, architecture, general science and technology professions for the same small pool of learners with good matric passes in mathematics on Higher Grade.
- Mergers of universities with former technikons and the concomitant re-structuring of faculties and departments have resulted in uncertainty among prospective students about the quality of certain programmes, as well as consumed time and resources. The result is that institutions were not able to maintain their pre-merger intake.

- Stringent credit requirements introduced by the National Credit Act, 24 of 2005, restricts access to funding and student loans, and fewer students are able to pursue tertiary-level studies.
- Some of the private providers also re-structured and changed academic programmes, which led to a decline in student numbers in 2007.
- Student numbers dropped as a public institution phased out its distance learning programmes.
- Student numbers remained static as a result of budget and infrastructure constraints.

On the other hand, a few of institutions reported a growth in learners who took up accounting, finance and commerce programmes. Some of the reasons for this growth are listed below.

- One distance learning institution saw a significant increase in student numbers as they received students who were turned away by other distance learning institutions that introduced stricter admission requirements and that phased out certain of their learning programmes.
- A private residential higher education institution experienced growth in accounting learners, locally and from African countries as a result of reputation building, brand quality and international links with other campuses.
- Generally, distance learning institutions appeared to be less restricted by infrastructure problems such as limited venue capacity and were able to support an increased number of learners in web-based and virtual learning environments.
- According to a private provider, school leavers were attracted to the accounting and financial fields for career opportunities and perceptions of lucrative remuneration.
- Two private institutions said that more students were entering higher education through employer funding and sponsorship of officials and employees by governments and foreign corporations in Africa.
- One institution attributed growth in its student numbers to its integrated package of academic and experiential learning and the use of relevant accounting software to equip learners for the workplace.

Public institutions are required to limit student numbers in accountancy and commerce in accordance with the prescriptions of the DoE. Some private tertiary institutions restrict access in accordance with

the limits set by the professional bodies or other higher institutions with which they work in partnership.

4.4.4 Academic staff

According to the majority of respondents, training institutions find it difficult to attract and retain teaching staff with the required technical knowledge and skills to convey the body of knowledge in finance and accounting. A number of the institutions said that it is difficult to employ chartered accountants (CAs) as lecturers. Several reasons were put forward as to why the academic world appears to be a less attractive employment proposition for accounting professionals.

First, accounting professionals are able to demand significantly higher salaries in commerce and industry than in academic teaching posts. Although SAICA pays a subvention to CAs who are full-time academics at SAICA-accredited universities, the combined value of the academic salaries and the subvention is still insufficient to bridge the remuneration gap between the academic and commercial worlds.

Second, academic institutions have also introduced stricter conditions of employment for lecturers. Many institutions expect greater outputs from teaching staff and have increased the lecture load and contact sessions with students, including remedial interventions to assist weaker learners. Academics are also under pressure to conduct research and publish academic articles. While some institutions, universities and universities of technology, in particular, permit academic staff to run private accountancy practices, others have removed this privilege. Heavier workloads have also reduced the time that academics may have to generate additional income from private work. The inability of academics to continue with private work widens the disparity in remuneration between the financial and business market and academia.

Third, workloads increase as the body of knowledge grows and changes with amendments to accounting standards made nationally and internationally every year. Lecturers are required to spend time on self-study to remain current, relevant, and competent in their teaching of the technical subjects.

Three of the universities reported not finding it difficult to attract high-calibre academic staff and even CAs to become lecturers. This appeared to be linked to the payment of more attractive remuneration packages than those offered by other institutions. The three universities either pay professional allowances to financial and accounting professionals who are members of the teaching corps or have arrangements in place to pay market-related salaries to accountants who teach. However, one of these respondents admitted that the accounting department had struggled in the past to attract

appropriately qualified staff to teach at postgraduate level where course material is more demanding, and a higher level of expertise is required.

Some of the private institutions appoint lecturers on contract and in non-permanent positions. This affects lecturer access and availability. Many of the private institutions reported that they struggled to find qualified and skilled lecturers in accounting and finance, especially black South Africans.

4.5 Higher education institutions and professional bodies

Most of the public institutions who participated in the study encourage their accounting students to pursue professional qualifications offered by the professional accounting bodies that are well recognised in the labour market. Although many of the graduates from universities of technology do not pursue further professional qualifications after their tertiary studies, the accounting departments inform their students about career paths and professional opportunities available to professional accountants who enter into learning programmes with or sit professional examinations administered by professional bodies.

All of the public higher education institutions that participated in this study offer academic programmes that are recognised by one or more of the professional bodies in the accounting and finance sector. Academic programmes at several of the higher education institutions are accredited with or recognised by professional bodies such as ACCA, CIMA, IIA SA, IPFA, SAICA, and SAIPA. In instances where accreditation with professional bodies has lapsed, the tertiary institutions indicated that they have applied for renewal of accreditation. Several of the providers said that they intend to expand their accreditation to more accounting bodies. In instances where some of the providers' programmes were not accredited by a professional body, the higher education institutions maintain informal contact with the professional body.

Seven of the private institutions that participated in the study were either accredited with one or more professional body or had already submitted an application for accreditation. The remaining three indicated that they intended to work more closely with professional bodies in the future, and two were eager to seek accreditation for their programmes.

4.6 Selection and admission criteria

4.6.1 Matriculation results

All of the higher education institutions indicated that learners' matriculation results formed part of the selection and admission criteria. However, many respondents expressed concerns about

adjustments made by assessment bodies to actual results to present a rosier picture of the overall performance and of candidates' academic abilities. According to the respondents, such practices diluted the value of the matriculation certificate. A number of respondents expressed doubts about the value of a matriculation certificate as learners' reported results are often far removed from their academic performance at tertiary level. Several of the institutions were of the opinion that matriculation results were neither an indicator of success nor a good benchmark for entry into tertiary-level studies. Some respondents proposed that a standardised screening or aptitude test be introduced for South Africa, while others suggested that each higher education institution will have to adopt its own screening tests and selection criteria for accountancy and finance programmes.

4.6.2 Targets and demographic considerations

None of the institutions that participated in the study set specific demographic targets to select and admit learners. Several of the universities indicated that SAICA continues to exert pressure to train more black Chartered Accountants. All of the participating universities indicated that they were training historically disadvantaged learners on SAICA's Thuthuka project.²¹²

Several of the universities of technology indicated that the accounting and business schools receive more applications than they are able to consider and that the number of students who meet the entry criteria exceed the number that are finally admitted.

4.6.3 Current practices

Several respondents indicated that the entry requirements at their institutions are as low as can be permitted yet take into consideration the need for students to succeed academically. Public institutions maintain selection and admission criteria to cater for the need for access and manage the risk of subsidising weak learners who are unlikely to succeed at tertiary level. This "balancing act" gives rise to different approaches: one university of technology has introduced more stringent admission criteria to attract a better quality of student and to improve its throughput rates; another university of technology has eased its admission criteria for accounting and finance programmes to facilitate broader access following on from the merger of several higher education institutions.

Universities generally admit onto accounting programmes learners with a matriculation exemption pass who have achieved at least a C or D symbol for mathematics on the Higher Grade. However,

²¹² The Thuthuka Education Upliftment Project has initiated a number of education interventions at secondary and tertiary level to enable historically disadvantaged learners to be educated, developed and trained to qualify as Chartered Accountants.

some universities make exceptions for students who do not meet the admission requirements. Such students are tested at a special unit on campus and, if they pass the university's tests, they are admitted. Depending on their performance, some of the students are admitted onto an extended academic programme (where first-year academic subjects are spread over two years and additional interventions are offered to develop accounting, business economics, business English, life skills, and communication skills). In other instances learners are enrolled into an augmented academic programme (a mainstream programme that runs over the normal period with certain skills development interventions added).

Over the last two to three years some of the universities have set stricter criteria for admission to the Certificate in the Theory of Accounting (CTA), an honours-level qualification required by students who intend to qualify as CAs. This is done in order to try to ensure that only academically strong learners who have a realistic chance of successfully completing the CTA, enrol for the course. The ultimate aims are to optimally utilise scarce academic resources and to increase pass rates on the CTA.

Universities of technology admit learners with or without university exemption in the final matriculation examinations but who meet entry criteria on the institution's scoring scale.

4.6.4 Admission examinations

A number of universities set an admission examination for prospective accounting and commerce students. The tests assess levels of academic literacy, language skills, and mathematical ability. Some universities use the test results to determine access and, in other instances, the results are used as teaching tools; i.e. to determine whether learners need appropriate or additional teaching and learning interventions to succeed at tertiary level. Three institutions require all first-year students to write language skills tests to assess learners' needs for development of communication skills and remedial English lessons.

4.6.5 Future developments

All of the higher education institutions voiced uncertainty about the academic outcomes of the revised requirements for the National Senior Certificate (NSC), which will be issued to learners at the end of the Further Education and Training (FET) phase from 2008 onwards. The first group of learners under the revised FET system who will qualify for tertiary studies will enter higher education institutions in 2009. Because the revised NSC will no longer differentiate between Higher Grade and Standard Grade achievements in subjects such as mathematics and accounting, HET institutions will have to re-assess and re-set admission criteria.

Many of the public and private higher education institutions are working on policies and strategies to introduce academic entrance examinations for new entrants from 2009 onwards. Respondents indicated that the tests would be diagnostic in nature to assess numerical, mathematical, language, and communication skills. While a few institutions may not require a formal entrance examination, it was mooted that admission criteria may be changed and that applicants may be requested to write aptitude tests in numeracy and language to determine whether they should participate in a bridging or foundation course before entering mainstream tertiary studies. Some respondents remarked that tertiary institutions may have to change tertiary-level curricula to accommodate students with the new FET Certificate.

4.6.6 Relevance of qualifications registered on the NQF

Although it was not a focal point of the study to extract respondents' views on qualifications registered by SAQA, important inputs on the NQF were received. A number of respondents expressed concerns about limited opportunities for horizontal and vertical articulation, even though a primary objective of the NQF is to promote mobility between qualifications. Several academics said that tertiary institutions currently set their own admission criteria and that many do not recognise SAQA-registered qualifications attained at one level for articulation with another level. In practice, institutions may or may not recognise programmes offered by other institutions, rather than adhere to the principles of the NQF. For example, accounting degrees registered at level 7 and conferred by universities of technology may not be recognised by universities for entry to degree programmes at level 7 or level 8.

Some of the respondents questioned the relevance of SAQA-recognised qualifications if institutions continue to have institution-based admission criteria. In view of the institutions' response to the admission of learners with the new FET Certificate, it seems that more institutions will be setting their own selection criteria, which may be unrelated to learners' achievements at FET level. This may lead to further questions about the relevance of registration of qualifications on the NQF.

According to a few respondents, SAQA's policies to register unit standards or qualifications for three years only defeat the objectives of the NQF. Often qualifications are not re-registered after their expiry dates or they are replaced by other qualifications. This short "shelf life" reduces the value of the particular qualifications (and indirectly the value of the NQF itself) and subverts the recognition of qualifications in the broader labour market.

4.7 Factors influencing access to higher education

According to respondents at both public and private higher education institutions, many factors hamper learners' access to higher education in the fields of finance, accounting, and commerce. The main constraints pertain to structural and resource problems in the secondary school system, under-developed mathematical and language skills, financial hurdles, poor guidance, and learners' difficult socio-economic circumstances.

4.7.1 Secondary school system

All of the tertiary institutions expressed strong concerns about the quality of education in the secondary-school system. Many of the respondents referred to resource problems in secondary schools that impact directly on the quality of education, academic literacy, and readiness to enter higher education. The respondents voiced their apprehension about the following factors:

- Learners' ability to understand key principles and integrate knowledge is negatively affected by teachers who are under-qualified to teach at secondary school level;
- Subject-matter expertise is lacking, especially in the fields of accountancy and mathematics;
- Sub-standard outcomes are produced by outcomes-based education;
- The fact that the DoE implements curriculum and policy changes inadequately, and without assessing whether the schools and teachers have the capacity to implement changes, causes teachers to be disgruntled;
- Students graduate with a matriculation exemption, but lack the analytical, higher-order thinking and problem-solving skills needed to integrate knowledge and make linkages between different accounting and commerce subject areas at tertiary level; and
- Too many learners exit from the school system without life skills and direction and demonstrate little or no self-motivation, especially learners from rural areas and disadvantaged backgrounds.

According to several of the institutions, it has become increasingly difficult to attract students with the appropriate aptitude and skills mix to succeed at higher education institutions. Many are concerned about learners' level of preparedness to enter higher education and their functional literacy. One public HET institution conducted studies among its first-year students and found that the academic level of the majority of its students was grade 7.

4.7.2 Language skills

All the higher education institutions reported that learners' poorly developed language skills are major barriers to entry into and success at tertiary level. Many acknowledged that weak literacy skills are still the result of historical educational problems that have not been redressed.

Deficient language skills, especially in English, affect learners' ability to read and understand textbooks, participate in lectures, analyse problems, perform tasks, communicate in practical classes, and convey their knowledge and academic ability in assignments and tests. Several institutions reported that learners often use SMS language in written assignments and tests. One private institution has resorted to teaching English before students are taught accountancy.

Many of the institutions offer additional interventions so that learners can improve their language skills. However, several respondents emphasised that it is not the role of tertiary institutions to bridge gaps left by primary and secondary education or that their interventions over one or two years only have limited corrective impact on the effects of the sub-standard education in preceding years.

4.7.3 Mathematical and numeracy skills

The majority of the training institutions said that learners' low skills levels in mathematics and numeracy directly affect their ability to access higher education. Many of the respondents referred to deficiencies in basic mathematical literacy skills such as: elementary arithmetic; calculation of percentages and ratios; and the ability to work with fractions, decimal numbers, and large numbers. One provider who trains finance and accounting officers and supervisors in the public sector said that its offering of accounting training is preceded by numeracy-skills training which focuses on the "primary school syllabus" because the learners are so under-skilled. The hope was expressed that the introduction of mathematical literacy at the FET level would start to redress the significant problem. However, concerns were also voiced that matriculants may be encouraged to study mathematical literacy rather than mathematics for the purpose of improving results and ensuring that school principals qualify for performance bonuses.²¹³

4.7.4 Access to finance

Almost all of the training institutions said that learners' personal financial circumstances and their difficulties to access financial study aid were major obstacles to accessing higher education. Learners

²¹³ A few respondents said that school principals receive performance bonuses based on the matric pass rate in their school, regardless of the economic relevance or value of the subjects which the learners pass.

are pressurised by impoverished and struggling families to find work rather than study. Many students are unable to access sufficient funding or financial assistance to cover tuition fees, textbooks and living expenses because they lack collateral or are regarded as credit risks by financial institutions. For learners in remote rural areas, the problem appears to be worse. The lack of finance and the inability to access study aid force many learners to opt for cheaper distance-learning programmes where there may be too little direct contact with lecturers for mastering the practical aspects of accounting and finance studies.

Sponsors and funders of accounting students were aware of a high dropout rate from first year to final year at undergraduate level and were often hesitant to provide financial assistance. Several institutions reported that it was even difficult to secure funding for students who were reasonably good candidates and had prospects of succeeding at postgraduate level in a CTA programme.

4.7.5 Guidance at High School

The absence of appropriate and informed guidance for High School learners hinders learners' access to higher education in accounting and finance. The problems mostly relate to uninformed subject choices at High School, lack of guidance on the availability of programmes and choice of institutions, and the provision of little or no information on careers.

The respondents were concerned that students complete secondary school education with inappropriate and "easy-to-pass" subject choices. As a result, too many students present with low-value FET qualifications in the labour market and they have no meaningful basis from which to articulate to higher education. Also, many students lack guidance on where to study – for example, whether or not to study at a university or university of technology. Learners also lack information on the different accounting programmes and how these feed into different professional accounting streams.

4.7.6 Socio-economic circumstances

From the interviews it became apparent that most of the learners who experience challenges regarding access to tuition fees, inadequate numerical and language skills, inappropriate subject choices at secondary school, and preparation levels for tertiary study are from deprived backgrounds. Several respondents said that many students with potential are compelled to postpone or abandon their studies because of poor socio-economic circumstances and family priorities. Some institutions said that the majority of their learners do not have access to computers and the Internet and that this hampers their academic progress.

4.8 Throughput and dropout rates

Institutions indicated that they are under pressure to improve the throughput rates of students. Public institutions that receive government subsidies are urged to implement remedial measures to reduce the failure rate and to enhance learner throughput. Public institutions are also aware of increased competition from private providers and other public institutions in their regions. Private institutions are under pressure to retain their registration status, uphold standards of quality, and achieve good academic results to ensure that their reputations and brands remain strong in a competitive market.

Several of the institutions did not have statistics or were hesitant or reluctant to share information on throughput and dropout rates of learners in accounting, finance, and commerce. However, all the respondents openly discussed factors that contributed to student dropout or failure.

In discussing dropout rates, it was clear that the institutions used different measures and approaches to monitor student progression. Some retained statistics per module, others used pass rate per annum across all the modules included in an academic programme, and others looked at pass rates over an entire programme or degree course stretching over a number of semesters.

Also, many of the public institutions provide a broad spectrum of commerce courses and, while students may start off on a pure accounting programme, they may change subjects and move into other areas of business and commerce. In many instances it is possible to move from accounting into economics, cost and management accounting or taxation, or into a general commerce degree with a focus on marketing, business administration, business law and taxation, or human resources management. While it could be argued that these students dropped out of pure accounting, the institutions did not keep count of students who moved into other commerce and related business fields and did not necessarily regard them as dropouts.

Despite the differences in approach to the monitoring and reporting of dropout rates, it was found that in public higher education institutions the annual dropout rates from undergraduate accountancy programmes range from 25% to 50%, while distance learning institutions indicated a higher dropout rate of 55% to 60% per year. Overall, the public higher education institutions reported that between 55% and 70% of undergraduates who start with accounting programmes do not graduate from those courses.

Universities furthermore reported that between 45% and 55% of students on postgraduate accounting courses offered at residential universities do not graduate and in distance-learning postgraduate courses the dropout rate is around 75%. One private institution reported that between 15% and 25%

of the first-year intake of accounting learners achieve a CTA or equivalent qualification after five years of study.

Some of the private higher education institutions reported lower dropout rates than the public institutions and ascribe their higher throughput rates to more contact between students and lecturers in small student groups, focused problem solving, and intensive practical work in tutorial sessions. The lower dropout rates were mainly reported with respect to the courses leading to the accounting technician qualifications and not the professional courses at NQF levels 6 and 7.

Private institutions involved with learnerships reported dropout rates of unemployed learners of around 30% as they take up permanent employment or leave learnership programmes for many possible reasons.

4.9 Factors influencing learners' academic success

Once admitted to higher education, learners under-perform at or fail in their studies for a number of reasons, including inadequate academic readiness, poor work ethic and personal motivation, the huge amount of work and the complexity of the work covered in the training programmes, deficient language and mathematical skills, and lack of exposure to technology.

4.9.1 Level of preparation

According to several of the training institutions, learners enter tertiary institutions even though they are ill prepared for the rigours and challenges of higher education, especially in the technically and academically demanding fields of accounting, finance, and commerce. For many the gap between secondary and tertiary education is simply too great to overcome. Too few learners, especially African learners, pass mathematics on the Higher Grade in matric and universities believe that there is a direct link between a good result in Higher Grade mathematics and success in accountancy education for the top end of the profession.

Many learners also underestimate the degree of difficulty and quantity of work associated with accountancy and commerce qualifications and hold unrealistic expectations about their capabilities and the inputs required to succeed.

4.9.2 Motivation and attitude towards work

The academics reported that too few students are self-starters and that the majority expect lecturers to do everything for them. In essence, large numbers of accounting and commerce students demand to be spoon-fed.

This trend appears to be linked to students' general lack of motivation to succeed, a negative attitude towards work, and an unwillingness to work on their own. Almost all of the institutions remarked that students appear to have serious work ethic problems and that they generally display a serious lack of commitment. Institutions involved with workplace training such as learnerships and employer-sponsored training also commented on learners' lack of motivation. Several institutions reported that the motivational levels of foreign African students are higher than those of South African students.

A few respondents reported that many students who do not have a passion for the technical work or subject matter enrol for accounting and finance because they expect to be receive lucrative remuneration packages upon completion of their courses.

4.9.3 Workload

Several of the universities and private institutions that train high-end financial professionals reported that the syllabi in the accountancy undergraduate- and honours-level programmes (in the so-called SAICA stream) were overloaded. They also commented that the professional bodies were becoming increasingly prescriptive about syllabi and that the large amount of prescribed content meant that the fundamental aspects of accounting were covered superficially or had to be excluded from the courses. In addition, it was unrealistic to expect honours-level students to be specialists in all four areas of financial accounting, auditing, management accounting and taxation.

A number of institutions recommended that the current four-year programmes should be covered over five years, but also cautioned that this may lead to further attrition of learners before the completion of professional training programmes.

4.9.4 Under-developed skills

The training institutions felt that too many learners entered their study courses with under-developed mathematical and analytical skills and that these could not be sufficiently rectified through the tertiary courses offered. These deficiencies were carried through to the application of accounting principles. Respondents reported, for example, that it was not uncommon for students to be proficient in the handling of accounting functions at a transactional level yet be unable to explain their methodology. Often, accounting problems were tackled mechanistically without insight into or understanding of the underlying principles. Most of these problems were carried over from secondary-school level through to the HET level and sometimes flowed over into the workplace and CPD courses.

All the institutions also raised problems associated with deficient and under-developed language skills. Poor understanding of English and weak verbal and written articulation skills hampered basic

communication and comprehension in class, management of study material, execution of practical tutorial work, and performance in formal assessments.

4.9.5 Distance learning

Distance-learning students face more challenges to succeed in accountancy studies as they are often weaker learners and from socio-economically disadvantaged backgrounds. Without ongoing contact with lecturers and regular direct exposure to problem-solving techniques, they battle to cope with the technical details of accounting. Failure is also more likely if the distance-learning students do not access the academic support offered to them. Part-time students who study while employed often battle to cope with the simultaneous pressures of studying, working, and attending to family responsibilities.

4.9.6 Exposure to technology

A number of institutions indicated that they were re-developing accounting programmes to accommodate technology and starting to teach accounting subjects in a computer-based environment. A few institutions also intended to expose their students to relevant accounting software packages used in the business world by incorporating their use in the delivery of academic programmes. However, the lack of exposure to computers and the Internet on the part of socio-economically disadvantaged learners hampered the efforts of the training institutions.

4.9.7 Role of employers

Several of the short-course providers involved with training against unit standards, practical workplace training, and administration of learnerships said that employers played a very important role in the ultimate academic success of their employees. In their experience, some employers had rushed into learnerships to qualify for grants, without considering learners' mode of study and its impact on the workplace. Providers accused some employers of unethical behaviour for seeking tax breaks rather than the promotion of learners' sustainable learning. It was stated that employers often fail to provide the appropriate support structures and mentoring facilities to guide learners with their development. According to the providers, some employers lack commitment and are apathetic. Learners in the public sector face additional challenges to achieve success on learnerships as many departments lack the know-how and infrastructure to accommodate and support them. The dropout rate from learnerships might be as high as 30% per annum as learners move to other departments or take up permanent employment.

4.9.8 Value of bridging courses

The respondents had different views on the value of bridging courses in accounting and finance. Although a few respondents acknowledged that bridging courses enable disadvantaged students to succeed in accountancy and commerce education, others expressed reservations about their success. The argument was that students resist entering bridging courses if they have to study over a longer period to attain their degrees. It was felt that students prefer to enter mainstream courses and that, if the choice were between a bridging course to enter a higher-level programme or studying towards a lesser qualification in a mainstream programme, students opt for the latter. Some respondents argued that bridging courses present a dilemma to tertiary institutions – while it may be socially responsible to provide bridging courses, it is not the role of tertiary institutions to deliver the mix of skills that primary and secondary schools should have taught.

A number of academics observed that there seems to be a disproportionate investment in educating historically disadvantaged learners and not other deserving graduates who could have been assisted to enter higher levels in the accounting profession if they had been sponsored on appropriate postgraduate bridging courses. There were also serious reservations as to whether 12 years of failed development at primary and secondary school level could be remedied over one or two years at tertiary level.

4.10 Support strategies for learners

Both public and private institutions adopted a range of support strategies to enable students to succeed in their accounting and commerce studies. Among the initiatives were academic interventions, provision of social and personal support to learners, enabling of student-to-student support, investment in lecturer development, and facilitation of financial aid.

4.10.1 Academic interventions

The general view was that institutions achieved academic quality by attracting good students and that weaker students enrolled had to be monitored and supported. The academic interventions described briefly below are offered to students.

- Most of the residential institutions adopt an intensive educational approach with big group lectures, interactive tutorial work groups where assignments and practical exercises are discussed, formative assessments are conducted through structured tests and examinations, and problem-based learning is used to reduce the gap between theory and practice.

- All the institutions indicated that they have increased the number of consulting hours offered by academics and lecturers to deal with students' subject-matter enquiries on a one-on-one basis, or via a web-based facility. All of the institutions indicated that their lecturers provided supplementary instruction and extra classes.
- Several of the universities have appointed academic trainee clerks and postgraduate accounting learners to assist undergraduates with mastering accounting principles and course content. One public institution appointed one additional lecturer per subject to increase access opportunities and spread the teaching load.
- Several of the distance-learning institutions have increased the number of annual contact sessions between learners and academic staff and one university has introduced weekly lectures for honours-level students in the CTA programme.
- Over the last two years a few institutions have started tutor groups for undergraduates, but very few students (7% to 13%) were attending those because of access problems for distance learners, resistance to the work, and difficulties in finding suitable tutors.
- Many of the institutions provide learners with: comprehensive study guides; self-assessment exercises; requirements for outcomes to be achieved in each course; and criteria for assignments, tests and examinations. Some of the institutions offer workshops to discuss research and academic writing, to prepare students to write assignments, to review completed assignments, and to provide advice on the preparation for and writing of examinations. A few institutions offer workshops on study methods and discipline, especially for first-year students.
- Many of the institutions maintain web-based, online and e-learning facilities for learners.
- A number of the institutions stated that they focused in particular on the first-year accounting modules to establish a sound basis for learning in later academic years.
- Private institutions aim to provide smaller classes to enable more effective student-lecturer interaction.
- Several institutions present students with additional English lectures and a few have introduced compulsory language and communications modules into accountancy programmes.
- A variety of bridging programmes is available to disadvantaged learners so that they can complete a three-year undergraduate degree over four years and participate in additional

skills development to improve communication, study, and life and professional skills. One institution presents a foundation programme leading to a qualification at NQF level 5, from which learners are able to articulate to undergraduate business and accounting streams. The comprehensive public institutions also use diploma and certificate programmes as part of a learning pathway to enable learners to access degree programmes leading to a professional accounting qualification. One public institution offers an off-campus university preparation course, which includes numeracy development and training in communication and life skills, while learners are also introduced to some of their first-year subjects. A few universities offer postgraduate bridging courses for accountancy and non-accountancy students who wish to enter the CTA or its equivalent. Three institutions have cancelled their bridging and or remedial courses for accountancy and commerce learners as the available supply of applicants exceed the institutions' placement capacity.

- Some private institutions have increased their offerings of shorter learning programmes to accommodate learners' financial constraints.

4.10.2 Non-academic and personal support

All of the public higher education institutions that participated in the study and several of the larger private institutions provide a range of non-academic and personal support services on their campuses. Student advice and services centres offer counselling, stress management services, student assessment, and guidance on studying and learning. Several of the centres conduct aptitude assessments and provide career guidance. Information on careers and subject and programme choices is made available through multiple media.

4.10.3 Student-to-student support

Many of the public and private institutions engage the assistance of senior undergraduate and postgraduate students to present tutorial classes for first- and second-year accounting learners. Some of the universities involve senior students to act as mentors for junior students. One university introduced a buddy system where senior accountancy learners acted as mentors for their junior counterparts. However, this initiative was received unenthusiastically by the junior students. Distance-learning institutions and some residential institutions encourage the formation of syndicated learning and study groups.

4.10.4 Interventions for lecturers

Several of the institutions encourage their academic staff to improve their teaching and facilitation skills. A number of institutions conduct lecturer peer review and actively promote staff training and development.

4.10.5 Bursaries and grants

Most of the larger public and private training institutions manage study assistance, financial aid, and bursaries as part of their admission and administrative support functions to students. Such services are rendered to students from all faculties to enable them to access loan facilities and bursaries for study and are not directed at accounting students in particular. It appears that the institutions do not offer specific assistance to accounting learners and that there are not specific bursaries earmarked for accounting studies.

Several of the public institutions offer bursary schemes for deserving students from all faculties. One institution offers a bursary scheme for accounting students as part of a strategy to support postgraduate studies in many fields.

Most of the respondents had little knowledge of bursaries or grants which may be available to students in finance, accounting, and commerce. Some of the respondents reported that private companies and auditing and accounting firms offered bursaries to deserving students who dealt with their sponsors on an individual basis and not necessarily through the tertiary institutions. The universities said that audit and accounting firms were sponsoring learners on SAICA's Thuthuka programme.

One of the universities has entered into a co-sponsorship arrangement with a large auditing and accounting firm to enable disadvantaged students to qualify as accountants. The firm sponsors students' accommodation and pocket money and provides holiday work, while the university exempts students from academic fees and provides the textbooks.

4.11 Practical and workplace training

4.11.1 Roles and expectations

Most of the universities and public providers prefer to separate formal academic education and practical training for the workplace. While they primarily focus on education to cover technical and academic subject matter, practical training for accountants and financial professionals is passed on to workplace providers, employers, and professional bodies.

However, several of the training institutions contacted for this study recognised the importance of practical training interventions to prepare students for the workplace and have either developed opportunities or are busy exploring opportunities to expose students to experiential learning and internships before they graduated. One institution expressed its intention to develop a database for alumni to monitor their workplace needs and career progress.

A number of the institutions remarked that private sector employers were far removed from tertiary education and often held unrealistic expectations that accounting students had to be job ready and become fee earners within a matter of weeks after graduating. Many of the respondents said that accounting students had a limited opportunity for experiential learning (unless they participated in the SAICA or SAIPA training streams) and that graduates were often unemployed merely because they lacked relevant work experience.

Several respondents said that students also held the unrealistic expectation of securing employment merely on the strength of a qualification.

4.11.2 Bridging the gap between academia and work

While many institutions indicated that they had little formal or informal contact with the workplace, most institutions focus on the practical application and implementation of formal academic education through practical exercises, assignments in a workplace context, and tutorial work.

Institutions also receive informal feedback from employers and through networks of firms that hire their accounting and commerce graduates. Such feedback is incorporated into academic programmes. Most of the institutions that participated in the survey try to bridge the gap between academia and work by involving industry experts, employers, and academics to review curricula and study material to ensure that teaching and learning remain current and relevant. Most of the respondents from accounting departments at the universities indicated that informal feedback from employers on the performance of their honours-level accounting graduates was generally good.

Only a few of the institutions included experiential learning for periods of three to six months as credit-bearing activities in their accounting and commerce qualifications. This was supported by site visits to learners in the workplace to ensure that they were exposed to relevant work. Two of the short-course providers worked closely with employers to ensure that learners had access to mentors in the workplace. A public institution said that it encouraged its accounting and commerce students to gain work experience and exposure.

Some of the institutions observed that it is very resource intensive to offer work-integrated training. Additional staff are needed to place students and to monitor their progress against set outcomes. Also, it is often difficult to source the number of placements needed to expose students to practical work.

Several of the tertiary institutions encourage lecturers and academic staff to keep in contact with accounting practitioners and developments in accounting practice through their membership of professional bodies such as ACCA, CIMA, SAICA, SAIPA and IIASA.

A number of public institutions said that they presented voluntary workshops to assist students to prepare their work applications and CVs and to conduct themselves in job interviews. At one public institution a dedicated business unit liaises with employers who employ interns, trainees, and learners on learnerships and assists with the placement of learners. One of the short-course providers indicated its intention to introduce specific workplace readiness courses in 2008, including life skills and mentorship skills to support their client base of employers.

4.11.3 Factors influencing workplace training

Practical workplace training is hampered by a number of factors, according to inputs made by the training institutions and short-course providers.

The short-course providers involved with workplace training said that experiential learning is severely constrained in the public sector because government departments are not accredited as workplace providers. Apart from challenges such as a shortage of mentors and assessors to support formal workplace training (such as learnerships and internships), most government departments lack the capacity to manage the administrative burden associated with learnerships.

According to the short-course providers and a few of the higher education providers, employers are often short sighted and reluctant to invest time and resources in training towards qualifications. Employers do not support learners with time away from their work stations to undergo training and development, and do not provide the resources and internal support (including mentors) to enable learners to study and develop their skills. Providers said that the shortcuts some employers seek leave learners without key competences and poorly prepared for the workplace. A few respondents said that some employers took on learners purely to meet black economic empowerment targets but failed to support them or expose them to relevant work environments.

A number of respondents said that there was too little recognition in the labour market of the value of learnerships, as both employers and potential learners did not regard learnerships as acceptable

modes of entry to the world of work. Several of the training institutions reported that although the principles and objectives of learnerships were sound, the delivery and outcomes were hampered by bureaucracy, inefficient administration, over-bearing compliance issues, and lack of funding.

While public institutions may have the capacity and resources to provide practical and experiential training to external organisations through special units attached to the institutions, they were constrained legally because the special units were prohibited from registering as separate legal entities to deliver specialised training, as is required in terms of the Higher Education Act, 101 of 1997.

4.12 Conclusions

HET institutions operate in a highly regulated environment to educate the workforce in the Financial and Accounting Services Sector. Together, the public and private higher education institutions offer a range of diploma, certificate, undergraduate, postgraduate, and short-course programmes to meet the education and training needs of new entrants, as well as employees who pursue further education on a part-time basis. The institutions serve the needs of entry-level workers, accounting technicians, and high-end accounting and finance professionals.

Major restructuring and re-organisation among higher education institutions have impacted on service delivery and management of academic programmes. In addition, proposed changes to the qualifications framework for higher education cause uncertainty about the relevance and future of current programmes, the availability of articulation options, and the development of curricula.

Current selection and admission criteria appear to vary from institution to institution, and there are strong indications that future admission practices may change to accommodate changes to the outcomes of the new National Senior Certificate or FET Certificate. The majority of HET institutions were revising admission criteria and policies and a few of them plan to introduce admission examinations from 2009 onwards.

Among the factors influencing access to higher education are inadequacies in the secondary school system, under-developed language and communication skills, deficient mathematical and numeracy skills, difficulties in accessing financial aid, poor guidance offered at High School, and learners' difficult socio-economic circumstances. Students' academic success at tertiary level is affected by a range of factors, including their level of preparedness for higher education, institutional policies, motivation and work ethics, workload and complexity of courses, and learners' level of exposure to technology. Public and private higher education institutions have adopted numerous strategies to

address these factors. Remedial and bridging programmes are offered to students who do not meet the stipulated academic requirements. Lecturer-student contact sessions and practical tutorial work have been increased. Online training assistance is provided to help students, as well as non-academic support services including assessment, counselling, and a range of guidance activities. Bursaries and grants are offered to ease access and assist students who have financial constraints.

Most of the higher education institutions remain focused on formal education while workplace training is entrusted to employers and professional bodies. However, a number of the HET institutions have taken measures to reduce the gap between the academic world and accounting practice.

5 LEARNERS IN THE SECTOR

5.1 Introduction

One of the key features of the Financial and Accounting Services Sector is that it provides practical training opportunities to thousands of learners. Most of these training opportunities take the form of formal learnership programmes that lead to qualifications that are registered on the NQF. The learnerships that are offered in the sector span NQF levels 3 to 7 and many of them provide entry to the professional bodies described in Chapter 3 of this report and access to the professional designations these bodies confer. The sector trains financial professionals not only for its own needs but also for those of other sectors of the economy.

The learnerships that are offered in the sector, the profile of the learners, and the qualification trends in the learnerships are described in Chapter 8, which deals with the supply of skills to the sector. This chapter – Chapter 5 – describes the results of a survey conducted among a group of 50 of the learners on learnerships. These learners were interviewed in order to gauge their perceptions of their learnerships, their work environments, the quality of the training that they receive, and the factors that impact on their access to and successful completion of the learnerships. A brief overview of the learners' future career plans is also given.

5.2 Profile of survey participants

Of the 50 learners who participated in the survey 52.0% were white, 48.0% black, 52.0% female, and 48.0% male. The race, gender, age, highest qualification of survey respondents are reflected in Table 5-1, as well as the duration of the learnerships. The majority of learners (88.0%) were younger than 31 and 90.0% had obtained at least a first degree/national diploma. Eighteen per cent had completed their learnerships up to a year before the time of the survey while the others were still participating in the learnerships. Most of the learners (70%) were on SAICA learnerships.

Forty-eight per cent of the learners surveyed were permanently employed by the organisations where they were enrolled for learnerships and 52.0% were employed on contract, mostly for the duration of the learnership. The learners were employed by 42 different organisations, ranging from large to small auditing and accounting firms to organisations in the public sector such as the Office of the Auditor-General. Sixty-two per cent of the learners had studied at universities before they enrolled for

the learnership, 28.0% had been employed by another organisation, and 6.0% had still been at school.

Table 5-1 Profile of survey participants

Race and gender								
African		Coloured		Indian		White		Total
Male	Female	Male	Female	Male	Female	Male	Female	
7	5	2	1	6	3	9	17	50
14.0%	10.0%	4.0%	2.0%	12.0%	6.0%	18.0%	34.0%	100.0%
Age								
20 – 24 years		25 - 30 years		31 - 34 years		35 years and older		Total
13		31		3		3		50
26.0%		62.0%		6.0%		6.0%		100.0%
Highest qualification								
Grade 12 (matric)		First Degree/National Diploma		Honours Degree/ CTA		Qualified CA		Total
5		12		28		5		50
10.0%		24.0%		56.0%		10.0%		100.0%
Duration of learnership								
2 years and less		3 years			4 years and more			Total
3		35			12			50
6%		70%			24%			100.0%

5.3 Perceptions of training

In general, learners were satisfied with the learnership programme that they had participated in or were participating in – 58.0% indicated that they were very satisfied and 42.0% were satisfied with the training that they received. Several advantages of entering a learnership were identified. The opportunity to gain practical hands-on experience without having to take total responsibility and the exposure to different fields of knowledge, clients, business systems, and professionals in the work environment were identified by the respondents as the most important advantages. Participating in a learnership also contributed to personal development and the development of self-confidence. According to the respondents they had learned to work independently, accurately and responsibly.

They also regarded the learnership as a learning experience where they were allowed to apply the theoretical knowledge obtained at university to the practical situation. Learners were furthermore of the opinion that they acquired a number of soft skills during their learnership training such as problem-solving-, presentation-, report-writing-, and time-management skills. They also learned how to work with clients and in teams with colleagues.

Only 24.0% of respondents indicated that they had experienced problems with their learnership programmes at some stage. The problems that these learners reported included problems related to the work environment, dissatisfaction with employee benefits, problems with the administration of the learnership process, and their own inability to balance work and studies.

Work-environment difficulties included limited exposure to work experience in certain fields, heavy workloads (too few learners to handle the workload), unrealistic deadlines set for the completion of work, and a lack of mentorship.

Some of the learners complained that employee benefits for learners were not standardised in the sector. They complained about limited study leave, no remuneration for overtime, and low salaries. Learners with no additional financial security (in particular black learners) found it difficult to make ends meet on their learnership allowances or salaries. Generally, it seemed as if employee benefits in large organisations were better than those in small firms.

With regard to the administration of the learnerships, a few of the respondents felt that they lacked information on aspects of administration such as entry requirements for the learnerships, options available to them on the study programmes, what to do when they failed exams, and if and how they could move between employer organisations.

Some of the professional bodies were specifically criticised for their lack of communication with and feedback to learners. Learners also complained that they could not always access the websites of the professional bodies. From the interviews it appeared as if the professional bodies tend to communicate with learners through their employers and that one of the communication problems could be that the employers did not pass on the information that they received from the professional bodies. For this reason, learners suggested direct communication between the professional bodies and themselves:

Although most of the learners were satisfied with the quality of training that they received, they gave several responses to the question of how the quality of training could be improved. Responses were divided into three categories: suggestions relating to the training process; the work environment; and work exposure. First, learners recommended the following in relation to the training process:

- Training content should be regularly updated to keep up with sector changes;
- The learnerships should be better structured and the professional bodies should provide more explicit information and guidelines on what is expected of learners in each year of their learnerships;
- Communication between the professional bodies and learners should be improved;
- The training providers should be more regularly monitored by the professional bodies;
- Fasset should improve its communication with learners – for example, learners should always receive information on seminars offered by Fasset; and
- Events should be organised where trainees from different organisations can meet.

Second, managers' or mentors' *personal* involvement and interest in learners were viewed as crucial to learners and contributed to the successful completion of learnerships. Learners indicated that they needed mentoring and regular monitoring so that problems could be identified early and they could remain focused and motivated. Because of managers' work pressure and other commitments, this relationship sometimes seemed to be neglected or responsibilities were passed on to other members of staff.

Third, learners' work exposure depends on the size and client base of the organisation where they are enrolled for their learnerships. Learners indicated that the quality of their training was, among other things, determined by the work exposure that they received and they felt that this exposure should be the same for all learners. According to some, this could be achieved if learners were to move between different organisations at different stages of their three-year learnership periods.

5.4 Skills needs and gaps

At the time of the survey 38% of learners indicated that they felt they had skills needs relating to their field of study that the learnership should address, but had not done so yet. Further exposure to the fields of auditing and tax was needed, as well as more exposure to large clients or a specific category of clients such as public companies. In addition, a need for supplementary training on soft skills was indicated, especially with regard to professional behaviour during communication with clients and colleagues. Additional practical work and assignments were needed to apply theoretical knowledge and to expand learners' knowledge of the industry.

5.5 Factors impacting on learners' access to education and training

Eighteen per cent of learners indicated that a lack of academic qualifications, employment equity, and the low salary that learners receive for the duration of the learnership made it difficult for them to enter a learnership. In contrast, 76.0% learners identified factors which they believed had benefited them in entering the learnership. They indicated the following:

- Level of highest academic qualification (NQF level 7 e.g. honours degree);
- Academic excellence e.g. good matric results;
- Knowledge of work environment through previous employment or vacation work;
- Motivation, drive and passion for the job;
- Personality factors - for example, perseverance and willingness to start at the bottom; and
- Additional financial support.

Respondents had to describe the factors that they considered to be responsible for learners' failure to complete learnerships and to make suggestions on how the dropout rate among learners could be decreased. These factors mainly apply to learners on SAICA learnerships.

It is generally accepted that it is difficult to qualify for SAICA registration. Learners have to enter a three-year or five-year training contract. They also have to complete the CTA (Certificate in the Theory of Accounting, NQF level 7) at an accredited education institution²¹⁴ and pass two qualifying board exams to register as chartered accountants.

Against this background, Table 5-2 shows that respondents regarded the stressful work environment (long working hours, heavy workloads, and continuous deadlines) typical of auditing and accounting firms, as well as the challenge to combine work, part-time studies, and personal life as important contributors to learners' dropping out of learnerships. Low salaries during the training period

²¹⁴ Various options are available to learners wishing to enter the College of Chartered Accountants. Learners may enrol for a three year full-time B Com accounting degree, or equivalent, at a tertiary education institution and after graduating, enter into a three year training contract with either a Registered Training Office (RTO) or an Approved Training Organisation (ATO) and complete the CTA, or equivalent, part-time at an accredited education institution. Alternatively, learners may enrol part time for a B Com accounting degree, or equivalent, and enter into a five year training contract with a RTO or an ATO. After graduation, they can complete the CTA, or equivalent, at an accredited tertiary institution on a part-time basis. SAICA, www.saica.co.za accessed 17/01/2008.

aggravated the situation for many learners, especially those without additional financial support who had to take care of families. The demand for financial skills in the labour market meant that learners on learnerships often received offers of better-paid jobs – especially after they had gained work experience. Many learners cannot resist the temptation to accept permanent job opportunities elsewhere, in particular if they struggle financially.

Wrong career decisions were also indicated as a factor responsible for learners' failure to complete learnerships. The image and status attached to the profession and the lack of proper career counselling result in uninformed career decisions. The reality of the work environment makes some learners discover that the job they are doing is not the job they really want to do and for this reason they do not complete the learnership. Respondents were also of the opinion that the profession demands people with particular personal traits such as self-motivation, perseverance, discipline, and the ability to handle stress, pressure, and responsibility. Learners without these attributes tend to lose motivation if they struggle with long working hours, financial difficulties, and board exams. If they do not quit during the learnership, they complete it and then move into other careers.

Table 5-2 Factors responsible for learners' failure to complete learnerships

Factor	% of respondents
Stressful work environment	52.0
Difficulty of combining work/study/personal life	52.0
Low salary earned	32.0
Wrong career decision	28.0
Wrong personal framework	22.0
Unmet demand for financial skills	10.0
Wide gap between university and work environment	8.0
Other, e.g. poor quality of school education	8.0

Respondents were also asked for their recommendations on the actions that stakeholders such as Fasset, professional bodies, and training providers could take to decrease the dropout rate among learners on learnerships. Although most of the respondents had some recommendations, a few felt that nothing should be changed. According to them, the sector is already doing enough to assist learners on learnerships. Learners who want to participate in learnerships should accept the challenges, “live with the consequences”, and keep their eyes on the longer-term benefits.

The majority of recommendations focused on additional support to learners in the work environment. Better communication and information such as induction programmes, learner “road maps”, effective mentorship, team-building activities and regular assessments were also recommended. It was felt that the professional bodies could also provide more support by: explaining the structure of the training process; helping learners to set priorities; setting up learner links through seminars and casual contact networks; and arranging practical training sessions over weekends to assist learners with problems.

Respondents also suggested that improvements to the work benefits of learners could decrease the number of learners who terminate their learnerships before completion. Apparently, learner benefits such as study leave vary across the sector. Learners employed in small organisations reportedly receive less study leave than learners on learnerships at larger organisations. Respondents recommended that the professional bodies should standardise benefits such as salary and study leave for small, medium and large organisations or, if this is not possible, prescribe minimum benefits.

The respondents were also of the opinion that the number of learners who quit learnerships because of wrong career decisions could be limited if learners were properly informed about the profession *before* entering a learnership. Sector stakeholders such as Fasset and the professional bodies should ensure that potential candidates at school and university receive more exposure to, and information on, financial professions. The following recommendations were made:

- Better and more comprehensive career counselling services should be provided at school level – for example, aptitude tests and information sessions by people in the profession;
- Interested candidates should be exposed to the work environment through vacation work and job shadowing;
- Learners should be informed upfront about the structure of the learnership and what would be expected from them by the employers, the training providers, and the professional bodies; and
- The training process and the training providers should be monitored more closely by Fasset.

5.6 Career progression

Information on the post-learnership career plans²¹⁵ of respondents indicated that almost two-thirds of them intended to remain working in the same field in which they did their learnerships. Of those that

²¹⁵ Information should be interpreted with caution, as most respondents had not completed their learnerships at the time of the survey and factors such as job offers could change their plans.

wanted to leave their current field of study, most indicated that they would like to move into commerce, merchant banking, financial management, and management accounting. A lack of interest in their current field – “auditing is a very technical process and one should have the personality to do it all the time” – and the increased risk brought about by changes in legislation were as the main reasons given for moving away from auditing.

At the time of the survey, 34.0% of respondents indicated that they would like to remain in the employ of their current employer, depending on the job opportunities available. Thirty-two per cent reported their intent to seek alternative employment in South Africa, while 34.0% said that they planned to seek employment outside South Africa. Financial considerations, the need for broader exposure, and other interests were the reasons given by those that wanted to remain in the country but move to another employer. Learners who intended to move overseas gave international professional exposure (the UK, the USA, Canada, Australia) and exposure to other cultures, the current crime and political situation in South Africa, and employment equity as motivation for their plans. However, most of these respondents indicated that they would not like to remain overseas permanently but for a limited period only. The majority of respondents had no intention to enrol for further studies, besides finishing their current qualification.

5.7 Conclusions

Learners are generally satisfied with the content and quality of learnership programmes. The problems that learners experience are mainly related to the level of difficulty of the qualification and the duration of the learnership (three years for those enrolled in full-time studies and five years for learners who work and study at the same time). A stressful work environment, lack of communication and support, as well as the low salaries that learners earn during their learnership period make it very difficult for many to complete the training. Part-time learners experience problems with the lack of time they have for their studies because of their heavy workloads, continuous deadlines, and long working hours, while those without additional financial help find it difficult to make ends meet – in particular, learners with family commitments. Work benefits are not standardised for the sector and learners’ remuneration, study leave, and work exposure depend on the organisation where they have enrolled for their learnership. Wrong career decisions because of a lack of career counselling also add to the dropout rate.

Learners need adequate information and support to stay motivated. Stakeholders such as Fasset, the professional bodies, and training organisations could decrease the dropout rate by establishing

effective mentor–learner relationships, satisfying the information and training needs of learners, developing standardised benefits, and monitoring learners and training organisations closely.

6 SCARCE AND CRITICAL SKILLS

6.1 Introduction

This chapter deals with skills shortages in the Financial and Accounting Services Sector. Skills shortages have become a well publicised element of the South African economy and are believed to be inhibiting economic growth. As a result, the South African government has started to focus more on the alleviation of skills shortages and many special funding initiatives (including SETA funding) is currently directed mainly towards areas in which skills shortages are experienced. However, the country is still in a process of developing mechanisms to accurately identify, measure, monitor, and report on skills shortages. SETAs are assigned a key role in this process and are obliged to monitor and report on skills shortages in their respective sectors. For this reason, this sector study included the issue of skills shortages.

Skills shortages are viewed from two perspectives represented by two concepts used by the Department of Labour: *scarce skills* and *critical skills*. The concept of *scarce skills* refers to a shortage of people with the required attributes to fill positions available in the labour market. The attributes that employers are seeking when they try to fill positions in their organisations are specifically important. These may be qualifications, specific skills and experience, a specific race or gender, or a combination of these attributes. Scarce skills are normally expressed in terms of the occupations for which there are not enough candidates available.

The term “*critical skills*” refers to particular skills required for a particular occupation,²¹⁶ or the qualitative deficiencies that may exist or develop in the skills apparatus of the existing workforce. Critical skills needs may exist because of insufficient education and training before people enter the labour market or they may develop as a result of external factors such as changes in legislation, changes in the business environment, or technological changes. Critical skills can be grouped into two:

- Key or generic skills. In SAQA-NQF terminology this would include critical cross-field outcomes such as cognitive skills (problem solving, learning to learn), language and literacy skills, mathematical skills, information and communication technology (ICT) skills and the ability to work in teams.

²¹⁶ Department of Labour, Framework for Identifying and Monitoring Scarce Skills, 2005.

- Particular occupationally specific “top-up” skills required for performance within that occupation.

This section of the chapter includes the views of employers, professional bodies, and training institutions on scarce and critical skills in the Financial and Accounting Services Sector. The section comprises two sub-sections: scarce skills and critical skills.

6.2 Scarce skills

6.2.1 Employers’ experiences of scarce skills

Skills scarcities manifest in different ways in the work environment. One of the signals of scarcity is that employers find it difficult to retain employees because they are easily lured away by higher salaries and other benefits. Therefore, this study started the exploration of skills scarcity by asking employers whether they found it difficult to retain certain categories of staff. The second area in which the scarcity of skills normally manifests is recruitment.

Nearly a tenth (9.2%) of organisations indicated that they found it difficult to retain certain categories of employees. Two sub-sectors – (1) activities auxiliary to financial intermediation and (2) accounting, bookkeeping, auditing and tax services – were particularly affected. The responses indicated that organisations mostly found it difficult to retain professionals. Table 6-1 gives an overview of the type of employees that organisations found it difficult to retain, as well as the reasons for retention problems. Accounting professionals (accountants, auditors and trainee accountants) were clearly the group that organisations struggled most to retain. The fact that many organisations reported that they found it difficult to retain black and white professionals indicate that there is an overall shortage in the market and that the shortage is not only related to change in the racial profile of workers in the sector.

Most organisations cited the fact that they could not meet the salary demands of professionals as the main reason for their inability to retain staff. This confirms the notion of overall shortages in the market.

Table 6-1 Number of organisations that found it difficult to retain staff

Occupations	Black		White		Reasons for retention problems						
	Male	Female	Male	Female	Salary and package demands	Overall shortage in market	Better prospects elsewhere	Not enough qualified blacks to fill positions	Unattractive location of company	Not enough people with the required skills	Working conditions
Managers											
Finance Manager	5	2					2				2
ICT Project Manager	5	2					7				
Professionals											
Accountant	115	103	73	61	85	30	13	5	5	10	4
Trainee Accountant	80	81	88	87	43	7	26			13	23
Taxation Accountant	6	6	6	6	3	2					
External Auditor	43	52	18	18	17	6				24	
Financial Investment Manager	5	5	5	5	5						
Economist	2	3	3		3		2				
Management Consultant	13	13	13	13	5	7					
Marketing Specialist	5	2				2	3				
Sales Representative	2	2	2	2			2				
ICT Business Analyst	2	2									
Systems Analyst	1	1	1	1		1					
Database Administrator	2	2				2					
Clerical and Administrative Workers											
General Clerk	8	13	5	5	5			5		3	
Call or Contact Centre Operator	3	3	3	3							3
Receptionist		3		9			3				
Accounts Clerk		2									

Occupations	Black		White		Reasons for retention problems						
	Male	Female	Male	Female	Salary and package demands	Overall shortage in market	Better prospects elsewhere	Not enough qualified blacks to fill positions	Unattractive location of company	Not enough people with the required skills	Working conditions
Bookkeeper	29	41	25	32	18	2	8			5	
Debt Collector		3		3						3	
Human Resources Clerk	2				2						
Insurance Agent		3	3	3			3				

Employers' experiences with regard to recruitment were also explored. They were first of all asked whether they had tried to recruit new employees in the year preceding the survey and, if so, whether they had difficulties for longer than three months in finding suitable candidates for certain positions. Employers were also asked to identify the specific occupations (job titles) for which they could not find suitable candidates, the number of people they tried to recruit at entry-, intermediate-, managerial- and executive levels, and the reasons (in their opinion) why they could not find the right people.

The results showed that 44.9% of organisations had tried to recruit employees in the year preceding the survey. However, only 15.4% of organisations in the sector found it difficult to recruit suitable candidates for vacant positions and reported scarce skills. The highest incidences of scarce skills were found in three sub-sectors: SARS and government departments; accounting, bookkeeping, auditing and tax services; and business and management consulting services (Table 6-2).

Table 6-2 Organisations that experienced skills shortages by sub-sector and organisation size

Subsector	Organisation category			Total	% of subsector
	1- 49 employees	50- 149 employees	150+ employees		
	N	N	N	N	
Investment Entities, Trusts and Company Secretary Services	46	3	5	53	8.6
Stockbroking and Financial Markets	40	8	7	55	8.8
Development Organisations	17			17	6.0
Accounting, Bookkeeping, Auditing and Tax Services	641	50	23	714	18.3
Business and Management Consulting Services	54	11	9	75	18.0
Activities Auxiliary to Financial Intermediation	34		5	39	11.5
SARS and Government Departments			6	6	100.0
Total	832	72	55	959	15.4
% of organisation category	14.0	42.6	67.9		

A total of 3 408 posts (2.9% of sector employment) across various occupational categories were listed (Table 6-3). The majority, 2 549 or 74.8%, were for professional occupations. This constitutes 5.8% of the total number of professionals employed in the sector. Nearly a fifth of the positions were for

trained clerical and administrative workers and 3.6% were for managers. However, these vacancies formed only 0.7% and 1.7% of employment in the respective occupational groups.

Table 6-3 Number of positions that organisations had difficulties in filling in 2007

Occupational group	Positions		Employment in the sector	% of employment in sector
	N	% of positions		
Managers	124	3.6	17 404	0.7
Professionals	2 549	74.8	44 307	5.8
Technicians and Trades Workers	2	0.1	2 590	0.1
Community and Personal Service Workers			3 332	0.0
Clerical and Administrative workers	671	19.7	40 210	1.7
Sales Workers	7	0.2	1 086	0.6
Machinery Operators and Drivers			3 730	0.0
Elementary Workers	55	1.6	4 696	1.2
Total	3 408	100	117 356	2.9

6.2.2 Scarce skills: managers

Employers reported a total of 124 managerial positions that were not filled as a result of a scarcity of skills. The specific types of managers that organisations were looking for can be seen in Table 6-4. These include general managers in the public service and finance- , project- and customer service managers. The current skills scarcity among managers is mainly the result of the limited number of black professionals with enough experience to take up managerial positions.

Table 6-4 Scarce skills: managerial occupations

Occupation	Number of people organisations tried to recruit on:				
	Entry level	Intermediate level	Managerial level	Executive level	Total
General Manager Public Service		8	3	53	64
Finance Manager		10	7		17
ICT Project Manager			11		11
Customer Service Manager		10			10
Office or Unit Manager	8				8
Specialist Managers			5		5
Programme or Project Manager			5		5
Corporate General Manager			3	1	4
Total	8	28	34	54	124

6.2.3 Scarce skills: professionals

At the top of the list of professional positions that employers found it difficult to fill were typical line-function positions in the sector, such as accountants and auditors and trainees in these fields (Table 6-5). Trainee accountants form an important component of the workforce in this sector and, therefore, the scarcity of trainees has an immediate effect on the work functions performed by the sector and it has a longer-term effect on the availability of qualified professionals. The list of scarce professional skills also includes supportive skills such as ICT systems analysts, ICT business analysts, developer programmers, and software engineers. Although these professionals are not employed in large numbers in this particular sector, their skills are specialised and of critical importance to many organisations.

Table 6-5 Scarce skills: professional occupations

Occupation	Number of people organisations tried to recruit				
	Level				Total
	Entry	Intermediate	Managerial	Executive	
Article, audit clerk/ trainee	464	379			843
Accountant	450	175	165	16	806
External Auditor	173	190	61	33	457
Systems Analyst	138	9			147
Management Consultant	34	24	3	27	88
Internal Auditor		17	31		48
Financial Investment Advisor	2	18	3	13	36
Economist		5	15	6	26
Taxation Accountant	10	3	5	3	21
Training and Development Professional	3	3	9		15
ICT Business Analyst	7	7			14
Developer Programmer		11			11
Software Engineer		10			10
Human Resource Advisor		5	3		8
Company Secretary	7				7
Statistician			7		7
Financial Market Dealer		5			5
Total	1 288	773	320	168	2 549

6.2.4 Scarce skills: clerical and administrative workers

The occupations in which employers found it difficult to recruit suitable candidates can be seen in Table 6-6. At the top of the list are bookkeepers, followed by general clerks.

Table 6-6 Scarce skills: clerical and administrative occupations

Occupation	Number of people organisations tried to recruit on:				
	Entry level	Intermediate level	Managerial level	Executive level	Total
Bookkeeper	142	107	3	25	277
General Clerk	64	19	4	16	103
Receptionist	49	4		5	58
Handyperson	55				55
Accounts Clerk		45	4		49
Government trainee	13	13			26
Personal Assistant	4	8	9		21
Insurance Consultant		18			18
Purchasing Officer	17				17
Contract, Program and Project Administrators		4	5	5	14
Data Entry Operator		10			10
Statistical Clerk		8			8
Insurance Agent	7				7
Human Resources Clerk	5				5
Credit or Loans Officer		3			3
Total	356	239	25	51	671

The reasons that employers cited for their inability to recruit people in certain occupations are summarised in Table 6-7. Excessive salary demands, the fact that candidates are easily attracted to better prospects elsewhere, and that certain locations are regarded as unattractive are symptomatic of a labour market that is out of balance – i.e. where the demand is higher than the supply of people with certain skills. The shortage of black people with certain skills was a problem experienced by most of the employers as they struggled to meet employment equity requirements.

Table 6-7 Reasons given by organisations for difficulties to fill scarce skill positions

Occupational group	Reasons						
	Salary and package demands	Overall shortage in market	Better prospects elsewhere	Not enough qualified blacks	Unattractive location of organisation	Not enough people with the required skills	Working conditions
Managers	✓	✓	✓	✓		✓	
Professionals	✓	✓		✓	✓	✓	✓
Clerical and Administrative workers	✓	✓	✓	✓	✓	✓	✓

6.2.5 Professional bodies' views on scarce skills

Professional bodies have a macro perspective (which spans the total economy and not only the Financial and Accounting Services Sector) on the skills situations in their particular professions and, therefore, their opinions on the issue of scarce skills were also sought in the research process.

By and large, the professional bodies confirmed the scarce skills situation as identified in the employer survey. However, while employers mostly stressed the shortage of skills at the professional level the professional bodies were of the opinion that there are finance skills shortages at almost all levels in the sector and in the broader labour market.

The following categories of skills shortages were identified:

- Trainee auditors (for public practice and in the Office of the Auditor-General);
- Trainees to qualify as chartered accountants;²¹⁷
- Bookkeepers and accounting technicians;
- Financial officers, internal auditors, and procurement and supply chain officers in the public sector;

²¹⁷ SAICA reported that fewer candidates wrote the Qualifying Examination (QE1) in 2007 than in previous years. At the time this report was being written, SAICA was conducting research into the extent of the shortage of Chartered Accountants.

- Support staff in finance and accounting in the public sector, and people qualified at NQF levels 2 to 4;
- Internal auditors with well developed analytical skills and who understand their business environment to conduct effective risk assessments;
- Professionals who have passed the Registered Persons Examinations of the JSE;
- Taxation practitioners who are skilled to deal with the more complex local and international tax regimes and, perhaps, also tax practitioners who meet the qualifying standards to be set under new proposed legislation; and
- Managers with a strong finance and accounting foundation.

Many of the professional bodies emphasised the skills shortages in the public sector. Skilled and competent people are required at all levels, including the level of chief financial officer, management accountant, accounting technician, bookkeeper and operational and support staff who initiate and record financial transactions.

A number of professional bodies were concerned that the accounting profession and industry, including Fasset as a funder of skills development, do not focus sufficiently on the development of qualified accounting workers at NQF levels 3 to 5. It was stated that too much emphasis is placed on the need for high-level professional skills while there is a real need for lower-level accounting workers – not only in the Financial and Accounting Services Sector but in the broader labour market, as well. The argument is that well skilled and effective accounting technicians and bookkeepers could reduce audit time and could indirectly help to alleviate the need for highly skilled professionals such as auditors.

6.2.6 Training providers' views on scarce skills

The shortages of skilled professionals have a direct influence on the staffing situation at education institutions. Several of the higher education institutions that offer degrees in accounting said that they found it difficult to recruit and retain chartered accountants. The situation appears to be mostly related to remuneration gaps between academia and the business sector – a symptom of an overall shortage of chartered accountants.

The training providers also confirmed that the labour market continues to experience a shortage of black accounting professionals and shortages of general accountants, management accountants, and

internal audit professionals. All the universities also said that audit firms require more trainee auditors.

A number of training providers confirmed the observation made by the professional bodies that there is a shortage of skilled bookkeepers and specialised accounting clerks.

The training institutions not only referred to the quantitative skills shortages, but pointed out that there are certain qualitative issues that also need to be addressed in the supply of skilled professionals. For example, the increased awareness of corporate governance in the commercial and business world has meant that: more specialists in risk management are needed to address accountability and sustainability issues; and accounting graduates need to be better equipped to analyse and manage finances, assess and direct governance issues, and ensure that organisations comply with regulatory requirements.

Several respondents from tertiary institutions were also of the opinion that information technology should form a more integral part of the education and training of financial professionals.

6.3 Critical skills

Organisations that participated in the employer survey were asked to indicate if their staff experienced any critical skills needs. Only 18.4% of the small organisations (those employing fewer than 50 people) were of the opinion that there were critical skills needs in their organisations. A slightly higher percentage (29.6%) of the organisations that employed between 50 and 149 employees identified critical skills needs, and 61.7% of the large organisations did so (Table 6-8).

Table 6-8 Organisations that identified critical skills needs by sub-sector and organisation size

Subsector	Organisation category			Total	% of subsector
	1- 49 employees	50- 149 employees	150+ employees		
	N	N	N	N	
Investment Entities, Trusts and Company Secretary Services	38	3	2	43	6.9
Stockbroking and Financial Markets	59	11	7	76	12.1
Development Organisations	27			27	9.5
Accounting, Bookkeeping, Auditing and Tax Services	875	26	20	922	23.6
Business and Management Consulting Services	32	8	10	49	11.8
Activities Auxiliary to Financial Intermediation	69	3	5	77	21.7
SARS and Government Departments			5	5	83.3
Total	1 099	50	50	1 199	19.3
% of organisation category	18.4	29.6	61.7		

The broad occupational categories, the number of people who need training in each category, and the skills areas in which they need training can be seen in Table 6-9. A total of 15 557 employees (13.3% of the existing workforce) in the sector need training. Of these 2 949 are managers and 7 850 professionals, constituting respectively 16.9% of managers and 17.7% of professionals in the sector. Almost a tenth of clerical and administrative workers need additional training. Typical areas in which skills in all or most of the occupational categories are lacking are information technology, legislation and problem solving.

Table 6-9 Critical skills by occupational category and area of training

Employees who need training		Area of training										
Occupational category	N	Management	Leadership	Client Service	Finance (specialist level)	Information Technology	Support and Administration	Legislation (changes)	Communication	Teamwork	Problem Solving	Marketing
Managers	2 949	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Professionals	7 850	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Technicians and Trades workers	554	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Clerical and Administrative workers	3 713	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sales workers	99					✓		✓				✓
Elementary workers	392			✓		✓	✓		✓	✓	✓	
Total	15 557											

Respondents from the professional bodies and training providers were of the opinion that young people (even though they might be professionally qualified) enter the labour market without the required level of work readiness. In other words, critical skills already exist at the point of entry. A few of the bodies remarked that, in general, accountancy training is very narrow in focus and covers mainly technical aspects. However, new entrants to the labour market require a wide range of skills in order to adapt to and progress in their respective careers. The critical skills needs of new entrants to the labour market fall into different categories:

- The need to understand and apply the fundamental technical skills in the correct context;
- Assertiveness and personal confidence to access employment opportunities and network and market themselves;
- Personal and life skills to handle work pressures and manage their personal affairs;

- Professional behaviour and office etiquette in order to establish professional interaction with superiors, subordinates and clients; and
- Computer skills and information management skills.

Short-course providers and HET institutions emphasised the fact that the public sector had significant finance and accounting skills needs because sub-developed numeracy and language skills were carried over into the workplace from the FET and HET levels. One provider of accounting training for employed adults that regularly conducts pre-course tests on accounting clerks in the public sector to determine the point of departure for each course found that the accounting clerks generally have the numeracy skills of grade 4 learners.

Many respondents recommended that skills development interventions in the public sector should include skills for administration clerks, accounting clerks, and officers at lower-operational levels. Specific training is required in public sector accounting standards and accounting practice, especially for people entering the public sector for the first time.

6.4 Conclusions

The survey confirmed the skills position previously reported in Fasset's sector skills plans, namely that professional skills are in short supply. However, some indications of the development of skills shortages among clerical and administrative workers are also developing.

The occupations in which scarcities are experienced are mostly those that require financial and accounting qualifications such as accountants, auditors, and trainee accountants. At the clerical and administrative level, shortages of bookkeepers have been reported. Shortages of people qualified for occupations in the field of information technology also seem to affect the sector.

Overall, the larger organisations and the public sector seem to be more affected by the scarcity of skills than smaller organisations. However, small organisations in the sector are mostly built around the skills of one or two professionals and to correctly reflect the extent of the scarcity of skills the need in the economy for the services of one-person and very small professional practices should have been measured – something that did not fall within the scope of this sector study.

This chapter provides some indication of the critical skills needs in the sector. It is very difficult to collate and to truly reflect critical skills needs at a sectoral level. Critical skills needs are very specific to individuals within their specific jobs. The number of people indicated as being in need of training in critical skills areas, by the employers who participated in the survey may, therefore, be a total underestimation of the critical skills needs of the sector.

7 FUTURE GROWTH AND THE DEMAND FOR SKILLS

7.1 Introduction

This chapter first focuses on the demand for skills in the financial sector as reported by respondents who participated in the sector survey. The specific themes that are explored are employment trends – the growth or decline in employment experienced by organisations in the period 2005 to 2007; staff turnover; employment growth expectations and the factors that may impact on future growth of the sector; and the demand for skills.

The chapter then focuses on the specific forecasting of the demand for skills. A forecasting demand model was developed for this purpose.

7.2 Employment trends

During the survey, organisations had to indicate changes (percentage increases or decreases) that had occurred in their employment numbers since 2005. The responses to this question show that 18% percent of the organisations in the sector had increased since 2005, 73% had stayed the same, and 6% had decreased in employment numbers.

The percentage changes indicated by the individual organisations were used in combination with their current employment figures to determine employment growth in the sector between 2005 and 2007. The results of these calculations indicate that the total number of people employed in the sector increased by approximately 6.4% per year from 103 654 employees in 2005 to 117 356 employees in 2007. Table 7-1 shows the changes in employment in the various sub-sectors. All the sub-sectors showed growth in employment since 2005. According to the table, the sub-sector comprising activities auxiliary to financial intermediation, of which debt collection forms the largest part, experienced the highest growth in employment over the period, with annual increases of 27.4% between 2005 and 2007. Annual growth of more than 5% was also experienced by the sub-sectors stockbroking and financial markets (6.3%); accounting, bookkeeping, auditing and tax services (5.1%); development organisations (6.8%); and SARS and government departments (5.5%). Investment entities, trusts and company secretary services grew by only 2.6% per year over the two-year period.

Table 7-1 Changes in employment 2005 to 2007 per sub-sector

	Total employment 2005	Total employment 2007	% change per year
Investment Entities, Trusts and Company Secretary Services	6 235	6 565	2.6
Stockbroking and Financial Markets	9 135	10 328	6.3
Development Organisations	2 930	3 339	6.8
Accounting, Bookkeeping, Auditing and Tax Services	52 081	57 481	5.1
Business and Management Consulting Services	12 439	13 494	4.2
Activities Auxiliary to Financial Intermediation	5 816	9 423	27.3
SARS and Government Departments	15 018	16 726	5.5
Total	103 654	117 356	6.4

Growth in business was the main contributor to growth in employment. Business problems (decrease in business); difficulties in finding appropriately experienced and skilled people; and restructuring through, for example mergers or acquisitions, were the main reasons for some organisations experiencing decreases in employment over the two-year period.

7.3 Staff turnover

In the period 1 April 2006 to 31 March 2007, 14 285 employees left the service of their employers. This constitutes a staff turnover rate of 12.4%. Table 7-2 shows that most (77.9%) of the employees who left resigned from their positions, while 5.5% were dismissed and 2.3% retired. Approximately a tenth of the employees who left their employers were learners who left after they had completed learnerships.

Table 7-2 Reasons for staff turnover in the sector for the period 1 April 2006 to 31 March 2007

Reason	N	%
Resigned	11 129	77.9
Left because of completion of learnerships	1 508	10.6
Dismissed	780	5.5
Retired	335	2.3
Passed away	300	2.1
Retrenched	233	1.6
Total	14 285	100.0

The labour turnover rate for the sector for the period 1 April 2006 to 31 March 2007 was 13.5%. It differed slightly for the different size organisations – for organisations that employed 1 – 49 people the

staff turnover rate was 13.6%, for those that employed 50 – 149 employees it was 10.9% and for the large organisations that employed 150 and more people the rate was 14.0% (Table 7-3). One of the reasons for the higher staff turnover in the large organisations may be their higher intake of learners who leave the organisations after completion of their training contracts.

Table 7-3 Staff turnover by organisation size

Organisation size	% of organisations that lost employees	Staff turnover rate
1 – 49 employees	40.6	13.6
50 – 149 employees	79.9	10.9
150+ employees	90.1	14.0
Total	42.3	13.5

7.4 Employers' growth expectations

Employers were asked to comment on their expectations in terms of employment growth over the next five years. Almost 60% of the organisations indicated that they expected total employment to increase in the next five years, 2.1% expected a decrease, and 38.3% indicated that they expected the number of employees to remain the same. Of the organisations that indicated employment growth since 2005, 86% expected further growth in the next five years. (Table 7-4)

Table 7-4 Employment growth expectations (2007 – 2012) by subsector

Subsector	Increase	Same	Decrease	Total
	Percentage of organisations			
Investment Entities, Trusts and Company Secretary Services	40.9	51.1	8.0	100.0
Stockbroking and Financial Markets	62.4	35.8	1.7	100.0
Development Organisations	67.9	32.1		100.0
Accounting, Bookkeeping, Auditing and Tax Services	59.7	39.1	1.2	100.0
Debt collection	66.1	29.0	4.8	100.0
Business and Management Consulting Services	71.4	25.5	3.1	100.0
Activities Auxiliary to Financial Intermediation	48.5	44.7	6.8	100.0
SARS and Government Departments	100.0			100.0
Total	59.6	38.3	2.1	100.0

Organisations also had to indicate which occupational categories they expected would increase or decrease and the reasons for these employment changes. Nearly a quarter of organisations (23.5%) expected increases in professionals, 5.3% in administrative staff, 4.2% in technical/associated professionals, and 3.6% in senior managers (Table 7-5). Expected increases in employment of specific occupational groups were mainly attributed to growth in business. Decreases in employment were linked to unbundling and decreased business. Some organisations also indicated that they expected changes to the corporate legislation and auditing requirements to lead to a decrease in the amount of audit work. As a result they would switch to alternative business areas and decrease their intake of trainee accountants.

Experienced senior managers were required who could mentor or develop middle and junior managers. Growth in business was not linked to volume only but to work level as well. More specialised work demands employees (mainly professionals) with higher levels of skills.

Table 7-5 Employers' expectations with regard to changed in employment

Occupational category	Change in employment	Organisations		Reason for changes									
				Growth in business	Decrease in business	Increase in number of black employees	Restructuring	Increased productivity	Unbundling	Increase in workload	Increased demand	Require more learners	Legislation and regulation
		N	%	%*	%*	%*	%*	%*	%*	%*	%*	%*	%*
Senior managers	Increase	224	3.6	50.4		1.3	0.9	1.3		16.5	10.3		
	Decrease	46	0.7		39.1				4.3				6.5
Middle managers	Increase	146	2.4	39.0		0.7	1.4	2.1		4.8	11.0		
	Decrease	18	0.3						11.1				
Junior managers	Increase	158	2.5	27.2		0.6	3.2	1.9		4.4	10.8	1.9	
	Decrease	5	0.1	0.0					40.0				
Professionals	Increase	1461	23.5	61.7		0.1	0.1			10.2	4.7	5.1	
	Decrease	52	0.8	9.6	44.2				3.8				5.8
Technicians and trades workers	Increase	263	4.2	40.7		0.4	0.8	1.1		9.1	2.3	6.1	
	Decrease	8	0.1						25.0				37.5
Clerical and administrative workers	Increase	329	5.3	40.4			0.6			15.2	6.4	1.5	1.2
	Decrease	17	0.3					35.3	11.8				23.5

*Percentage of organisations in which occupations will increase or decrease

Finally, organisations had to indicate if there were occupations in their work environment where, in future, the number of employees would specifically increase or decrease *more than other* occupations. Seven organisations indicated a decrease in professional and or administrative staff as a result of restructuring or legislation.

Table 7-6 shows that increases in professional and administrative occupations and managers were expected *more than in other* occupations. Increases in accountants (5.0% of organisations in the sector), bookkeepers (2.7%), and trainee accountants (2.5%) were expected. Two per cent of organisations indicated that general administrative clerks would be needed *more than other* occupations. Expected increases were mainly related to increased workloads and/or business growth.

Table 7-6 Occupations that will increase more than other occupations and the reasons for the increase

Occupation	Organisation*		Reasons					
			Increase in workload	Growth in business	Strategic reasons	Legislation	Increased demand for qualified skills	Restructuring
	N	%	%	%	%	%	%	%
Accountant	309	5.0	12.0	63.8	2.6		5.5	
Bookkeeper	169	2.7	3.0	74.6		5.3	5.3	
Trainee Accountant	154	2.5	1.9	59.1	9.7		8.4	
General Clerk	95	1.5	16.8	67.4				2.1
External Auditor	75	1.2	14.7	57.3			6.7	
Financial Investment Advisor	61	1.0		86.9	3.3		8.2	
Accounts Clerk	56	0.9	16.1	78.6				3.6
Financial Market Dealer	31	0.5	29.0	71.0				
Management Consultant	26	0.4		65.4	19.2			
Debt Collector	24	0.4		70.8				
Taxation Accountant	20	0.3		75.0			15.0	
Receptionist	17	0.3		100.0				
Finance Broker	14	0.2	64.3	35.7				
Insurance Consultant	14	0.2		64.3			35.7	
Corporate Services Manager	12	0.2		100.0				
Programme or Project Manager	12	0.2		83.3				

*Percentage of organisations where specific occupations would increase

7.5 Factors impacting on the demand for skills

Apart from the reasons for changes in employment cited by employers, the professional bodies and education and training providers that participated in the sector survey were also asked their views on: the quantitative changes in employment that can be expected in the sector; the qualitative changes in the skills requirements of employees that can be expected; and the factors that may affect the demand for skills in the sector. The responses related to the following issues: globalisation, economic growth, complexity of the business environment, standards, corporate governance and ethics, new legislative proposals, technological advances, reforms to national and international accounting standards, and black economic empowerment and sector transformation.

7.5.1 Globalisation

The professional bodies reported that the shortage of accounting and finance skills appears to be a worldwide phenomenon. They indicated that because the accounting industry is booming internationally, they are experiencing an increased demand for the training of accounting and commerce graduates in emerging markets²¹⁸ and for up-skilling of their existing members.

With the South African economy forming part of the larger world economy, locally trained accountants and financial professionals currently are in demand overseas and are expected to remain so.²¹⁹ The growing convergence of international standards in accounting and auditing means that it is becoming easier for South African professionals to find employment opportunities in other countries.

Governments and businesses in many African countries are also looking for the services of skilled South African professionals in finance, accounting and commerce. All of these factors increase demand for skills in the local labour market.

7.5.2 Economic growth

Respondents from the professional bodies indicated that there is a direct link between ongoing economic growth in South Africa and the growing demand for financial and accounting skills. There is a firm view that “finance turns the world” and that the finance and accounting sector tracks economic growth. Respondents indicated that the increased demand stems from the growth in the number of

²¹⁸ As an example, the Institute of Bookkeepers (ICB) in the UK is undertaking training of financial officers and accounting technicians across Eastern Europe and Russia. In 2007 the ICB was required to train 2 500 accounting technicians in Russia. The ICB in South Africa is also driving its qualifications into Africa. (Information from interview in May 2007 with Mr Andrew Carlsson, Chief Executive of the ICB in South Africa.

²¹⁹ SAICA estimates that approximately 20% of its members work overseas.

businesses and higher business volumes. The need is not only for high-level professionals such as accountants and auditors, but also for bookkeepers and accounting technicians. Young black finance and accounting professionals will remain in demand.

The majority of education and training providers who participated in the sector survey also believed that continued economic growth in South Africa will drive the need for highly skilled financial professionals. It was thought that CAs will remain in demand as the market recognises their technical knowledge and rigorous academic and practical training. On the other hand, some respondents said that employers prefer to employ CAs merely because they do not know the value of other professional qualifications such as those offered by ACCA and SAIPA. The perception is that SAICA markets its qualifications very well while some of the other professional bodies such as CIMA, SAIPA and ACCA have not been as proactive in informing the market of its members' capabilities and value. The feeling of education and training providers was that a large number of very well qualified professionals do not enjoy the recognition they deserve, mostly because employers are uninformed.

The education and training providers also felt that the employment market demands well trained accountants and graduates who understand the commercial world. Even though throughput rates of accountancy students from first year to postgraduate level may be low, the employment market will continue to accommodate talented individuals who have branched out into other areas of commerce (other than accounting).

7.5.3 Complexity of the business environment

The respondents felt that because business is seen as becoming more complex, regulated and competitive, and investors as more selective, the demand for analytical and specialist financial skills is growing. Indications are that the accounting profession no longer relies purely on financial and numerical skills and that accountants have to be multi-skilled professionals to assume the roles of strategists and business managers as well. Some respondents believed that the need for specialisation will increase in future.

7.5.4 Standards, corporate governance and ethics

The introduction of new standards and compliance measures to redress risks of corporate failure, together with the worldwide drive to promote corporate governance and ethics, increases the need for financial and accounting professionals. With the changing international environment, new standards and stricter regulation comes the demand for increased numbers of well skilled professionals with

finance, accounting, and commerce skills. Not only must more positions be filled, but incumbents require enhanced skills to manage their expanding responsibilities and the associated risks.

Professional bodies commented on the increasing need of business for improved and extended corporate governance to provide reliable assurances to the public, shareholders, and investors. At the same time government is also driving good governance in the public sector. These trends increase the demand for financial professionals with business, accounting, and risk management skills.

In view of the heightened demand for governance and assurances, the fiduciary duties of company directors are expanding. Increasingly, directors must place reliance on sound internal audit processes and risk controls and, in turn, this drives the demand for internal audit professionals and governance practitioners.

Given the focus on ethics and corporate governance, accountants and financial services professionals need to increase their awareness of these and to sharpen their skills for dealing appropriately with ethics issues.

At the time of reporting, IFAC had commenced with a process to produce new international standards for management accountants. It was anticipated that skills gaps may be identified once the standards have been agreed and are ready for implementation.

7.5.5 New legislative proposals

In Section 7.4 it was reported that some of the employers were of the opinion that changes to the Companies' Act may reduce the amount of auditing work and that this reduction may have a tempering effect on the demand for accounting and auditing skills. Some of the education and training providers held the opposite view and felt that the reduction in audit requirements for privately held companies will not affect the demand for audit skills because registered auditors will still be needed to report to business owners, shareholders, and bank managers. However, some suggested that the reduced audit requirements may lead to the development of a new financial professional with a different skills set from that required by a registered auditor who conducts audits of public companies. A few respondents said that the need for accountants with SAIPA and ACCA qualifications will increase, especially if the audit requirements for non-listed companies are to be relaxed.

It was furthermore foreseen that auditing firms may, in future, employ two streams of accounting learners: those who intend to qualify as RAs for public companies and those who aim to qualify as

professional accountants for closely held companies. It was also suggested that the proposed audit regimes could split the market between large and medium-sized auditing firms, with the former focusing on public audits and the latter on management, financial, and business advisory services.

It is foreseen that proposed legislation such as the Draft Regulation of Tax Practitioners Bill²²⁰ will increase the demand for skills, as tax practitioners will have to meet the “appropriate standards of qualification” to be determined by the Independent Regulatory Board for Tax Practitioners. Tax practitioners will also be required to participate in continuing professional education to maintain professional standards. The provisions of the Bill appear to be wide-ranging and onerous regarding the categories of persons who need to register. Furthermore, execution of duties “must be carried out free of any restriction”²²¹ and practitioners are required to maintain records, to investigate and report any “reportable irregularity”²²², and to ensure that irregularities are rectified. These measures will impact on the demand for relevant skills and competences. It is anticipated that technicians and tax practitioners operating at NQF levels 3 to 6 may require specific interventions for skills development.

The Draft Consumer Protection Bill²²³, which aims to provide a statutory framework for consumer transactions and set standards for consumer information, may affect the manner in which accountants, finance professionals and debt collectors deliver services to the general public. The promulgation of this legislation may also stimulate demand for different and new skills.

7.5.6 Technological advances

Several professional bodies were of the opinion that training in finance, accounting and commerce cannot be separated from skills development in relevant information technology (IT) and computer-based applications. As accounting and business processes become increasingly technology driven, there will be a need to integrate IT skills into each subject area in accountancy training.

With the government’s drive to encourage investment in business process outsourcing, there are opportunities for service providers to serve finance, accounting and taxation needs of clients on an outsourcing platform. Such initiatives and market-place realities increase the demand for a range of finance and accounting skills.

²²⁰ www.sars.gov.za.

²²¹ See Section 29 of the Draft Bill.

²²² Section 1 defines “reportable irregularity” as any unlawful act or omission which contravenes any Act administered by the Commissioner for the South African Revenue Service or is fraudulent, amounts to theft or is otherwise dishonest.

²²³ Drafted in September 2006 and available at www.thedti.gov.za.

7.5.7 Reforms to national and international accounting standards

Reforms to national and international accounting standards may increase opportunities for management accountants as the pressures of increased auditing requirements are transferred from auditors to financial managers and executives. With the growth in international standards, regulation and compliance matters, the demand for skills in risk management, governance, and internal auditing is also increasing.

7.5.8 Black economic empowerment and sector transformation

According to the respondents who participated in the sector survey, the goals of black economic empowerment and efforts to transform the business and the corporate world will continue to drive demand for financial professionals from the African population group. While the demand for black finance and accounting graduates remains very high, such graduates are also very mobile. This leads to distortions in the labour market as employers are willing to pay a premium to attract professionals with a particular demographic profile. Some respondents expressed concerns that black finance and accounting professionals are headhunted and promoted too fast, even before they are able to make an impact at work. Other views were that some of the accountants are promoted or exposed to challenges without the level of maturity needed to add value to their work environment and profession.

It was also predicted that, in future, more students may choose to obtain a general accounting professional qualification through professional bodies such as SAIPA or ACCA rather than to follow the highly regulated public-practice route through SAICA and the IRBA.

7.6 Forecasting of the demand for skills in the sector

The demand for labour in a sector is defined as the total number of people expected to be employed in the sector in a specific year. Of particular importance for skills development is the number of people that need to be recruited into or trained for the sector. The positions that need to be filled emanate from: the expansion of the sector because of a growth in the demand for its services or a growth in the output of the sector (new demand); and the attrition of staff through retirement, movement of people into other sectors or out of the labour market, emigration, and mortality (replacement demand).

The demand model for the Financial and Accounting Services Sector was developed at the detailed occupational level; i.e. demand was forecast for each occupation using the OFO categorisation of occupations.

7.6.1 Baseline employment

The development of the model started with an estimate of the total number of positions available in the sector in 2007. The total number of positions available was taken as the sum of people employed plus reported vacancies. On the basis of the findings of the employer survey the total number of people employed in the sector was estimated at 117 356. The number of vacancies that existed over a prolonged period of time was estimated for each occupation, based on the information provided by employers in the employer survey. Based on the number of people that left their places of work during the year preceding the employer survey, another 1% was added to the existing positions to account for short-term vacancies. The total number of positions in the sector in 2007 was taken as 121 840. The positions were distributed across 232 different occupations (classified at the most detailed level of the OFO).

7.6.2 Assumptions used in the model

a) *Economic growth*

The Finance, Real Estate and Business Services Sector (as defined in the National Accounts), which includes most components of the Financial and Accounting Services Sector, grew annually by 6.4% over the period 2002 to 2006. In the first demand scenario – the pessimistic scenario – it is assumed that the sector will not be able to sustain this level of growth and that the average annual growth will slow down to 4.0% per year. In the second scenario, the optimistic scenario, it is assumed that the average annual growth will increase to 7.5% per year.

b) *Employment coefficient*

The employment coefficient is an estimate of the responsiveness of employment to economic growth. If average annual growth in output of the Finance, Real Estate and Business Services Sector over the period 2002 to 2006 is compared with the employment growth seen over the same period, an employment coefficient of 0.69 is obtained. That means that for every 1% economic growth employment increased by 0.69%. However, the component of the sector that is served by Fasset is labour intensive relative to other components of the sector such as banking. Furthermore, in the employer survey respondents clearly indicated that they expected the number of professionals to increase more than employment of people in other occupational groups. For this reason two employment coefficients were used in the demand-projection model: 0.75 for non-professional occupations and 0.85 for professional occupations.

c) Mortality

Mortality seems to play a very small role in replacement demand in this sector. In the employer survey a mortality rate of only 0.2% was reported. In the model the mortality rate was taken as 0.5% per year.

d) Retirement

The workforce of the Financial and Accounting Services Sectors is relatively young. In the model the number of people who were expected to retire was based on the age distribution of workers in the different occupational groups observed in the employer survey. It was assumed that people will retire at the age of 60.

e) Emigration

The fact that the labour market for professionals, and specifically financial professionals, has become a global labour market was mentioned earlier in this report. Unfortunately, South Africa seems to be a net provider of financial skills. Since 1994, a sharp increase has occurred in the loss of skilled professionals in the Financial and Accounting Services Sector as a result of emigration. Official figures published by Statistics South Africa show that the emigration of accountants and related professionals soared to more than 500 a year in 2001 and 2002. In 2003 over 700 financial professionals left the country.²²⁴ The unofficial figure could, however, be much higher as many professionals leave the country temporarily or do not declare their permanent emigration. At the end of January 2007, 5 863 chartered accountants who were registered with SAICA were working abroad²²⁵ (approximately 23% of all chartered accountants).

On the basis of this information, the emigration of professionals was taken as 2% per year. For the other occupational groups it was taken as 0.5% per year.

f) People leaving the sector

People leaving the sector to find employment in other sectors of the economy or who stop working altogether (to become homemakers, for example) is the greatest factor contributing to replacement demand. However, there is no statistical information available about the magnitude of this form of skills attrition from the sector. In the absence of any reliable data a speculative figure of 5% was used for all occupations, with the exception of accounting trainees. Most accounting trainees change

²²⁴ Statistics South Africa stopped the collection of emigration data in 2003. Therefore, more recent data are not available.

²²⁵ SAICA's membership statistics published on <http://www.saica.co.za>, March 2007.

employment after completion of their learnership contracts. As most of the learnerships are three-year programmes it was assumed that a third will complete their learnerships every year. It was furthermore assumed that approximately half of the learners who qualify each year (i.e. 15% of all learners) will leave the sector and find employment elsewhere in the economy.

7.6.3 Results of the demand projection model

The assumptions used in the labour-demand model are summarised in Table 7-7 below. The only variable that was changed in order to create Scenarios A and B was economic growth.

Table 7-7 Summary of assumptions used in labour-demand projection model

	Scenario A	Scenario B
Annual economic growth	4.00%	7.50%
Employment coefficient (all occupations)	0.75	0.75
Employment coefficient (professionals)	0.85	0.85
Mortality rate	0.50%	0.50%
Percentage leaving the sector (all occupations)	5.00%	5.00%
Percentage leaving the sector (accounting trainees)	15.00%	15.00%
Retirement		
Managers	0.85%	0.85%
Professionals	0.46%	0.46%
Technicians and Trades Workers	1.66%	1.66%
Community and Personal Service Workers	0.09%	0.09%
Clerical and Administrative Workers	0.95%	0.95%
Sales Workers	0.31%	0.31%
Machinery Operators and Drivers	0.45%	0.45%
Elementary Workers	1.70%	1.70%
Emigration		
Emigration per year (non-professionals)	0.50%	0.50%
Emigration per year (professionals)	2.00%	2.00%

The results of the labour-demand projections (Table 7-8) show that under Scenario A a total of 3 844 new positions would be created in the sector in 2008. This would increase to 4 355 positions by 2012. The replacement demand in the sector in 2008 would be 10 184, which would increase to 11 551 by 2012.

Under Scenario B, which assumes that the sector's output would increase by 7.5% per year, it is expected that 7 208 new positions would be created in 2008 and that this number would increase to 9 080 by 2012.

Table 7-8 Labour-demand projections: 2007 to 2012

Scenario A	2007	2008	2009	2010	2011	2012
Total number of positions	121 841	125 685	129 651	133 743	137 965	142 320
New positions to be filled		3 844	3 966	4 092	4 221	4 355
Positions that need replacement		10 184	10 510	10 846	11 193	11 551
Total positions to be filled		14 028	14 476	14 938	15 415	15 907
Percentage growth in positions to be filled			3.2	3.2	3.2	3.2
Scenario B	2007	2008	2009	2010	2011	2012
Total number of positions	121 841	129 049	136 685	144 776	153 346	162 426
New positions to be filled		7 208	7 636	8 090	8 571	9 080
Positions that need replacement		10 184	10 795	11 443	12 129	12 858
Total positions to be filled		17 392	18 431	19 533	20 700	21 938
Percentage growth in positions to be filled			6.0	6.0	6.0	6.0

The demand for specialised financial skills is of particular importance to Fasset, which is the ETQA for many specialised financial qualifications and which is responsible for learnerships in the sector. The demand projected for specific occupations can be seen in Annexure B. The number of new positions that will be created for accountants, auditors and company secretaries is expected to be 1 190 in 2008 and it will increase to 1 360 by 2012 (Scenario A). Under Scenario B the corresponding figures are 2 231 (2008) and 2 857 (2012). If the need to replace professionals that leave the sector is also considered, then the total number of accountants, auditors and company secretaries that will have to be trained for the sector and/or recruited into it in 2008 will vary between 5 303 (Scenario A) and 6 344 (Scenario B).

7.7 CONCLUSION

The information presented in this chapter clearly shows that the Financial and Accounting Services Sector has grown substantially over the last five years and that it is expected to continue on this growth path over the next five years. The growth of the sector is, in part, a result of the growth of the South African economy. As the number of enterprises increases and existing businesses expand, the need for financial services also increases. However, there are also other factors that drive the growth of the sector; for example, the increasing complexity of the business world and the current emphasis on good corporate governance and risk management result in an increased reliance on the specialised financial expertise offered by organisations in this sector.

On the basis of the demand-forecasting model developed for the Financial and Accounting Services Sector, it is estimated that the number of positions available in the sector will increase by between 3.2% and 6% each year. This growth depends on the economic growth of the country and of this particular sector. It also depends on the availability of skills. The very nature of the work of this sector determines that its growth is closely related to the availability of skilled staff – especially professionals. The supply of skills to the sector is discussed in the next chapter.

Replacement demand is estimated at approximately 8% of total employment. The replacement demand in the occupational category accountants, auditors and company secretaries is higher than in other categories because of the high emigration estimates for professionals and because of the large number of learners who leave the sector after completion of their learnerships.

8 THE SUPPLY OF SKILLS TO THE SECTOR

8.1 Introduction

The nature of the services rendered by the Financial and Accounting Services Sector requires a well qualified and, in many instances, a specialised workforce. As indicated in the previous chapter the growth of the sector is also dependent on the availability of people with the required skills. It is therefore of paramount importance to understand the supply side of the labour market and to establish the extent to which it is able to respond to the needs outlined in the previous chapter.

In Chapter 4 the context of education and training in the financial and accounting services field was discussed. This chapter provides, first of all, a quantitative analysis of the supply of skills to the sector. The chapter also investigates the pool of grade 12 learners with mathematics as a subject as mathematics is a prerequisite for undergraduate studies in accounting. This is followed by an analysis of new entrants, i.e. the number of graduates who qualify from universities and universities of technology; the accumulated pool of graduates; people who qualify through the learnership system; and unemployed individuals holding the required qualifications and who are looking for work. The chapter also reports on the factors that may impact on the supply of skills as identified by the professional bodies and the education and training providers who participated in the sector survey.

8.2 Supply at FET level

8.2.1 Supply of grade 12 learners with mathematics

In terms of the supply of grade 12 learners with mathematics, there are two important considerations, interrelated but distinct: the numbers of matriculants with grade 12 mathematics, and the quality of mathematics knowledge that these students have. To prepare learners for matric, a good education system with sufficient numbers of properly qualified teachers from grade one up to matric level is required. Section 8.7.2 elaborates more on the problems in the secondary school system in this regard and the impact on the supply of skills for the Financial and Accounting Services Sector.

The number of candidates writing mathematics increased from 214 733 in 1996 to 303 152 in 2005, but of the over 300 000 candidates in 2005 just 26 383 (8.7 per cent) passed mathematics on the Higher Grade and 112 279 (37.0 per cent) on Standard Grade²²⁶.

Table 8-1 shows the passes in mathematics for the period 2001 to 2005. On average the number of matriculants who passed mathematics at the Higher Grade increased by 7.8% per year. Only 6 879 more grade 12 learners passed Higher Grade mathematics in 2005 than in 2001. The education department aims to double this number to 48 000 within the next couple of years. However, the current small pool of learners who matriculate with mathematics at Higher Grade, and who are actually available to enter fields of study relevant to the sector, is a big concern. It is well known that these fields of study compete with several other fields for learners; for example, medicine and healthcare, actuarial science, physical science and life sciences, architecture, and engineering.

Table 8-1 Passes in grade 12 mathematics, 2001 to 2005

	2001	2002	2003	2004	2005	Growth (%)
Higher Grade (HG)*	19 504	20 2528	23 412	24 143	26 383	7.8
Standard Grade (SG)	78 181	101 289	104 707	109 664	112 279	9.5

Source: Bot, 2007

*Includes HG conversions

8.2.2 The supply of people with specialised accounting qualifications

The ICB offers qualifications in accounting at NQF levels 3 to 5. Students who enrol for these qualifications become student members of the institute. The qualifications themselves are linked to categories of membership of the institute and once students have obtained the qualification they qualify for membership. The membership figures of the institute, therefore, give a good indication of the qualification trends and the pool of people who have specialised bookkeeping qualifications. The student members of the ICB increased on average by 35.9% per year over the period 2002 to 2006. The other members increased on average by 42.9%. Although growth occurred from a low base, it is clear that the supply of qualified bookkeepers has been growing substantially.

²²⁶ Bot M (2007) *Output from the schooling system: focus on senior certificate examination results, 1996-2005*, Paper prepared for the HSRC.

Table 8-2 Availability of bookkeepers: 2002 to 2006

Year	Student members	Members				
		Registered accounting clerk (NQF Level 3)	Registered bookkeeper (NQF Level 4)	Registered accounting technician (NQF Level 5)	Other	Total
2002	154	15	30	32	0	77
2003	184	21	54	42	1	118
2004	322	36	132	70	27	265
2005	457	37	51	52	116	256
2006	526	41	39	26	215	321
Average annual growth	35.9					42.9

Source: ICB

8.3 Graduation trends at HET Level

A large proportion of workers in the Financial and Accounting Services Sector work in managerial and professional occupations and have tertiary-level qualifications. In Chapter 6 it was indicated that most of the skills shortages exist in the professional category. Therefore, graduation trends from the higher education sector are of paramount importance in the analysis of the supply of skills to the sector.

In this analysis “graduation trends” refers to the number of qualifications conferred within a specific academic year, irrespective of the previous qualifications attained by learners. Learners who had achieved more than one qualification in the period reflected in the statistics were counted each time they achieved a new qualification.

For the purposes of this analysis two fields of study were selected. These fields are regarded as the main areas from which graduates will be sourced for the Financial and Accounting Services Sector. The fields are accounting – which includes qualifications in accounting, cost and management accounting, and financial accounting – and commerce, business management and business administration, which includes all general commerce degrees, marketing, business management, and business administration.

8.3.1 Growth in qualifications awarded: all levels and qualifications

g) Accounting

The total number of qualifications awarded in accounting increased from 2 518 in 1995 to 6 784 in 2004, an average annual growth rate of 11.6% (see Figure 8-1 and Table 8-3). The honours degree at NQF level 7 showed the highest average annual growth of 18.3%.

This is a very positive trend because it is the pathway for chartered accountants. But this trend comes with a warning. According to the higher education providers who participated in the sector survey, the number of accounting graduates does not necessarily reflect the actual supply of finance and accounting professionals to the labour market. Providers were of the opinion that the accounting field is sometimes over-marketed and is perceived to be attractive on the basis of remuneration packages offered to financial professionals. As a result, students take up studies in accounting for the money while they have no interest in the field. This situation leads to commitment problems and early exits from the profession. Several respondents observed that some students pursue the qualification but have no intention of remaining in the accounting profession.

Slightly lower growth rates were reported for qualifications at level 8 (16.7%) and level 6, with first degrees increasing by 14.9% per year and national diplomas by 9.9%. Although the growth rate for qualifications at level 8 appears significant, it must be taken into account that it increased from a very low base – in 1995 only five students graduated with master's degrees or diplomas compared to 20 in 2005.

Table 8-3 Average annual growth in qualifications awarded in Accounting, 1995 to 2004

NQF Level	Qualification	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average Annual growth %
Level 6	National Diploma	816	1 363	1 360	1 345	1 096	1 073	1 348	1 411	1 602	1 909	9.9
	First Degree	602	731	896	736	1 310	916	1 159	1 164	1 406	2 100	14.9
Level 7	National Higher/Post Graduate Diploma	451	634	790	1 072	649	618	468	536	604	444	-0.2
	First Degree (including B Tech)	210	249	379	175	170	233	224	273	302	344	5.6
	Honours Degree	434	511	1 062	847	1 091	1 108	1 129	1 037	1 295	1 966	18.3
Level 8	Master's Degree/Diploma	5	3	7	10	40	32	19	17	22	20	16.7
Above Level 8	Doctoral Degree/Laureatus Diploma	0	0	0	1	2	2	6	0	4	1	
Total		2 518	3 490	4 495	4 186	4 358	3 982	4 353	4 438	5 235	6 784	11.6

Source: SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

h) Commerce, Business Management and Business Administration

Table 8-4 shows the graduation trends for the commerce, business management and business administration field for the 1995-2004 period. The total number of qualifications awarded in this field increased from 10 437 in 1995 to 19 300 in 2004, an average annual growth rate of 7.1%.

Similar to the accounting field, the highest average annual growth rate was at NQF Level 7 (22.6%), but at the first-degree level and not the honours-degree level as in the accounting field. Although this growth looks significant, it must be taken into account that it was from a very small base – in 1995 only 300 students graduated with first degrees compared to 1 884 in 2005.

Much lower growth rates were reported for qualifications at level 8 (8.0%) and at level 6, specifically for national diplomas (3.1%).

Table 8-4 Average annual growth in qualifications awarded in commerce, business management and business administration, 1995 to 2004

NQF Level	Qualification	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average Annual Growth (%)
Level 6	National Diploma	2 773	3 304	3 207	4 286	2 730	2 700	2 835	3 087	3 113	3 651	3.1
	First Degree	4 602	5 155	5 517	6 267	6 144	6 413	6 712	7 886	8 857	8 452	7.0
Level 7	National Higher/Post Graduate Diploma	442	340	723	625	544	538	1 046	1 331	1 362	1 171	11.4
	First Degree (including B Tech)	300	737	813	910	947	1 033	1 281	1 334	1 474	1 884	22.6
	Honours Degree	1 371	1 438	1 722	1 814	1 781	2 193	2 336	2 745	2 678	2 257	5.7
Level 8	Master's Degree/Diploma	911	658	924	1 140	1 206	1 419	1 580	1 668	1 763	1 823	8.0
Above Level 8	Doctoral Degree/Laureatus Diploma	38	41	44	51	24	27	21	47	62	62	5.6
Total		10 437	11 673	12 950	15 093	13 376	14 323	15 811	18 098	19 309	19 300	7.1

Source: SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

8.3.2 Population group and gender of graduates

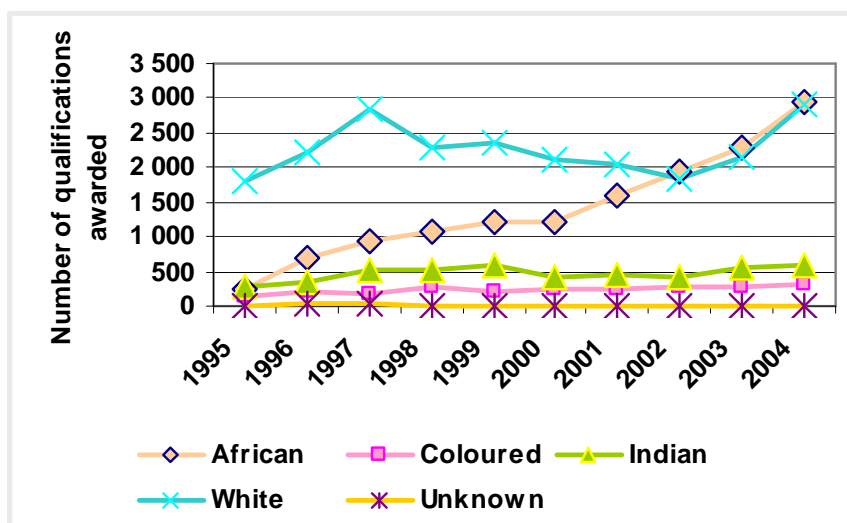
The democratisation of South Africa introduced a dramatic transformation in the student intake at historically white higher education institutions. The increase in the proportion of qualifications awarded to African students compared to white students proves this. In terms of gender, women graduates steadily increased their share in qualifications awarded.

a) Accounting

Figure 8-1 displays the graduation trends of all accounting students according to race and Figure 8-3b shows the trends according to gender. Table 8-5 reports the actual numbers and percentages of average annual growth over the 1995 to 2004 period.

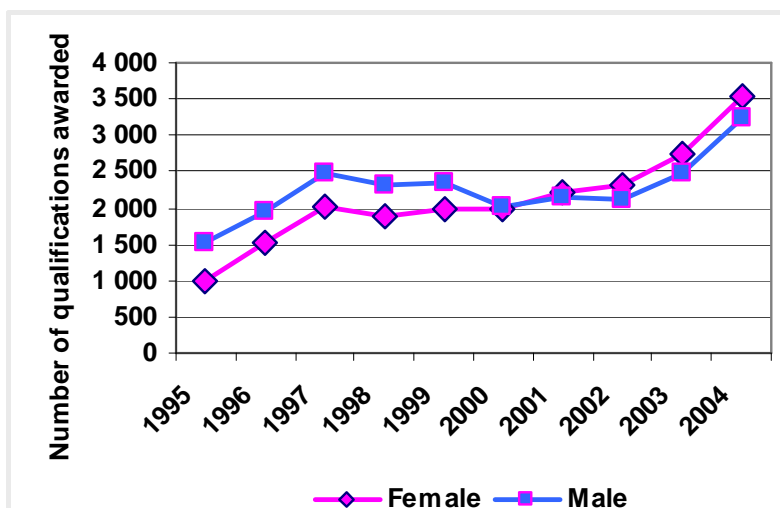
The number of qualifications awarded to African students increased more than tenfold from 252 in 1995 to 2 950 in 2004. This constitutes an average annual growth of 33.1% over this period. The growth in qualifications awarded to African women was the highest at 34.0%. However, growth occurred from a very low base – in 1995 there were only 117 African women graduates compared to 1 630 in 2004. In comparison, the average annual growth rate for white accounting graduates was only 5.4% over the same period. The relatively low growth rate (3.2%) of qualifications awarded to white men is noteworthy – the output of white male accounting graduates remained almost static over the 1995-2004 period.

Figure 8-1 Graduation trends in accounting by population group, 1995 to 2004



Source: SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

Figure 8-2 Graduation trends in accounting by gender, 1995 to 2004



Source: SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

Table 8-5 Number of qualifications awarded in accounting according to population group and gender, 1995 to 2004

Population group	Gender	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average Annual Growth (%)
African	Female	117	351	505	582	639	686	892	1 076	1 324	1 630	34.0
	Male	135	335	428	507	558	521	697	851	964	1 320	28.9
	Total	252	685	932	1 089	1 197	1 207	1 589	1 927	2 288	2 950	31.4
Coloured	Female	70	109	105	138	90	113	123	168	147	181	11.1
	Male	83	95	82	138	130	128	129	106	120	143	6.3
	Total	153	204	187	276	220	241	252	274	267	324	8.7
Indian	Female	129	138	225	232	294	204	224	205	269	331	11.1
	Male	161	197	282	279	291	207	233	209	275	264	5.6
	Total	290	336	507	511	585	411	457	414	544	595	8.3
White	Female	676	926	1 164	918	974	969	974	865	1 008	1 405	8.5
	Male	1 135	1 300	1 667	1 377	1 379	1 154	1 081	958	1 128	1 508	3.2
	Total	1 811	2 226	2 831	2 295	2 353	2 123	2 055	1 823	2 136	2 913	5.4
Unknown	Female	3	10	10	1	0	0	0	0	0	1	-11.5
	Male	9	30	28	14	3	0	0	0	0	1	-21.7
	Total	12	40	38	15	3	0	0	0	0	2	-18.1
Total	Female	995	1 534	2 008	1 871	1 997	1 972	2 213	2 314	2 748	3 548	15.2
	Male	1 522	1 957	2 486	2 315	2 361	2 010	2 140	2 124	2 487	3 236	8.7
	Total	2 518	3 490	4 495	4 186	4 358	3 982	4 353	4 438	5 235	6 784	11.6

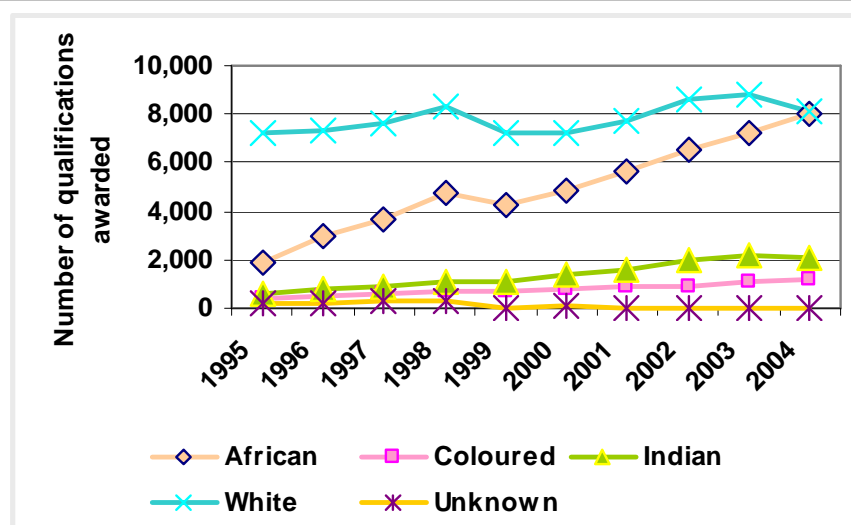
Source: SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

b) Commerce, business management and business administration

Figure 8-3 shows the graduation trends in commerce, business management and business administration according to the population group of the graduates to whom qualifications were awarded and Figure 8-4 shows graduation trends according to gender. Table 8-6 reports the actual numbers and average annual growth rates.

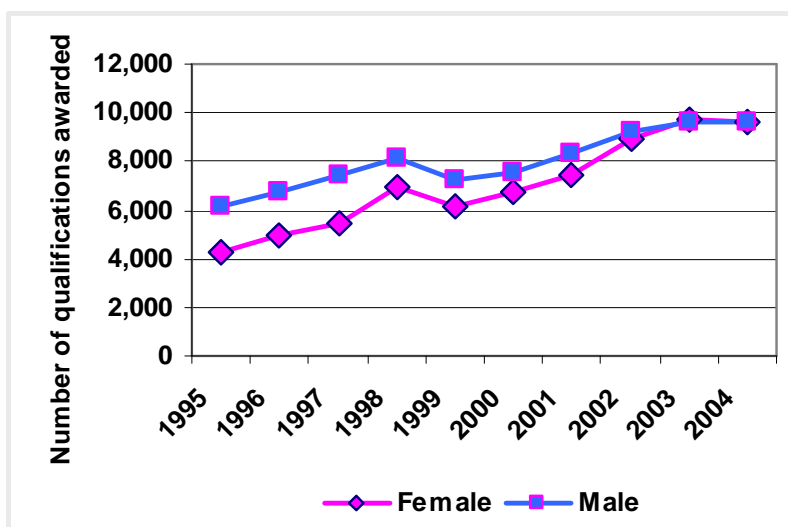
The number of qualifications awarded to African students in this field increased more than fourfold from 1 928 in 1995 to 7 980 in 2004 – an average annual growth of 17.1%. In comparison, the average annual growth rate for white graduates was very low (1.3%) over the same period, albeit from a much higher base. The exceptionally low growth rate (0.5%) of qualifications awarded to white men is noticeable. The opposite is again true for African women - the growth rate of qualifications awarded to African women in this field was the highest at 20.4%.

Figure 8-3 Graduation trends in commerce, business management and business administration by population group, 1995 to 2004



Source: SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

Figure 8-4 Graduation trends in commerce, business management and business administration by gender, 1995 to 2004



Source: SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

Table 8-6 Average annual growth in qualifications awarded in commerce, business management and business administration according to population group and gender, 1995 to 2004

Population group	Gender	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average annual growth (%)
African	Female	833	1 423	1 683	2 433	2 205	2 599	3 065	3 607	4 062	4 422	20.4
	Male	1 095	1 555	1 974	2 273	2 089	2 259	2 586	2 965	3 203	3 558	14.0
	Total	1 928	2 978	3 657	4 706	4 294	4 858	5 651	6 572	7 265	7 980	17.1
Coloured	Female	204	223	253	316	384	365	417	484	571	608	12.9
	Male	241	263	317	386	346	396	444	427	512	557	9.8
	Total	445	486	570	702	730	761	861	911	1 083	1 165	11.3
Indian	Female	302	354	409	536	537	659	758	953	1 128	1 055	14.9
	Male	318	392	455	523	581	683	813	1 041	1 041	1 017	13.8
	Total	620	745	864	1 059	1 118	1 342	1 571	1 994	2 169	2 072	14.4
White	Female	2 886	2 880	3 018	3 523	2 996	3 135	3 214	3 840	3 916	3 561	2.4
	Male	4 320	4 435	4 571	4 838	4 226	4 098	4 503	4 779	4 869	4 516	0.5
	Total	7 206	7 315	7 589	8 360	7 222	7 233	7 717	8 619	8 785	8 077	1.3
Unknown	Female	89	42	120	133	3	0	4	1	4	4	-29.2
	Male	149	107	150	134	9	129	7	1	3	2	-38.1
	Total	238	149	270	267	12	129	11	2	7	6	-33.6
Total	Female	4 314	4 922	5 483	6 941	6 125	6 758	7 458	8 885	9 681	9 650	9.4
	Male	6 123	6 751	7 467	8 153	7 251	7 565	8 353	9 213	9 628	9 650	5.2
	Total	10 437	11 673	12 950	15 093	13 376	14 323	15 811	18 098	19 309	19 300	7.1

Source: SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

8.4 Availability of people with HET-level qualifications

The growth in the number of qualifications awarded has had a profound impact on the pool of graduates available in the labour market. In the analysis of this impact the term “availability” is used. This term was used by SAQA in its analysis of trends in higher education and refers to the number of individuals with qualifications in a particular field. Whereas the previous section reported on the number of **qualifications** awarded, this analysis focuses on the number of **people** available in the labour market. A person with a first degree, an honours degree, a master’s degree and a doctorate in the same field of study was counted only once in that field of study.²²⁷

8.4.1 Accounting

a) Availability by highest qualification

The total pool of accounting graduates under the age of 65 grew on average by 8.5% per year from 29 590 in 1994 to 67 052 in 2004 (Table 8-7). The table clearly shows that a large proportion of the people who study accounting continue to the honours level. In 2004 the people with honours degrees constituted 27% of all the graduates in this field.

Table 8-7 Growth in the number of accounting graduates according to highest qualification, 1994 and 2004

NQF Level	Qualification	1994	2004	Average annual growth (%)
Above Level 8	Doctoral Degree and Laureatus Diploma	7	23	12.6
Level 8	Master's Degree	92	266	11.2
Level 7	Honours Degree	6 752	18 081	10.4
	First Degree (including B Tech)	3 239	5 323	5.1
	National Higher/Postgraduate Diploma	9 690	12 954	2.9
Level 6	First Degree	6 396	14 212	8.3
	National Diploma	3 414	16 193	16.8
	Total	29 590	67 052	8.5

Source: Calculated from SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

b) Availability by population group

At the beginning of the ten-year period 1994 to 2004, black graduates constituted only 13.0% of the pool of accounting graduates under the age of 65. Since then the situation has changed. By 2004,

²²⁷ In SAQA’s calculation of the availability of graduates provision was made for people’s retirement (i.e. only graduates under the age of 65 were included), but the figures were not adapted to provide for emigration, mortality and voluntary withdrawal from the labour market.

black graduates' overall share of the pool had increased to more than a third (36.5%). The increase in black graduates can be ascribed mainly to an increase in the number of African graduates. However, black graduates' share decreased as the level of qualification increased. For example, 53.1% of all graduates whose highest qualification were at level 6 were black, but only 13.8% of the pool of graduates with their highest qualifications at level 8 and above were black (Table 8-8).

Table 8-8 Availability of accounting graduates according to population group, 1994 and 2004

NQF Level	Year	Population group					Total
		African	Coloured	Indian	White	Unknown	
Level 6	1994	673	366	1 284	7 314	174	9 811
	%	6.9	3.7	13.1	74.5	1.8	100
	2004	11 337	1 753	3 040	14 099	177	30 406
	%	37.3	5.8	10	46.4	0.6	100
Level 7	1994	330	269	929	17 519	634	19 681
	%	1.7	1.4	4.7	89	3.2	100
	2004	3 376	1 172	3 749	27 321	741	36 359
	%	9.3	3.2	10.3	75.1	2	100
Level 8 and above	1994	1	0	4	90	4	99
	%	1	0	4	90.9	4	100
	2004	11	1	28	245	4	289
	%	3.8	0.3	9.7	84.8	1.4	100
Total	1994	1 003	635	2 217	24 923	812	29 590
	%	3.4	2.1	7.5	84.2	2.7	100
	2004	14 723	2 925	6 817	41 665	922	67 052
	%	22	4.4	10.2	62.1	1.4	100

Source: Calculated from SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

c) Availability by gender

By the end of 2004, women constituted just more than a third (37.6%) of the total pool of graduates under the age of 65 with accounting qualifications. Women graduates' share was the highest (47.1%) at level 6. Only about a third (32.5%) of the pool of graduates with their highest qualifications at level 8 and above were women. (Table 8-9)

Table 8-9 Availability of accounting graduates according to gender, 1994 and 2004

NQF Level	Year	Gender		Total
		Female	Male	
Level 6	1994	3 000	6 810	9 810
	%	30.6	69.4	100
	2004	14 336	16 069	30 405
	%	47.1	52.9	100
Level 7	1994	2 952	16 729	19 681
	%	15	85	100
	2004	10 764	25 595	36 359
	%	29.6	70.4	100
Level 8 and above	1994	11	88	99
	%	11.1	88.9	100
	2004	94	195	289
	%	32.5	67.5	100
Total	1994	5 962	23 627	29 589
	%	20.1	79.9	100
	2004	25 193	41 859	67 051
	%	37.6	62.4	100

Source: Calculated from SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

8.4.2 Commerce, business management and business administration

a) Availability by highest qualification

The total pool of commerce, business management and business administration graduates under the age of 65 grew on average by 9.1% per year from 96 521 in 1994 to 229 975 in 2004. The largest component of the pool of graduates was those with first degrees (105 875 in 2004). The group that showed the highest growth (18.5% per year) was graduates with first degrees at NQF level 7; i.e. mainly those with B Tech degrees (Table 8-10).

Table 8-10 Growth in the number of commerce, business management and business administration graduates according to highest qualification, 1994 and 2004

NQF Level	Qualification	1994	2004	Growth (%)
Above Level 8	Doctoral Degree and Laureatus Diploma	757	1 013	3.0
Level 8	Master's Degree	10 302	22 570	8.2
Level 7	Honours Degree	13 843	32 716	9.0
	First Degree (including B Tech)	2 251	12 252	18.5
	National Higher/Post Graduate Diploma	2 290	9 809	15.7
Level 6	First Degree	51 107	105 875	7.6
	National Diploma	15 971	45 740	11.1
	Total	96 521	229 975	9.1

Source: Calculated from SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

b) Availability by population group

Similar to the accounting graduates, black commerce, business management and business administration graduates constituted about 13% of the pool of graduates under the age of 65 in 1994. By 2004, black graduates' overall share of the pool in this field had also increased to more than a third (35.3%). Again the increase in black graduates can be ascribed mainly to an increase in the number of African graduates. In terms of black graduates' share across the levels of qualification, the distribution was relatively even for level 6 (39.5%) and level 7 (30.1%), but decreased considerably to 19.7% at level 8 and above (Table 8-11).

Table 8-11 Availability of commerce, business management and business administration graduates according to population group, 1994 and 2004

NQF Level	Year	Population group					Total
		African	Coloured	Indian	White	Unknown	
Level 6	1994	5 189	2 045	3 369	52 465	4 011	67 079
	%	7.7	3	5	78.2	6	100
	2004	41 248	6 621	12 038	87 000	4 708	151 616
	%	27.2	4.4	7.9	57.4	3.1	100
Level 7	1994	908	356	535	15 108	1 478	18 385
	%	4.9	1.9	2.9	82.2	8	100
	2004	10 408	2 481	3 600	36 501	1 789	54 778
	%	19	4.5	6.6	66.6	3.3	100
Level 8 and above	1994	185	62	235	10 332	245	11 059
	%	1.7	0.6	2.1	93.4	2.2	100
	2004	2 834	516	1 300	18 579	354	23 583
	%	12	2.2	5.5	78.8	1.5	100
Total	1994	6 282	2 462	4 139	77 904	5 734	96 521
	%	6.5	2.6	4.3	80.7	5.9	100
	2004	54 490	9 617	16 938	142 079	6 851	229 975
	%	23.7	4.2	7.4	61.8	3	100

Source: Calculated from SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

c) Availability by gender

Similar to the accounting field, women with commerce qualifications constituted just more than a third (40.8%) of the total pool of graduates under the age of 65 by the end of 2004. Women graduates' share was the highest (45.1%) at level 6. Alarming, though, less than a fifth (18.8%) of the pool of graduates with their highest qualifications at level 8 and above were women (Table 8-12).

Table 8-12 Availability of commerce, business management and business administration graduates according to gender, 1994 and 2004

NQF Level	Year	Gender		Total
		Female	Male	
Level 6	1994	23 622	43 457	67 079
	%	35.2	64.8	100
	2004	68 216	83 401	151 616
	%	45	55	100
Level 7	1994	4 973	13 410	18 383
	%	27.1	72.9	100
	2004	21 288	33 487	54 776
	%	38.9	61.1	100
Level 8 and above	1994	959	10 100	11 059
	%	8.7	91.3	100
	2004	4 439	19 144	23 583
	%	18.8	81.2	100
Total	1994	29 554	66 966	96 520
	%	30.6	69.4	100
	2004	93 943	136 031	229 974
	%	40.8	59.2	100

Source: Calculated from SAQA, Trends in Higher Public Education: 1995 to 2004, Published in 2007

8.5 Professionals

The availability of members of the accounting professions (i.e. people who hold professional designations) is an important component of the supply of skills to the sector. Of the total pool of professionals, CAs form the largest component. The growth in the number of CAs available to the market can be seen in Table 8-13. In 2007 there were 26 915 CAs and the total pool of CAs had grown by 4.5% per year over the period 1994 to 2007. This pool has grown much more slowly than the pool of people with honours degrees in accounting.

Since 2002 SAICA has published information on CAs living abroad. According to these figures, at any given point in time there was on average 23.2% of CAs living abroad.

Table 8-13 Number of CAs registered with SAICA: 1994 to 2007

Year	Chartered accountants registered with SAICA		Not in SA	
	N	% growth	N	%
1994	15 176			
1995	15 793	4.1		
1996	16 313	3.3		
1997	17 007	4.3		
1998	17 671	3.9		
1999	18 344	3.8		
2000	19 099	4.1		
2001	19 875	4.1		
2002	20 903	5.2	4 804	23.0
2003	21 856	4.6	5 040	23.1
2004	23 080	5.6	5 553	24.1
2005	24 326	5.4	5 575	22.9
2006	25 875	6.4	6 046	23.4
2007	26 915	4.0	6 097	22.7
Average		4.5		23.2

8.6 Learnerships

Skills development in South Africa is intended to improve productivity, employment creation and competitiveness. Accredited work-integrated learning programmes, learnerships are at the heart of the Department of Labour's skills development strategy. They are aimed at providing workplace learning in a structured form and a nationally recognised qualification. Learnerships were proposed to be particularly significant in occupations in economic sectors experiencing skills shortages or in those identified as critical priorities for economic growth.

8.6.1 Learnerships registered with Fasset and learner achievements

In the Financial and Accounting Services Sector many of the learnerships form the pathways to membership and the designations conferred by the professional bodies. At the time this report was written, 13 learnerships were registered with Fasset. These learnerships and the professional bodies with which they are linked are listed in Table 8-14.

Table 8-14 Learnerships registered with Fasset: January 2008

	Qualification	NQF Level	Professional body
1	Chartered Accountant: Auditing	Level 7	SAICA
2	Chartered Accountant: Financial Management Specialism	Level 7	SAICA
3	Professional Qualification: Chartered Certified Accountant	Level 7	ACCA
4	Professional Qualification: Chartered Management Accountant	Level 7	CIMA
5	Postgraduate Diploma: Professional Accountant in Practice	Level 7	SAIPA
6	National Certificate: Business Accounting	Level 5	CIMA
7	Diploma: Public Sector Accounting	Level 5	IPFA
8	National Diploma: Technical Financial Accounting	Level 5	ICB
9	Certificate: Public Sector Accounting	Level 4	IPFA
10	National Certificate: Small Business Financial Management	Level 4	ICB
11	FET Certificate in Debt Recovery	Level 4	
12	Certificate for Registered Bookkeeper	Level 4	ICB
13	Certificate for Registered Accounting Clerk	Level 3	ICB

Table 8-15 reports the number of people who have completed learnerships in the finance and accounting field between the inception of the learnership system in 2000 and June 2007. The total number of learnerships completed is 11 926. Almost all (99.4%) of these learnerships were at NQF level 7, and most of them led to the qualification Chartered Accountant: Auditing.

Table 8-15 Learnerships completed, 2000 to 2007

Learnership Name	Completed	
	N	%
Chartered Accountant: Auditing (Level 7)	11 286	
Chartered Accountant: Financial Management Specialism (Level 7)	414	
Professional Qualification: Chartered Certified Accountant (Level 7)	6	
Professional Qualification: Chartered Management Accountant (Level 7)	4	
Postgraduate Diploma: Professional Accountant in Practice (Level 7)	146	
Total Level 7	11 856	99.4
National Certificate: Business Accounting (Level 5)	2	
Diploma: Public Sector Accounting (Level 5)	11	
National Diploma: Technical Financial Accounting (Level 5)	2	
Total Level 5	15	0.1
Certificate: Public Sector Accounting (Level 4)	49	
National Certificate: Small Business Financial Management (Level 4)	2	
Certificate for Registered Bookkeeper (Level 4)	2	
Total Level 4	53	0.4
Certificate for Registered Accounting Clerk (Level 3)	2	
Total Level 3	2	0.02
TOTAL	11 926	100.0

Source: Fasset learnership database, June 2007

In terms of demographics the data show that about two thirds (65.1%) of the learners who had completed learnerships were white and that the gender distribution was more or less even – 53.4 men and 46.6% women (Table 8-16).

Table 8-16 Learnerships completed according to population group and gender, 2000 to 2007

Population group	Completed	
African	1 903	16.0%
Coloured	553	4.6%
Indian	1 705	14.3%
White	7 760	65.1%
Unknown	5	0.0%
Total	11 926	100.0%
Gender		
Male	6 363	53.4%
Female	5 563	46.6%
Total	11 926	100.0%

Source: Fasset learnership database, 2007

8.6.2 Employers' involvement with learnerships

Only 29.9% of employer organisations in the sector had learners on learnerships at one time or another: 22.1% had learners on learnerships at the time of the sector survey; 6.5% had learners on learnerships in the past but not at the time of the survey; while 1.3% had learners on learnerships in the past as well as during the survey. Organisations that had not yet participated in the learnership process attributed their lack of involvement to organisation size (too small – 57.7%), lack of familiarity with learnerships (12.9%), and the inappropriateness of learnerships to their work environment (9.6%). In addition, 14.3% of non-participants felt that workplace training was adequate and additional training not needed.

Nearly all the organisations that had learners on learnerships at the time of the survey or before were satisfied or very satisfied with the process and only 6.3% indicated their dissatisfaction. Organisations indicated that learnerships contributed to the reduction of skill shortages (43.7%), the attainment of employment equity targets (23.1%), and the up-skilling of existing staff (21.4%) in the work environment. However, at the time of the survey 5.5% felt that their involvement in the process was too recent to evaluate its impact on their organisations.

Of the organisations involved in learnerships, 11.9% experienced problems with the administration of the learnership process, 5.3% with training provider organisations, and 3.7% with learners. Too slow administrative processes and cumbersome procedures were indicated by organisations that reported problems with the administration of learnerships. Only a few organisations commented on problems with training providers and learners. Complaints included: the lack of accredited training providers and their cost, especially outside metropolitan areas; learners who did not finish their learnerships; and the low skills levels (technical and soft skills) of learners.

The majority of organisations (84.8%) ever involved in learnerships in the sector indicated their willingness to continue their participation, while only 6.2% said that they would not continue.

8.7 Unemployed people holding accounting and commerce qualifications

An analysis of the supply of labour is incomplete without an examination of unemployment rates among people who hold qualifications that are relevant to the particular sector. Unemployed individuals holding the required qualifications and who are looking for work are a potential source of labour or spare capacity that may be utilised by the sector. Conversely, very low unemployment figures are indicative of skills shortages.

Table 8-17 summarises the unemployment figures (according to the official definition of unemployment) among people with qualifications in the field of business, commerce and management studies, as reported in the Labour Force Surveys conducted in March 2003 to 2007. According to this data, the unemployment rates for all the levels, except level 5, remained far below the national unemployment rate of approximately 25% over the period 2003 to 2007. At NQF level 7 and above the unemployment rate remained below 5%. Such low unemployment figures may be regarded as full employment. That means that there are not really people who have the relevant qualifications at NQF levels 7 and above and who are actively looking for employment. Some spare capacity seems to exist at NQF levels 5 and 6.

Table 8-17 Unemployed people with qualifications in business, commerce and management studies, 2003 to 2007

NQF Level	2003		2004		2005		2006		2007	
	Unemployed	%*	Unemployed	%*	Unemployed	%*	Unemployed	%*	Unemployed	%*
Level 5	58 323	22.5	37 416	15.7	46 850	17.1	53 226	15.9	41 616	13.8
Level 6	12 712	10.9	5 482	4.5	4 563	5.5	8 562	8.4	9 417	9.5
Level 7	2 540	4.0	2 826	3.0	395	0.8	1 348	2.5	3 811	4.3
Level 8	0	0.0	0	0.0	0	0.0	0	0.0	2 005	7.0
Total	73 575	17.7	45 723	11.2	51 809	12.4	63 137	13.1	56 850	11.6

Source: Calculated from Labour Force Surveys, February 2003 to 2007

*Unemployment rate calculated by using the official definition of unemployment

8.8 The training and development of employees in the sector

Another factor to consider in the supply of skills to the sector is the training and development of employees who are already employed. This training is mainly aimed at the alleviation and prevention of the critical skills needs referred to in Chapter 6 of this report and the enhancement of the quality of skills available to the sector. The training and development of employees is mainly the responsibility of employers and employees themselves. In the Financial and Accounting Services Sector, the CPD required for continued membership of the professional bodies also plays an important role in the development of the workforce. Fasset assists small employers in the sector by offering free training courses to them.

Employers who participated in the sector survey were asked about the training offered to their staff. A distinction was made between in-house training (training offered on the employers' own premises) and external training (training attended at external training facilities).

8.8.1 In-house training

Almost 70% of employer organisations provided some form of in-house training to their employees. The majority of these (92.9%) offered informal on-the-job training. In addition, 23.1% of organisations utilised structured courses by *accredited* external training providers and 8.7% structured courses by *non-accredited* external training providers. A quarter (24.4%) of organisations indicated that they had training infrastructure and in-house training was provided by their own training divisions.

8.8.2 External training

External training was offered by 56.9% of organisations. Of those, 46.2% sent their employees to attend lifelong professional education offered by professional bodies, 44.6% to attend courses offered by accredited external training providers, and 30.0% to attend lifelong professional education offered by Fasset. In addition, study assistance schemes that provided bursaries/ study loans or subsidised training to employees were offered by 12.9% of organisations.

Most of the employer organisations in the survey were satisfied with the training infrastructure and the delivery of training in the financial sector. Infrastructure and delivery were excellent according to 14.2% of them, while 46.9% of organisations gave them an adequate rating. More

than a third of organisations (35.3%) indicated that they did not know enough to give a rating, while only 2.6% rated the training infrastructure as poor.

8.9 Factors impacting on the supply of skills

8.9.1 Secondary school system

One of the major reasons for the insufficient numbers of grade 12 learners with mathematics is the quality of mathematics teaching at secondary school level. To prepare learners for matric, a good education system with adequate numbers of properly qualified teachers in all grades is required. The problems experienced in South Africa in terms of the availability of teachers to teach mathematics are well known and are unlikely to lessen in the near future. Case²²⁸ warns that early reports on the implementation of the new FET curriculum for mathematics are alarming. It is reported that teachers had only received a total of five days of orientation during 2005 to prepare for the new curriculum that was implemented in 2006. The orientation had to cover a new mathematics curriculum, which is seemingly similar to the former Higher Grade curriculum, and a completely new subject – mathematics literacy.

The problems that impact on the supply of skills to the sector are not only quantitative in nature; i.e. they extend beyond the low number of learners who matriculate with Higher Grade mathematics. Professional bodies that participated in this sector survey expressed concerns about longstanding inequalities in the secondary school system. They also felt that besides many learners leaving school with poor and sub-standard numeracy and mathematical literacy, they also lack literacy and language skills and the soft skills needed for work. It was specifically stated that although learners present with NQF level 4 qualifications in mathematics and English, their actual competencies measure well below that level. This presents a number of challenges for the labour market and training providers. First, under-developed or poor English skills affect comprehension, hamper effective communication, and lead to misunderstandings. It is costly, time consuming and often impractical for professional bodies, employers and education and training providers to redress inadequate language capabilities which were created over years of sub-standard primary and secondary education. Second, learners struggle with the application of basic mathematical formulae and principles, and many are

²²⁸ Case J (2006) *Issues facing the engineering profession and engineering education in South Africa: A briefing paper to inform further research*, Paper commissioned by the HSRC.

unable to use calculators. It is difficult to teach and train learners in finance, accounting and commerce principles when their basic skills are at such low levels.

Some of the professional bodies also raised questions about the quality and relevance of accounting taught in schools. As an illustration, SAIPA indicated that 3 000 learners participated in its 2006 Accounting Olympiad for learners in grades 11 and 12 and, of those, only 95 learners (or 3%) achieved a result of 60% and above on examination papers set by matric examiners.

Respondents also expressed concerns that many matriculants with matriculation exemptions appear to be unprepared for tertiary education. They stated that although the outcomes-based model of education introduced in High Schools is theoretically sound, schools may not be fully equipped to deliver the desired outcomes. For many students the gap between secondary- and tertiary-level studies is simply too large to overcome.

Stakeholders in the finance and accounting field are known for their commitment to ensuring a sufficient supply of learners at the FET level with the required subjects. The Thuthuka project is one example of a major intervention by the stakeholders. This project is multifaceted and is also aimed at the FET phase where it strives to ensure that learners develop numerical, literacy and accounting skills at the required level to enter tertiary education and, later, the accounting professions.²²⁹

8.9.2 Availability of and access to financial resources

Both the limited availability of funding for skills development and training and learners' inability to access the limited funding available are hurdles in the way of supply of skills. Many learners simply cannot pursue post-school education and training without external financial assistance or sponsorships. Further, many learners are unable to access the available funding; for example, the more stringent regulation of credit facilities under the National Credit Act, 24 of 2005 place added restrictions on credit grantors to approve student loans. Apart from access to study loans, learners need funding to cover living expenses. While organisations like the National Student Financial Aid Scheme (NSFAS) help students, funding is often insufficient to cover both studying and living expenses.

²²⁹ The Thuthuka project is a joint initiative between SAICA, ABASA, and various other role players. "Thuthuka" is a Zulu word that means "to develop". The project spans multiple levels and interventions, including High School mathematics, accounting, science and English clinics, and teacher and university lecturer enrichment programmes. It also includes as a key focus a tertiary-education development programme.

8.9.3 Tertiary level education and training

A number of professional bodies indicated that accounting studies are becoming tougher because of increased volumes and complexity of courses. Heavier workloads and the increased degree of difficulty make it more difficult to graduate. There are concerns that fewer students graduate with the CTA qualification and that this contributes to the shortage of trainees in the professional learnerships at level 7.

Some of the professional bodies that participated in the sector survey were of the opinion that historically disadvantaged universities and universities of technology are still not fairly resourced. Even though all tertiary education institutions operate in the same regulatory environment, historical disparities continue to exist. These have a significant impact on the calibre of students produced.

Education providers struggle to attract and retain academics and some of the professional bodies are concerned that the pool of accountancy lecturers appears to be dwindling. This problem is related to imbalances in salaries paid to accounting professionals in commerce and public practice, and the remuneration paid to academics. The quality and availability of good academic teaching staff have a direct bearing on the skills base available to the labour market.

With regard to access of learners, some respondents expressed concerns that universities and universities of technology restrict the number of finance and accounting students as a result of funding formulae imposed by education authorities and problems with the allocation of resources to commerce faculties. Funding is channelled towards learning areas that are regarded as areas in which skills shortages exist, for example engineering, while authorities don't necessarily recognise commerce as a field in which shortages exist and therefore limit the subsidisation of commerce faculties.

8.9.4 Socio-economic factors

Access to studies in finance and accounting is not only hampered by the lack of financial resources or policy decisions. Several respondents pointed out that many matriculants enter tertiary institutions and study programmes from different economic worlds. Those learners who come from poor communities experience distinct disadvantages.

Socio-economic realities present challenging barriers to prospective learners, and affect access to learning as well as their ability to cope with learning opportunities. Among these socio-economic factors are students' lack of exposure to information technology, the Internet, and

computers, as well as their limited understanding of the business world. These factors affect the quality and number of young entrants to the labour market because financial professionals require a combination of competencies, technological know-how, and understanding of the business world. These issues are also directly linked to work-readiness problems.

8.9.5 Lack of career guidance

Respondents said that a lack of career guidance at secondary and tertiary levels of education, and also in the workplace affects the supply of the right skills to the labour market. Many concerns were raised that learners receive poor or no guidance on the appropriate school subject choices that will enable them to pursue higher education. Schools aim for good matric results and so teaching staff favour “easy” subjects instead of guiding learners towards more market-relevant subjects.

At tertiary level, prospective accountants and financial professionals are offered myriad qualifications, and it has become a challenge to register for the appropriate qualification. Professional bodies also questioned whether academic teaching staff are well versed in the accounting and finance professions and whether they are able to advise their students with regard to possible career paths.

In the workplace, the lack of guidance on career options, career development and advancement also impacts negatively on the available skills pool.

8.9.6 National qualifications framework

Professional bodies mentioned that many of the new qualifications that are career orientated and that are quality assured by SETAs are not recognised by and portable into the higher education system as universities and universities of technology set their own admission requirements. In a sense this seems to be a negation of the purpose and intention of the NQF. It also hampers access to higher education and limits the supply of skills into the labour market.

8.9.7 Problems associated with learnerships

Several professional bodies expressed reservations about the impact and effectiveness of learnerships in view of both the large administrative and compliance burden for employers and the shortage of people to mentor, coach, and support learners. Some were also of the opinion that the marketplace attaches a stigma to qualifications obtained through learnerships, because

learnerships are equated to apprenticeships. Also, learners who have obtained qualifications via the learnership route are often barred from entering higher education and training.

A few of the professional bodies mentioned that the public sector has significant skills development needs for all levels of finance and accounting workers but that learnerships are either not implemented satisfactorily or not at all because the public sector is not geared towards learnerships.

8.9.8 Registration of qualifications on the NQF

One of the professional bodies commented that the processes of developing and registering (or changing) of qualifications on the NQF is too rigid and too slow to serve the skills development needs of the modern workplace. As new accounting standards and legislation affecting commerce are introduced, the knowledge required by finance and accounting professionals changes over the course of one year. Such changes usually require immediate implementation and impact on the application of laws, disclosure obligations of professionals (and therefore also their professional liability), as well as accounting and auditing practices. The profession cannot wait for unit standards and qualifications registered on the NQF to train workers in the required competencies imposed by regulatory changes. Instead, professional bodies drive member development and training outside of the NQF as the framework is too inflexible to accommodate the growth in the body of technical knowledge.

There were also suggestions that qualifications registered with SAQA should not lapse after three years as this may diminish their market value.

8.9.9 Accreditation of education and training providers

Several of the professional bodies are concerned about the scope of bureaucracy and infrastructure requirements placed on training providers to meet accreditation and quality standards, as these measures have significantly increased the costs of skills development and may have deterred talented providers from playing a constructive role. There were perceptions and frustrations that private sector training providers have to comply with myriad bureaucratic requirements (e.g. learner assessment and moderation), while similar requirements do not apply to universities.

8.9.10 Market perceptions of qualifications

Apart from formal accounting studies at tertiary institutions, there are many other routes available to prospective financial professionals to qualify as accountants and accounting technicians. Yet, many employers select and appoint finance professionals because they are B.Com graduates and are more reluctant to employ accountants who have achieved registered or benchmarked qualifications through learnerships or alternative routes offered by professional bodies. It is feared that such selective employment practices exclude suitably qualified learners from the labour market.

8.9.11 Legislation and regulation

a) Auditors in public practice

The roles and responsibilities of Registered Auditors (RAs) to provide assurances are changing. At the turn of the millennium RAs were required to conduct an audit (by examining the recording of financial transactions and compliance with internal procedures and relevant laws and regulations) and, based on findings on a test basis, to certify that financial statements fairly represented the financial position of a company or business entity. More recently, RAs are obliged to extend their investigations, enquire more deeply into the affairs of companies, undertake more detailed audits, and uncover and report fraud. Auditors no longer merely sign off the audit report, but statutory requirements demand that they be whistleblowers. Demands to provide assurances are growing and yet business complexity and dynamics increase at the same time.

Several respondents commented that new legislation aimed at preventing corporate failure places additional pressure on financial and accounting professionals to provide assurances regarding the state of affairs of companies. Legislative and standard-setting authorities have created a regulatory environment which is regarded as punitive, especially for the members of the audit profession. This changed environment has resulted in a more demanding workload, added professional risks, and raised levels of professional responsibility.

These changes will impact the supply of skills in a number of ways:

- RAs may be unwilling to assume the increased risks and potential professional liability in an increasingly complex business world and some may decide to leave the profession and seek opportunities in commerce and industry.²³⁰
- The increased risks and professional liability have not been matched with an increase in remuneration, which means that RAs are reluctant to remain in public practice.
- Young financial professionals may be deterred to qualify as auditors and opt to become accountants instead.
- Audit firms are increasingly pressurised to employ higher-calibre people for auditing work and, therefore, competition has increased for highly competent auditors and trainees for the learnerships in public practice.

b) Proposed changes to the Companies Act

Diverging views were aired as to whether the proposed changes to the Companies Act to reduce audit requirements placed on non-public companies will affect the demand for RAs and trainees. Some respondents argued that the larger auditing firms that conduct audits on public companies already experience a shortage of trainee auditors and that a reduction of the workload in respect of a portion of their client base (smaller companies) will not release audit skills into the labour market as these will be retained in the audit firms. Other respondents argued that the demand for auditors and audit trainees is unlikely to decline in view of the more stringent regulatory and compliance environment. It was also not foreseen that lesser audit requirements for non-public companies will reduce the market's demand for audited statements, because the South African Revenue Service and banks may continue to require audited statements in the course of economic activities.

However, some professional bodies predicted a decline in the demand for CAs and RAs as a result of the proposed introduction of audit thresholds. It was indicated that the market will demand more general accountants (qualified at NQF levels 6 and 7) because businesses operate accounting systems and general accounting work will still be performed. On the other hand, a few bodies indicated that it was too early to predict whether the proposed changes would alleviate a shortage of skills or have an impact on the number of audit trainees required by the audit firms.

²³⁰ The IRBA reported that RAs are already exiting the profession to pursue careers in the business world.

c) Debt Collectors Act

According to ADRA, the requirement that a person must be registered with the Council for Debt Collectors before acting as a debt collector²³¹ hampers supply of skills and on-the-job training. This is because debt collection firms are reluctant to appoint new trainees and invest in their training when the registration fee, or a portion of it, is not recoverable if a new employee is unable to cope with the work.²³²

8.9.12 The IRBA and the auditing profession

With the greater convergence in international accounting and auditing standards many different professional bodies have aligned their professional qualifications to meet those standards. Accordingly academic syllabi, practical training, and CPD activities have been geared to re-skill and develop their members. Professional bodies are exerting increasing pressure on the South African regulator of the auditing profession to recognise these developments and to endorse more open access to the auditing profession, especially to members of professional bodies that already enjoy international recognition and whose qualifications abide by IFAC standards.

Some of the professional bodies are concerned about the perceived intertwined professional relationship between SAICA and the IRBA, and commented that it is difficult to separate the bodies and their functions. However, several professional bodies expressed the hope that the IRBA can position itself as an independent regulator and avoid the pitfalls of a preferential relationship with only one professional accounting body.

With reference to the Auditing Profession Act (APA), 25 of 2006, many respondents commented that the new framework will enable the IRBA to operate as an independent and effective regulator. Further, the respondents welcomed the IRBA's mandate under the APA to set and manage standards for admission to the audit profession. This was viewed as an opportunity to transform the profession by giving access to members of other professional bodies who meet those standards.²³³ Such a step will alleviate the shortage of skills and address views regarding

²³¹ Section 8 of the Debt Collectors Act, 114 of 1998.

²³² According to ADRA the registration fee of R912 is a barrier to skills development in the workplace as debt collection firms operate on small margins, and the Debt Collectors Act does not recognise a probation period to train new appointees prior to incurring the expense of registering them as debt collectors.

²³³ IRBA prescribes requirements for the accreditation of professional bodies representing auditors and public accountants, maintains a register of such accredited bodies, and issues licences to registered auditors. At the time of this report, only SAICA was accredited and therefore only SAICA members were issued with licences to practice as RAs.

the perceived exclusivity of SAICA members in the profession. Some professional bodies indicated that exclusivity in the auditing profession is not necessarily negative, provided that admission to the profession is based on open criteria and standards and that more than one professional body may meet or aspire to meet those criteria to enable their members to practice as RA.

8.9.13 Separation of professions

According to a number of the professional bodies, there is a need to distinguish between the accounting and auditing professions because of their different roles. While the foundation for the two professions is rooted in accountancy, finance, and commerce, the professionals have different roles. Accountants are trained to draft financial statements and perform a variety of business, financial and risk-management functions. Auditors carry out enquiries into the financial systems, business records and processes to determine whether the public may place reliance on a company's financial statements and performance. Although it is recognised that the training and underlying knowledge base for accountants and auditors is similar, the supply of skills may be affected if the professions become more distinct.

8.9.14 Learning and work ethic

Several professional bodies who accommodate foreign and South African students on their learnerships and programmes leading to qualifications drew comparisons between the work ethic and eagerness for learning among South Africans and non-South Africans. There is a strong perception that foreign students, especially students from African countries, display a deeper desire to learn, work harder, and are more committed to succeed at their studies and at work than their South African counterparts. Respondents voiced comments such as South African students:

- “Do not have the passion for learning”;
- “Lack responsibility towards their study opportunities”;
- Are “spoon-fed” and therefore “unwilling to exert themselves” in tertiary level studies;
- “Do not regard education as an economic passport”; and
- Display “inappropriate attitudes towards study and hard work”.

8.9.15 Role of education and training providers

Professional bodies acknowledged that education and training providers operate as businesses and that, for many, the bottom line is the most important consideration. However, there are concerns that some providers compromise on quality of delivery in an effort to chase profits. This diminishes the quality of skills supplied to the labour market.

Also, some colleges and training providers deliver non-recognised or non-registered qualifications on the strength of their statutory registration as providers of HET or FET. While learners are assured that they attend a recognised and registered institution, they may enrol on courses which neither lead to a registered qualification nor are recognised by employers. Such practices impact directly on the quality of skills supplied to the labour market.

8.9.16 Activities by professional bodies:

Several professional bodies are directly involved in increasing the numbers and quality of new entrants into the Financial and Accounting Services Sector. All the professional bodies with registered learnerships promote their programmes to expose learners to academic and workplace training. In addition, some of the professional bodies provide support to employers who take on learners on learnerships. These bodies also assist with mentorship development and provide relevant information to employers. A few of the professional bodies facilitate soft skills interventions to equip learners to seek and obtain employment. Some professional bodies cover workplace readiness in the study material for learners who are preparing for the professional or qualifying examinations.

The activities of the professional bodies play an important role in sustaining the supply of professionals to the labour market.

8.10 Conclusion

The supply of skills to the sector is affected in the first instance by the number and quality of people available for tertiary education. The secondary school education system in South Africa is inadequate in terms of its capacity to develop and supply a suitable pool of candidates with mathematics qualifications for the various studies that have this subject as a requirement for selection. Until this problem is addressed sufficiently, the finance and accounting field will continue competing for learners with fields such as medicine and healthcare, actuarial science, physical science and life sciences, architecture, and engineering.

South Africa needs a significant number of finance and accounting graduates to ensure sustainable growth in its economy and in the sector specifically. Although there has been significant growth in accounting graduates at level 7 with honours degrees, stakeholders warned that not all these graduates enter the labour market as finance and accounting professionals. It is reported that students take up accounting for reasons other than an interest in the field and this leads to commitment problems and early exits from the profession. Similar to accounting, the highest growth of graduates in the commerce, business management and business administration field was at level 7.

The available pool of accounting as well as commerce, business management and business administration graduates under the age of 65 grew substantially over the reported period. In the commerce, business management and business administration field the largest growth of this pool was at level 7, while the largest growth in the accounting field was at level 6.

In terms of transformation of both the accounting and commerce, business management and business administration fields the data on graduations and availability showed that the percentage of black graduates, especially Africans, increased considerably over the period 1994 to 2004. However, the percentage of African graduates decreased with increasing level of qualification. Women are generally well represented in the pool of graduates.

Overall, it seems as if the sector is actively involved in the continuous development and upgrading of the workforce – albeit not always through formal training courses but through informal and on-the-job training instead. The sector is also well resourced with a well functioning training infrastructure with which employers are generally satisfied.

This study has been produced at a crucial juncture in terms of the expansion of the regulatory environment in the financial services field, the revision of the qualifications framework for higher education, and forces in the global markets that attract finance and accounting professionals from South Africa. All of these factors impede the supply of financial and accounting skills to the local economy.

9 CONCLUSIONS

9.1 Introduction

This sector survey is the second of its kind that Fasset has commissioned. The first survey took place in 2002 – five years before the current one – and provided Fasset with the first comprehensive overview of its sector and the identification of the main issues that needed to be addressed by the SETA. This second survey served to review the information collected in 2002, to re-evaluate the demand for and supply of skills to the sector, and to revisit the education and training needs of the sector and the main problems experienced by stakeholders.

Similar methodologies were used in 2002 and 2007. Both surveys included employers, professional bodies, and education and training institutions and learners. In 2002 the SETA system was still very new and many of the respondents were still unfamiliar with the skills development environment and with Fasset. In 2007, however, stakeholders were much better informed and were more familiar with the levy-grant system, learnerships, and the activities of the SETA and the funding and training interventions it provides. For this reason the interviews conducted in 2007 were much richer in content, although many of the issues raised in 2002 remained the same in 2007. In the 2007 survey respondents were also much more vocal about the functioning of the SETA, their expectations of Fasset, and their views on the shortcomings of the education and training system – hence a much longer and more comprehensive report resulted than the one produced in 2002.

The demand projections produced in 2002 were limited to the broad occupational categories. In 2007 the individual employment records of employees received from employers in the sector were coded to the most detailed level of the OFO and the demand projection model was built up from this level of detail. The model was also designed to project the demand for labour every year over a five-year period.

In the 2007 analysis of the supply of labour information from the NLRD was used as opposed to the SAPSE/HEMIS information used in the previous sector survey.²³⁴ Although both these sets of information are obtained by the DoE from the educational institutions, the data are handled in different ways and, therefore, provide different figures.²³⁵ The way in which the data is stored in

²³⁴ In 2002 the NLRD was still in its infancy and the data were not yet systematically analysed.

²³⁵ All public higher education institutions are obliged to submit to the DoE individual records of all students who had qualified in a particular year with all their achievements (the subjects that they have

and extracted from the NLRD is much more appropriate for the supply-side analysis required in a sectoral study and these data were, therefore, used in the current report. The supply-side information presented in the 2002 report and that reported in the current report are not directly comparable for this reason.

Although the same methodologies were used in 2002 and 2007, it was not possible to retain the same classification systems throughout. Although the sub-sectoral classification remained the same, in 2002 the SASCO system was used to classify occupations while in 2007 the OFO was used. This change was necessary because of the DoL requirement to use the OFO for the reporting of scarce and critical skills. In 2007 the NQF levels were used to report on qualifications while the NQF levels were still new and not very well known in 2002.

9.2 Organisations in the sector

The estimate of the number of organisations belonging to the sector is based on Fasset's database of organisations. This database originates from the DoL and it is updated by Fasset from time to time. In the current study it was estimated that there are just more than 6 000 organisations that are operational in the sector. The organisation-size profile shows that the majority (96%) of organisations in the sector are small (employ fewer than 50 people) but that the majority of employees (53%) are employed by the few large organisations. This profile has not changed since 2002. The larger percentage of workers employed in the large organisations is mainly the result of the inclusion in 2007 of some of the public sector organisations that did not participate in the 2002 survey (Table 9-1).

Table 9-1 Percentage distribution of organisations and employees according to organisation size: 2002 and 2007

Organisation size	Organisations		Employees	
	2002	2007	2002	2007
1 – 5 employees	63	62	14	10
6 – 20 employees	30	28	22	16

passed). The DoE verifies and cleans the information and publishes a set of information on achievements per field of study. In this analysis the units that are counted are the major subjects and not the full qualifications or the people who have achieved the qualifications. The same information is then submitted by the DoE to SAQA, which imports it into the NLRD where a record of every learner in the country and their educational achievements are kept. The units of analysis used in the NLRD analysis are the full qualifications that are assigned to fields of study. The NLRD allows for the calculation of the number of people who have certain qualifications, taking into consideration the fact that some have more than one qualification.

21 – 49 employees	4	6	8	9
50 – 149 employees	2	3	15	12
150+ employees	1	1	41	53
Total	100	100	100	100

9.3 Total employment

The estimates of employment were derived by extrapolating information collected from employers to the total sector. In this survey it was estimated that total employment in the sector in 2007 was just more than 117 000. This figure is not directly comparable with the 2002 estimate of 91 000 because of the exclusion of the public sector from the 2002 survey. However, if the 2002 and 2007 non-public sector components are compared, it seems as if employment has grown on average by approximately 2 - 3% per year over the period. In the employer survey employers were asked about employment growth in their organisations over the period 2005 to 2007. Although less than a fifth reported growth, a rough calculation of the effect of their growth on sectoral employment is about 6.4% per year over these two years. This means that employment growth in the sector has probably followed national trends and that it was still slow in 2002 to 2004 and that it has accelerated over the 2005 to 2007 period. Employment figures could also have been affected by the inter-SETA transfers of organisations that took place between 2002 and 2007.²³⁶

9.4 Profile of the sector

9.4.1 Geographical distribution

The sector served by Fasset remains concentrated in the urbanised areas of Gauteng (50% of employees), Western Cape (21%), and KwaZulu-Natal (13%). Although this eases communication and contact with employers, it is important for Fasset to pay attention to the needs of the smaller employers in remote areas. The current system of skills advisors who reach out to those employers is such an intervention. These skills advisors are external

²³⁶ In 2000, shortly after the SETAs had been established, the DoL allocated organisations to SETAs on the basis of information available about organisations' economic activities on the database of organisations provided by SARS. In many instances this information was absent or incorrect and organisations were allocated to SETAs in a mechanistic way – often using key words in the names of the organisations as indicators of their economic activities. This resulted in many inappropriate allocations that were later corrected by allowing organisations to apply for inter-SETA transfers.

companies who are appointed to visit Fasset's organisations and to assist them with grant applications and other needs that fall within Fasset's ambit.

9.4.2 Occupational distribution

In the 2007 employer survey employers were asked to provide the research team with individual records of their employees (without identifying the individuals). These records included the occupational titles, the population group, gender and age of the employees, and their highest educational qualifications. More than 37 000 records were received and this enabled the research team to develop an occupational matrix²³⁷ for the sector and estimates of employment at a very detailed level. (The occupational titles were coded to the most detailed occupations specified in the OFO.) The occupational matrix is not only useful for the establishment of a demand projection model, but it also allows for the interpretation of vacancy and/or scarce skills data collected through the WSPs.

The very large number of professionals and especially accounting professionals warrants Fasset's strong focus on skills development in this area. However, clerical and administrative staff also form a large proportion of the workforce, which means that skills development initiatives should include this occupational group.

9.4.3 Population group and gender

The population group and gender profile of the sector is quite important for skills development. The Financial and Accounting Services Sector has recognised since the inception of the SETA system that transformation is a necessity and if total employment is considered, the sector has increased the percentage of black employees from 34% in 2002 to 47% in 2007.

During the last five years the sector has put many efforts into accelerating the supply of black professionals to take up professional and managerial positions. However, the training period for professionals in this sector is very long – in some instances the minimum training period is seven years. It is, therefore, not surprising that changes in the profile have been relatively slow.

A direct comparison at occupational level is hampered by the fact that different occupational classification systems were used in the 2002 and 2007 surveys. Nevertheless, if the main occupational groups used in the two surveys are considered, it is clear that the greatest need for

²³⁷ The occupational matrix was used in the demand-projection model and refers to the number of positions available in the sector – i.e. it included the filled and unfilled positions.

transformation remains at the managerial and professional levels, although some progress has been made in the five-year period (Table 9-2).

Table 9-2 Percentage of black people employed per occupational category: 2002 and 2007

Occupational group	2002	2007
Managers	19	28
Professionals*	30	38
Technicians and Associate Professionals*	41	
Technicians and Trades Workers		40
Clerical and Administrative Workers	38	52
Total	34	47

*The OFO includes associate professionals with professionals while the SASCO coding system used in 2002 include has a separate category for Technicians and Associate Professionals.

At the professional level, employment of black women is on a par with that of black men but black women are lagging behind in the managerial category.

9.4.4 Educational qualifications

The survey data once again confirmed the sector's employment of skilled workers. Almost all the workers in the sector (95%) had at least matric or an NQF level 4 qualification and more than 60% had qualifications at NQF level 6 or above. In the current labour market situation where rapid transformation is required it can be expected that the sector will demand more people at higher qualification levels. This is in part the result of the business environment's requirement for people to be better skilled and in part the result of the transformational pressures in the sector. In the absence of black people with years of experience in the sector – and as there is no time to develop people “through the ranks” – organisations will be obliged to recruit black people with higher qualifications (but without experience) in order meet their employment equity or transformational targets.

9.4.5 Age profile

The age profile of workers in the sector remained more or less the same and in 2007 approximately 60% of the workers were 35 or younger. The average ages of black and white workers differed by five years, with the average age of blacks 33 and of whites 38. This clearly shows that transformation is taking place through the recruitment of newly qualified black workers.

9.4.6 Disability

Most of the employers who participated in the survey did not provide information on the disability status of their employees. It is not clear if this is a result of the fact that disability information is not kept on the data systems of employers, whether employers are unsure of how to define disability, or whether the employment of people with disabilities is really so low in the sector. If it is assumed that only the employers who actually employ people with disabilities reported on them, then these people constituted only 0.8% of all the employees in the sector. In the 2002 sector survey people with disabilities constituted 0.6% of all the employees in the sector. Given the fact that most of the work in the sector is performed in an office environment, the sector probably lends itself to the employment of more people with certain physical disabilities. The training of learners with disabilities might be an area that could usefully receive more focused attention from Fasset.

9.5 Professional bodies in the sector

The 2007 sector survey highlighted once again the very important roles that the professional bodies play in the Financial and Accounting Services Sector. The following professional bodies participated in this survey:

- The Association for Chartered Certified Accountants (ACCA);
- The Association for the Advancement of Black Accountants in Southern Africa (ABASA);
- The Association of Debt Recovery Agents (ADRA);
- The Chartered Institute of Management Accountants (CIMA);
- The Chartered Secretaries Southern Africa;
- The Independent Regulatory Board for Auditors (IRBA);
- The Institute of Administration and Commerce (IAC);
- The Institute of Certified Bookkeepers (ICB);
- The Institute of Internal Auditors (IIA);
- The Institute of Public Finance Accountants (IPFA);
- The South African Institute of Chartered Accountants (SAICA);
- The South African Institute of Financial Markets (SAIFM);

- The South African Institute of Professional Accountants (SAIPA); and
- The Southern African Institute of Government Auditors (SAIGA).

In Chapter 3 of this report a description is provided of each of the professional bodies, their roles and functions, and their contributions to skills development in the sector. From the information that is presented in Chapter 3 it is clear that the professional bodies are major role-players in the Financial and Accounting Services Sector and that they are pivotal to skills development in the sector and conscientiously guard its professionalism. The majority of bodies actively promote sound corporate governance, codes of conduct and professional standards to serve broad public interests. Several of them play an active role in setting standards for education and training, some confer qualifications, and many cooperate closely with SETAs to support a range of skills development initiatives within and outside the sector. The professional bodies are also involved in the accreditation of education and training and workplace training providers; the development of curricula; the provision and distribution of learning material; the setting and administering of professional examinations; the enforcing of CPD among their members; the organisation of conferences, seminars and workshops; and the distribution of technical information and specialist knowledge via journals, newsletters, and web-based facilities. Some of the professional bodies play an active role in the development of qualifications and the registration and administration of learnerships to ensure that the sector's workers have the opportunity to participate in structured learning in the workplace.

Several of the professional bodies maintain international links with global organisations in their field and ensure that international standards and criteria for finance and accounting practice are introduced and upheld in South Africa.

An interesting feature of the professional bodies that are recognised in the sector is the fact that they do not cater only for the typical professional occupations (i.e. occupations that require skills at NQF level 6 and above) but also for technician, clerical, and administrative occupations that require skills at NQF levels 4 and 5. These bodies make an important contribution to the training and development of lower-level skills and, through their codes of conduct, to the professionalisation of the sector at the clerical and administrative levels.

As a result of their active involvement in the sector, professional bodies also have special insights into the dynamics and needs of the sector. These insights were tapped in the sector survey and are reported in different sections of this report. Overall, the bodies are very supportive of Fasset's work and some of them share in the SETA's functions by being quality

assurance partners of Fasset and by participating in Fasset's structures and activities. In fact, since the inception of the SETA a symbiotic relationship has developed between Fasset and the professional bodies in the sector and this relationship seems to benefit skills development.

9.6 Education and training infrastructure

The sector employs mainly people with qualifications at NQF level 4 and above. The education and training infrastructure that needed to be considered if the supply of skills to the sector is evaluated includes the FET system, made up largely of the public school sector, and the HET system.

The information presented in this report clearly shows that the quality of school education in South Africa is at the heart of the supply-side problems experienced by the sector.

The sector is served by a well-established and geographically well represented education and training infrastructure. The education and training infrastructure consists of a combination of public and private institutions.

9.7 The demand for skills in the sector

In this sector survey the demand for skills was analysed from different perspectives. First, the quantitative demand for people to fill the positions available in the sector was evaluated. Demand was also analysed from the perspective of the competencies that people in the sector need.

9.7.1 Scarce skills

The quantitative analysis started with an identification of scarce skills in the sector. The concept of scarce skills refers to a shortage of people with the required attributes to fill positions available in the labour market and is expressed in terms of the occupations in which these positions occur. 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 due 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;

- Upward pressure on remuneration; and
- No spare capacity in the form of unemployed people who can fill positions in the particular occupations.

The occupations identified as ones experiencing skills shortages and the signals indicating shortages are summarised in Table 9-3. The occupations included in the list are those with long-term vacancy rates of more than 5%. The table shows the OFO Codes, the occupation names, estimated employment in each occupation in 2007, whether retention problems were reported by employers, the vacancy rates, and whether employers reported that there was upward pressure on salaries (i.e. people were demanding more than employers can afford to pay). The combination of signals gives an indication of the validity of the claim that there is a shortage of people suitable for certain occupations and of the magnitude of the problem. The table shows that shortages exist in four broad areas: accounting, human resources management and development, information technology, and economics and statistics. Shortages of accounting skills exist at all levels – from bookkeeper to registered auditor.

Table 9-3 Occupations in which skills shortages are experienced

OFO Code	Occupation	Employment 2007*	Retention problems	Vacancy Rates**	Upward pressure on salaries
MANAGERS					
135	Information and Communication Technology (ICT) Managers				
135102	ICT Project Manager	190	√	5.9	
PROFESSIONALS					
221	Accountants, Auditors and Company Secretaries				
221100	Trainee Accountant	13 910	√	6.1	√
221101	Accountant (General)	13 300	√	6.1	√
221203	External Auditor	2 880	√	15.9	√
221204	Internal Auditor	580		8.3	
223	Human Resource and Training Professionals				
223101	Human Resource Advisor	110		7.3	
223301	Training and Development Professional	260		5.9	
224	Information and Organisation Professionals				
224103	Statistician	30		20.9	
224301	Economist	40	√	60.7	√
261	Business and Systems Analysts, and Programmers				
261102	Systems Analyst	470	√	31.1	
261303	Software Engineer	160		6.3	
CLERICAL AND ADMINISTRATIVE WORKERS					
551	Accounting Clerks and Bookkeepers				
551101	Accounting Clerk	730	√	6.7	
551201	Bookkeeper	4 230	√	6.5	√
591103	Purchasing Officer	120		14.0	
SALES WORKERS					
611201	Insurance Agent	110		6.4	

*Estimated on the basis of the employee information provided by employers who participated in the survey, rounded to the nearest 10

**Long-term vacancies reported by employers as a percentage of estimated employment

It must be noted that the first four professional occupations – trainee accountant, accountant, external auditor, and internal auditor – are closely related and that people who were counted as accountants might have been registered auditors as well. Therefore, the total employment figures should actually be considered together. Furthermore, these four occupations draw from the same pool of people and from all the evidence obtained in the sector survey it is clear that the pool is not sufficient to satisfy the market demand.

General accountants include all accountants at a professional level and these positions can be filled by people with BCom Accounting degrees and honours degrees or by people who are full members of the professional bodies such as ACCA, CIMA, SAICA or SAIPA. The qualitative information provided by employers showed that in this occupation shortages are experienced across all levels but are more acute at the high end of the occupational spectrum – i.e. among professionally qualified accountants (chartered accountants, specifically). Only chartered accountants can act as external auditors and, therefore, the high vacancy rate in that occupation also confirms the shortage of chartered accountants. One of the respondents who represented a large auditing firm summarised the situation by saying “there is currently a war in the market for qualified chartered accountants”.

The supply-side figures that were analysed in Chapter 8 of this report provide another signal confirming the shortage in the occupational group accountants, auditors and company secretaries. All the Labour Force Surveys conducted over the period 2003 to 2007 reported an unemployment rate of below 1% among people with NQF level 7 qualifications in business, commerce and management studies and unemployment rates of below 3% among people with NQF level 6 qualifications in this field. These low unemployment figures can actually be interpreted as full employment of people with these qualifications.

The identification of skills shortages at the level of bookkeeper and accounting clerk – occupations that are typically filled with people with qualifications at NQF levels 4 and 5 – is relatively new to the Financial and Accounting Services Sector. Previous research did not provide clear indications of shortages at this level. It might seem unlikely that these shortages may exist, if the high unemployment rates among matriculants in South Africa are considered. However, employers reported shortages in this occupation and the professional bodies and training providers who participated in the survey confirmed these. Matriculants are clearly not fully equipped to fill these positions but need to develop more specialised accounting skills.

9.7.2 Critical skills needs

For the purpose of measurement a clear distinction was made between the concepts scarce skills and critical skills. However, the two phenomena are not unrelated. In a labour market where there is a scarcity of skills employers are obliged to appoint people with lower-skills levels than those needed for optimal functioning in their positions. This immediately creates qualitative deficiencies – critical skills needs. Similarly, scarcity can be the result of qualitative deficiencies in the labour force – i.e. there may be people in the market with the minimum qualifications

required by employers but who lack the experience or the specialised expertise that employers are looking for. In the Financial and Accounting Services Sector both these problems exist. According to the survey respondents, many newly qualified people enter the labour market without the necessary understanding of certain fundamental technical issues and the ability to apply technical knowledge in the work context; without personal and life skills such as assertiveness and personal confidence, the ability to handle work pressure, the ability to manage their personal affairs, knowledge of professional behaviour and office etiquette; and without computer and information management skills.

Apart from the needs of new recruits, employers also identified an array of other skills that existing employees need. These include management and leadership skills, client-service skills, technical financial skills, information technology skills, support and administration skills, knowledge of legislative changes, communication skills, the ability to work in teams, problem-solving skills, and marketing skills.

9.7.3 Future demand

The future demand for skills can be viewed from two perspectives – first, the quantitative demand or the number of people who will have to be recruited into the sector and, second, the qualitative demand or changes in the kind of skills that people who are employed in the sector are required to possess.

The quantitative demand was estimated on the basis of a demand forecasting model that was developed for the sector. This model was built up from the detailed occupational levels of the OFO.

According to the model, the sector may be creating between 3 800 and 7 000 new jobs in 2008 and, if economic growth is sustained at between 4.0% and 7.5% per year over a five-year period, it may create roughly between 4 400 and 9 000 new jobs per year by 2012. Of particular interest is the demand in the occupational groups in which there is already a scarcity of skills. In the group accountants, auditors and company secretaries the sector may create between 1 200 and 2 000 new positions in 2008. This may grow to approximately 1 400 and 2 900 in 2012. However, these projections assume that there will be no supply-side constraints.

In terms of the qualitative demand, all the evidence presented in this report shows that the level of skills that will be required from professionals in this sector can only increase and, therefore, that the pressure on the high end of the professional spectrum will increase with it. Although changes in the auditing requirements of small firms may slightly ease this pressure, there are

many other changes taking place in the business world that are expected to increase the demand for highly skilled accountants in the Financial and Accounting Services Sector. The roles of these accountants are also changing from mere accounting and auditing roles to financial-advisory and risk-management roles. It could, therefore, also be expected that the critical skills needs summarised in the previous section may intensify.

One disconcerting insight gleaned from the sector survey is that smaller auditing firms are contemplating a reduction in the number of learners that they will take on if their auditing functions are curtailed by the changed corporate legislation. In the longer term this may have an adverse effect on the supply of professional accountants and result in even more shortages.

The need to change the racial profile of the sector remains an overarching objective amidst the growth in demand and the need to curb skills shortages. Therefore the demand for black (especially African) professionals will remain higher than the demand for professionals from other population groups.

9.7.4 Limitations of demand analysis

Labour-demand forecasting models are by their very nature subject to a certain margin of error because they are based on assumptions the correctness of which is unknown. The demand projection model that was developed for the Financial and Accounting Services Sector was based on the best knowledge of the sector and its inherent dynamics. However, the projections provide no more than indications of the magnitude of skills needs and should not be seen as projecting absolute numbers.

The signals that were used to identify skills shortages tend to limit the shortages to occupations that exist in formalised environments where employers have defined positions and where they have vacancies that they advertise and try to fill through formal recruitment processes. However, in this sector there are components that tend to grow on the basis of the availability of skills; for example the management consulting components of the sector and the small accounting and auditing practices. In these components recognisable “shortages” might not exist but the potential growth of the component of the sector is inhibited by supply-side constraints. This sector survey did not view skills shortages from this angle, which means that the demand for highly skilled professionals might even have been understated.

9.8 The supply of skills to the sector

9.8.1 Higher education

The sector is served by a comprehensive and well-established education and training infrastructure. Almost all the public higher education institutions in the country offer courses that are relevant to the core economic activities of the sector. In addition to this, a large number of private education and training providers offer to the sector short courses and training that leads to full qualifications.

Output from the public higher education sector in the study fields of accounting and commerce and business management and business administration grew substantially over the period 1994 to 2004. The pool of graduates with NQF level 6 or higher qualifications in accounting grew on average by 8.5% per year and those with qualifications in commerce, business management and business administration grew on average by 9.1% per year. At this stage it is not clear whether the level of growth was sustained after 2004 or whether it could be sustained in future. The information provided by education and training providers who participated in the sector survey indicates that growth may be expected to level off. This is caused by the limited growth in the number of matriculants with Higher Grade mathematics coming from the school system and the restrictions on student numbers stemming from limits placed on the subsidisation of institutions.

Apart from limitations on the number of students who can be accommodated, the higher education institutions are also battling to sustain the quality of education that the labour market requires. Most of the pressure felt by the higher educational institutions stems from the deficiencies in the High School system, which cause students to arrive at tertiary institutions with insufficient language and literacy skills, as well as poor mathematical skills. This is exacerbated by socio-economic deprivation, which leaves many students without sufficient financial support and without the life skills that they need to succeed in the educational arena and, later, in the work environment. Much of the energy and many of the other resources of the higher education institutions seem to be absorbed by efforts to bridge these deficiencies. Obviously, this is at a cost to the core subject matter that needs to be mastered and that is getting increasingly larger in volume and more difficult in content.

The higher education sector is also affected by the shortage of high-level accounting professionals – especially chartered accountants. Higher education institutions cannot effectively compete for qualified and experienced lecturing staff in a labour market where there

is already an exorbitant amount of upward pressure on remuneration packages. Measures to increase the incomes of lecturing staff to competitive levels (e.g. subventions by professional bodies and allowing lecturing staff to run private practices) seem no longer to be fully effective.

9.8.2 Professional qualifications

The need for an increase in the number of people with professional qualifications and professional body membership has been stressed in several chapters of this report. In the supply-side analysis it was also indicated that the growth in the number of professionally qualified people is much slower than the growth in people who merely have higher education qualifications at NQF level 6 and higher. Transformation at the level of professional qualifications is also much slower than transformation in the higher education sector. It is thus clear that the sector's biggest challenges still lie at the professional qualification level.

The professional bodies themselves obviously play a crucial role in this component of the supply of skills to the sector. On the one hand they guard professional standards and by so doing restrict entry into the professions; on the other hand they play an active role in facilitating the supply of professionals by promoting and administering learnerships and by running special programmes to increase the number and quality of new entrants into the professions.

One of the most exemplary examples of a professional body intervention in the supply-side of the labour market is the Thuthuka project, which is a joint effort between SAICA and many other role-players. The strength of this project lies in the fact that it is multi-faceted and that it addresses one of the most critical skills needs areas – i.e. chartered accountants. The project is also specifically aimed at increasing the number of black chartered accountants. The project has been running since May 2002 and, as the training of chartered accountants take a minimum of seven years, it has not yet made much of an impact on the supply-side statistics. It will only be possible to start evaluating the impact in two to three years' time.

Although in the demand-side analysis much emphasis was placed on the demand for chartered accountants, the sector survey clearly showed that the pressure on the high-end of the professional market could also be alleviated by increasing the number of people with other professional qualifications. Several of the respondents (professional bodies and training providers) expressed the opinion that the CA qualification is over-rated by employers and that much of the work currently performed by CAs could be handled by members of other professions. From a macro perspective the magnitude of skills shortages seems to warrant

support to all professional bodies that want to increase the number of professionals available to the sector and that want to assist with the transformation of the sector.

Another aspect of the supply of accounting professionals that requires attention is the high attrition rates during and after the completion of the professional learnerships. The learners who participated in the survey identified many factors that lead to their withdrawal from the learnerships. These include demanding workloads, lack of support, and poor remuneration. Learners also identified the lack of career guidance, the lack of exposure to the real work content prior to entering undergraduate studies, and the over-emphasis of the status and earning potential of the accounting professions as factors that lead to people's disillusionment during the learnerships and their consequent withdrawal from them. These are aspects of attrition that professional bodies and employers can attend to.

More than a third of the learners who participated in the survey indicated that they would leave South Africa on completion of their learnerships. Although exposure of young professionals to the international market is not necessarily bad, the current South African labour market cannot afford this level of attrition after the financial and other investments made in these young professionals.

9.8.3 FET qualifications

The identification of skills shortages at the level of bookkeeper and accounting clerk warrants a closer look at the specialised level 4 and level 5 accounting qualifications and the number of learners who obtain these qualifications. The figures provided by the ICB shows that over the last five years there was a marked increase in the number of people who obtained qualifications in this field – although the growth occurred from a very low base. However, faster growth may be needed to alleviate the skills shortages.

9.8.4 The development of existing staff

The employer survey showed that the sector is actively involved in the training and development of its employees. The majority of employers provide in-house training. This is augmented by training courses offered by professional bodies and external providers. The free training offered by Fasset is widely subscribed to in the sector. More than half of the employers expressed their satisfaction with the training infrastructure available to the sector. However, almost a third did not want to comment because they felt that they were not familiar enough with the training opportunities and infrastructure available.

In conclusion: this sector survey was the second of its kind and it provided Fasset with a comprehensive set of information that can be used in sector skills planning processes over the next five years. It is recommended that this kind of survey be repeated in five years' time. In the years in between, the SETA will require a system to monitor skills shortages. Such a system could be linked to the grant application system.

ANNEXURE A

ORGANISING FRAMEWORK FOR OCCUPATIONS

The OFO consists of eight major groups. These are:

- 1 - Managers
- 2 - Professionals
- 3 - Technicians and trades workers
- 4 - Community and personal service workers
- 5 - Clerical and administrative workers
- 6 - Sales workers
- 7 - Machinery operators and drivers
- 8 - Elementary workers

Each of the major groups consists of sub-major groups (numbered at the 2-digit level). The sub-major groups consist of minor groups (3-digit level). The minor groups are divided into unit groups (4-digit level) and the unit groups consist of occupations (6-digit level).

The three major occupational groups in which most of the employees in the Financial and Accounting Services Sector fall are managers, professionals and clerical and administrative workers.

MANAGERS

According to the OFO managers plan, organise, direct, control, coordinate and review the operations of government, commercial, agricultural, industrial and nonprofit enterprises and other organisations and departments.

The minor group managers found in the sector include:

- 100 - Managers (not specified)
- 111 - Chief Executives, General Managers, Legislators and Senior Government Officials
- 130 - Specialist managers (not specified)
- 131 - Advertising, Marketing and Sales Managers
- 132 - Business Administration Managers
- 133 - Construction, Distribution and Production / Operations Managers
- 135 - Information and Communication Technology (ICT) Managers

- 136 - Small Business, Office, Programme and Project Managers
- 141 - Accommodation and Hospitality Managers
- 149 - Miscellaneous Event, Hospitality, Retail and Service Managers

PROFESSIONALS

Professionals perform analytical, conceptual and creative tasks through the application of theoretical knowledge and experience in the fields of the arts, media, business, design, engineering, physical and life sciences, transport, education, health, information and communication technology, the law, social science and social welfare.

The professionals most frequently found in the sector are

- 221 - Accountants, Auditors and Company Secretaries
- 222 - Financial Brokers and Dealers, and Investment Advisors
- 223 - Human Resource and Training Professionals
- 224 - Information and Organisation Professionals
- 225 - Sales, Marketing and Public Relations Professionals
- 233 - Engineers and Engineering Technologists
- 261 - Business and Systems Analysts, and Programmers

CLERICAL AND ADMINISTRATIVE WORKERS

Clerical and administrative workers provide support to managers, professionals and organisations by organising, storing, manipulating and retrieving information.

The workers mostly employed in the sector are:

- 511 - Contract, Program, Project and Office Administrators
- 521 - Personal Assistants and Secretaries
- 531 - General Clerks
- 532 - Keyboard Operators
- 541 - Call or Contact Centre Information Clerks
- 542 - Receptionists
- 551 - Accounting Clerks and Bookkeepers
- 552 - Financial and Insurance Clerks
- 561 - Clerical and Office Support Workers

ANNEXURE B

LABOUR DEMAND PROJECTIONS

SCENARIO A

N – New positions

R – Positions that need replacement

T – Total number of positions that need to be filled

Only occupational groups that have a total of more than 20 positions that need to be filled in 2008 were included in this table

OFO Code	Occupational group	2008	2008	2008	2009	2009	2009	2010	2010	2010	2011	2011	2011	2012	2012	2012
		N	R	T	N	R	T	N	R	T	N	R	T	N	R	T
111	Chief Executives, General Managers , Legislators and Senior Government Officials	263	602	865	271	620	891	279	638	918	288	657	945	296	677	974
130	Specialist managers (not specified)	108	247	356	112	255	366	115	263	377	118	270	389	122	279	400
132	Business Administration Managers	106	241	347	109	249	357	112	256	368	115	264	379	119	272	391
136	Small Business, Office, Programme and Project Managers	20	45	65	20	46	67	21	48	69	22	49	71	22	51	73
149	Miscellaneous Event, Hospitality, Retail and Service Managers	9	21	30	9	21	31	10	22	31	10	23	32	10	23	33
200	Professionals (not specified)	48	110	158	50	114	163	51	118	169	53	122	175	55	126	181
221	Accountants, Auditors and Company Secretaries	1	4	5	1	4	5	1	4	5	1	4	5	1	4	6
		190	113	303	230	253	483	272	397	670	316	547	862	360	701	062
222	Financial Brokers and Dealers, and Investment Advisors	101	237	339	105	245	350	108	254	362	112	262	374	116	271	387
223	Human Resource and Training Professionals	22	53	75	23	54	78	24	56	80	25	58	83	26	60	86
224	Information and Organisation Professionals	140	327	467	145	338	483	149	350	499	155	362	516	160	374	534
225	Sales, Marketing and Public Relations Professionals	12	28	40	12	29	42	13	30	43	13	31	45	14	32	46
233	Engineers and Engineering Technologists	22	51	73	23	53	76	23	55	78	24	57	81	25	59	84

OFO Code	Occupational group	2008	2008	2008	2009	2009	2009	2010	2010	2010	2011	2011	2011	2012	2012	2012
		N	R	T	N	R	T	N	R	T	N	R	T	N	R	T
261	Business and Systems Analysts, and Programmers	50	116	166	51	120	172	53	124	177	55	129	183	57	133	190
271	Legal Professionals	7	16	23	7	16	23	7	17	24	8	18	25	8	18	26
300	Technicians and Trades Workers (not specified)	13	34	47	14	35	49	14	36	50	14	37	51	15	38	53
312	Building and Engineering Draftspersons and Technicians	18	47	65	19	48	67	19	50	69	20	51	71	21	53	73
313	ICT and Telecommunications Technicians	23	59	83	24	61	85	25	63	88	25	65	90	26	67	93
322	Fabrication Engineering Trades Workers	6	15	21	6	16	22	6	16	22	6	17	23	7	17	24
323	Mechanical Engineering Trades Workers	6	17	23	7	17	24	7	18	25	7	18	25	7	19	26
431	Hospitality Workers	68	139	207	70	143	214	73	147	220	75	152	227	77	156	233
442	Prison and Security Officials	32	65	97	33	67	99	34	69	102	35	71	105	36	73	109
511	Contract, Program, Project and Office Administrators	54	126	180	56	129	185	58	133	191	59	137	196	61	141	202
521	Personal Assistants and Secretaries	130	301	431	134	310	444	138	320	458	142	329	471	146	339	486
531	General Clerks	301	697	998	310	718	1 028	319	740	1 059	329	762	1 091	339	785	1 123
532	Keyboard Operators	23	54	77	24	55	79	25	57	82	25	59	84	26	60	87
541	Call or Contact Centre Information Clerks	6	13	19	6	14	19	6	14	20	6	14	21	6	15	21
542	Receptionists	49	114	164	51	118	169	52	121	174	54	125	179	56	129	184
551	Accounting Clerks and Bookkeepers	155	358	512	159	369	528	164	380	544	169	391	560	174	403	577
552	Financial and Insurance Clerks	19	43	62	19	45	64	20	46	66	20	47	68	21	49	70
561	Clerical and Office Support Workers	29	68	98	30	70	101	31	72	104	32	75	107	33	77	110
591	Purchasing, Supply, Transport and Dispatch	10	22	32	10	23	33	10	24	34	10	24	35	11	25	36

OFO Code	Occupational group	2008	2008	2008	2009	2009	2009	2010	2010	2010	2011	2011	2011	2012	2012	2012
		N	R	T	N	R	T	N	R	T	N	R	T	N	R	T
	Administrative Workers															
599	Miscellaneous Administrative Workers	135	312	447	139	322	460	143	331	474	147	341	488	152	351	503
612	Real Estate Salespersons	9	20	29	10	21	30	10	21	31	10	22	32	11	22	33
631	Checkout Operators and Office Cashiers	20	42	63	21	44	64	21	45	66	22	46	68	23	48	70
699	Government Officials	324	683	1 007	334	703	1 037	344	724	1 069	355	746	1 101	365	769	1 134
700	Machinery Operators and Drivers	17	38	55	18	39	57	19	40	58	19	41	60	20	42	62
712	Stationary Plant Operators	50	108	158	52	111	163	53	114	167	55	118	172	56	121	178
721	Mobile Plant Operators	7	15	22	7	15	23	7	16	23	8	16	24	8	17	25
731	Automobile, Bus and Rail Drivers	16	34	51	17	36	52	17	37	54	18	38	55	18	39	57
732	Delivery Drivers	12	26	38	12	27	39	13	28	41	13	28	42	14	29	43
811	Cleaners	48	123	171	49	127	176	51	131	182	52	135	187	54	139	193
841	Farm, Forestry and Garden Workers	53	136	189	55	140	195	56	145	201	58	149	207	60	153	213
851	Food Preparation Assistants	13	33	46	13	34	48	14	35	49	14	36	51	15	38	52
899	Miscellaneous Workers	25	64	89	26	66	92	27	68	95	27	70	98	28	72	100

SCENARIO B

N – New positions

R – Positions that need replacement

T – Total number of positions that need to be filled

Only occupational groups that have a total of more than 20 positions that need to be filled in 2008 were included in this table

OFO Code	Occupational Group	N 2008	R 2008	T 2008	N 2009	R 2009	T 2009	N 2010	R 2010	T 2010	N 2011	R 2011	T 2011	N 2012	R 2012	T 2012
111	Chief Executives, General Managers, Legislators and Senior Government Officials	494	602	1 096	522	636	1 157	551	671	1 222	582	709	1 291	615	749	1 364
130	Specialist managers (not specified)	203	247	451	215	261	476	227	276	503	239	292	531	253	308	561
131	Advertising, Marketing and Sales Managers	19	23	42	20	24	44	21	26	47	22	27	49	23	29	52
132	Business Administration Managers	198	241	439	209	255	464	221	269	490	233	284	518	247	300	547
135	Information and Communication Technology (ICT) Managers	11	13	23	11	14	25	12	14	26	12	15	28	13	16	29
136	Small Business, Office, Programme and Project Managers	37	45	82	39	48	87	41	50	92	44	53	97	46	56	102
149	Miscellaneous Event, Hospitality, Retail and Service Managers	17	21	38	18	22	40	19	23	42	20	24	44	21	26	47
200	Professionals (not specified)	90	110	200	96	117	213	102	125	226	108	132	241	115	141	256
221	Accountants, Auditors and Company Secretaries	2 231	4 113	6 344	2 373	4 375	6 748	2 525	4 654	7 179	2 686	4 951	7 636	2 857	5 266	8 123
222	Financial Brokers and Dealers, and Investment Advisors	190	237	427	202	252	454	215	268	483	229	285	514	243	304	547
223	Human Resource and Training Professionals	42	53	95	45	56	101	48	60	107	51	63	114	54	67	121

OFO Code	Occupational Group	N	R	T	N	R	T	N	R	T	N	R	T	N	R	T
		2008	2008	2008	2009	2009	2009	2010	2010	2010	2011	2011	2011	2012	2012	2012
224	Information and Organisation Professionals	262	327	589	279	348	627	297	370	667	316	394	709	336	419	755
225	Sales, Marketing and Public Relations Professionals	23	28	51	24	30	54	26	32	58	27	34	61	29	36	65
233	Engineers and Engineering Technologists	41	51	92	44	54	98	46	58	104	49	62	111	53	66	118
261	Business and Systems Analysts, and Programmers	93	116	209	99	124	223	105	132	237	112	140	252	119	149	268
262	Database and Systems Administrators, and ICT Security Specialists	8	10	17	8	10	18	9	11	19	9	11	21	10	12	22
263	ICT Network and Support Professionals	10	12	23	11	13	24	11	14	25	12	15	27	13	16	29
271	Legal Professionals	13	16	29	14	17	30	14	18	32	15	19	34	16	20	37
300	Technicians and Trades Workers (not specified)	25	34	59	26	36	62	28	38	66	29	40	69	31	42	73
312	Building and Engineering Draftspersons and Technicians	34	47	81	36	49	85	38	52	90	40	55	95	43	58	101
313	ICT and Telecommunications Technicians	44	59	103	46	63	109	49	66	115	51	70	121	54	74	128
322	Fabrication Engineering Trades Workers	11	15	26	12	16	28	12	17	29	13	18	31	14	19	33
323	Mechanical Engineering Trades Workers	12	17	29	13	18	30	14	19	32	14	20	34	15	21	36
431	Hospitality Workers	128	139	267	135	147	282	143	155	298	151	164	315	160	173	333
442	Prison and Security Officials	60	65	124	63	68	131	67	72	139	70	76	147	74	81	155

OFO Code	Occupational Group	N	R	T	N	R	T	N	R	T	N	R	T	N	R	T
		2008	2008	2008	2009	2009	2009	2010	2010	2010	2011	2011	2011	2012	2012	2012
511	Contract, Program, Project and Office Administrators	102	126	227	107	133	240	113	140	254	120	148	268	127	156	283
521	Personal Assistants and Secretaries	244	301	545	258	318	576	272	336	608	287	355	643	304	375	679
531	General Clerks	564	697	1 261	596	736	1 332	630	778	1 407	665	821	1 486	702	868	1 570
532	Keyboard Operators	43	54	97	46	57	103	48	60	108	51	63	115	54	67	121
541	Call or Contact Centre Information Clerks	11	13	24	11	14	25	12	15	26	13	15	28	13	16	30
542	Receptionists	93	114	207	98	121	219	103	128	231	109	135	244	115	142	258
551	Accounting Clerks and Bookkeepers	290	358	648	306	378	684	323	399	723	341	422	763	361	446	806
552	Financial and Insurance Clerks	35	43	78	37	46	83	39	48	87	41	51	92	44	54	97
561	Clerical and Office Support Workers	55	68	124	58	72	131	62	76	138	65	80	146	69	85	154
591	Purchasing, Supply, Transport and Despatch Administrative Workers	18	22	40	19	23	42	20	25	45	21	26	47	22	28	50
599	Miscellaneous Administrative Workers	253	312	565	267	330	597	282	348	630	298	368	666	315	389	703
612	Real Estate Salespersons	18	20	38	19	21	40	20	22	42	21	23	44	22	25	47
631	Checkout Operators and Office Cashiers	38	42	80	40	45	85	42	47	89	45	50	95	47	53	100
699	Government Officials	608	683	1 291	643	721	1 364	679	762	1 440	717	805	1 521	757	850	1 607
700	Machinery Operators and Drivers	33	38	70	35	40	74	37	42	78	39	44	83	41	47	88
712	Stationary Plant Operators	94	108	202	99	114	213	105	120	225	111	127	238	117	134	251
721	Mobile Plant Operators	13	15	28	14	16	29	15	17	31	15	18	33	16	19	35
731	Automobile, Bus and Rail Drivers	30	34	65	32	36	68	34	38	72	35	41	76	37	43	80
732	Delivery Drivers	23	26	49	24	28	52	25	29	54	27	31	57	28	32	61
741	Store Persons	11	13	24	12	14	26	13	15	27	13	15	29	14	16	30

OFO Code	Occupational Group	N	R	T	N	R	T	N	R	T	N	R	T	N	R	T
		2008	2008	2008	2009	2009	2009	2010	2010	2010	2011	2011	2011	2012	2012	2012
811	Cleaners	90	123	213	95	130	225	100	137	238	106	145	251	112	153	265
841	Earm, Forestry and Garden Workers	100	136	236	105	144	249	111	152	263	117	161	278	124	170	293
851	Food Preparation Assistants	24	33	58	26	35	61	27	37	64	29	39	68	30	42	72
899	Miscellaneous Workers	47	64	111	50	68	117	52	72	124	55	76	131	58	80	138