

# **FASSET SECTOR SKILLS PLAN UPDATE FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2023**

**31 July 2017  
Draft 2  
2017**



**F A S S E T**

## FOREWORD

This annual SSP provides essential knowledge for the SETA Board to make decisions concerning the allocation of funding and interventions needed to meet both sectoral and national priorities.

The following national strategies were identified as important to the Fasset strategic plan: the National Skills Development Strategy III, the National Development Plan, the White Paper for Post-School Education and Training, the Companies Act, 71 of 2008 and the King Codes. Important policies include the sectoral Black Economic Empowerment Charters and the Employment Equity Act.

This SSP identifies skills priority areas by investigating the economic and labour market performance of the sector and the extent of skills mismatches within it, thus allowing the identification of the scarce skills required which are presented in a PIVOTAL skills list.

The allocation of funding for interventions required to address the PIVOTAL skills list was decided by the Fasset Board in July 2016. This includes discretionary grants and projects that will be utilised to address scarce and PIVOTAL skills.

Fasset has identified the following four strategic focus priorities for which relevant projects are to be implemented:

- The need for a long-term and holistic view of the skills pipeline;
- Ensuring that new entrants reach professional status;
- Strengthening the capacity of the Technical Vocational Education and Training (TVET) colleges and improving the absorption of TVET learners in the labour market and
- Supporting population group transformation of the sector.

This SSP will be useful to stakeholders such as employers, professional institutes, learners and education and training institutions in the sector, in that it identifies the skills required for the sector and can guide planning and implementation.

I am confident that Fasset will continue to conduct valuable research relevant to skills development in the sector, allowing for the implementation of appropriate interventions to meet the scarce skills, and education and training demands of the sector.

Thanking you,

**Shahied Daniels**

**Acting Fasset Board Chairman**

## ABBREVIATIONS AND ACRONYMS

Abbreviation Acronym	Description
AAT (SA)	Association of Accounting Technicians
ACCA	Association of Chartered Certified Accountants
ACFESA	Association of Certified Fraud Examiners South Africa
AGSA	Auditor General of South Africa
ATR	Annual Training Report
B-BBEE	Broad-Based Black Economic Empowerment
CA(SA)	Chartered Accountant (South Africa)
CESM	Classification of Educational Subject Matter
CFE	Certified Fraud Examiner
CIMA	Chartered Institute of Management Accountants
CPD	Continuous Professional Development
CSSA	Chartered Secretaries Southern Africa
CTA	Certificate in the Theory of Accounting
DHET	Department of Higher Education and Training
DPSA	Department of Public Service and Administration
EEA	Employment Equity Act No. 55 of 1998
ETQA	Education and Training Quality Assurance Body
FET	Further Education and Training
FSB	Financial Services Board
GDP	Gross Domestic Product
GVA	Gross Value Added
HEI	Higher Education Institution
HEMIS	Higher Education Management Information System
HET	Higher Education and Training
IACSA	Institute of Accounting and Commerce
ICB	Institute of Certified Bookkeepers
ICBA	Institute of Certified Bookkeepers and Accountants
ICM	Institute of Credit Management
IDC	Industrial Development Corporation
IIASA	Institute of Internal Auditors of South Africa
IMFO	Institute of Municipal Finance Officers
IRBA	Independent Regulatory Board for Auditors
MoU	Memorandum of Understanding
NATED	National Programmes
NCV	National Certificate (Vocational)
NDP	National Development Plan
NLRG	National Student Financial Aid Scheme Loan Repayment Grant
NQF	National Qualifications Framework
NSC	National Senior Certificate
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme

Abbreviation Acronym	Description
OFO	Organising Framework for Occupations
PAO	Professional Accountancy Organizations
PFMA	Public Finance Management Act
PIVOTAL	Professional Vocational Technical and Academic
QAP	Quality Assurance Partner
QCTO	Quality Council for Trades and Occupations
RA	Registered Auditor
SAIBA	Southern African Institute for Business Accountants
SAICA	South African Institute of Chartered Accountants
SAIGA	Southern African Institute of Government Auditors
SAIPA	South African Institute of Professional Accountants
SAIT	South African Institute of Tax Professionals
SARB	South African Reserve Bank
SARS	South African Revenue Service
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SMMEs	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
StatsSA	Statistics South Africa
TVET	Technical and Vocational Education and Training
VAT	Value Added Tax
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

# CONTENTS

<b>FOREWORD</b> .....	<b>i</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>ii</b>
<b>TABLES</b> .....	<b>iv</b>
<b>FIGURES</b> .....	<b>v</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>vi</b>
<b>RESEARCH PROCESS AND METHODS</b> .....	<b>viii</b>
<b>1. SECTOR PROFILE</b> .....	<b>13</b>
1.1 INTRODUCTION .....	13
1.2 SCOPE OF COVERAGE .....	13
1.3 KEY ROLE PLAYERS IN THE SECTOR .....	14
1.4 ECONOMIC PERFORMANCE OF THE SECTOR .....	16
1.5 EMPLOYER PROFILE .....	17
1.6 LABOUR MARKET PROFILE .....	18
1.7 CONCLUSIONS .....	26
<b>2 KEY SKILLS ISSUES</b> .....	<b>28</b>
2.1 INTRODUCTION .....	28
2.2 CHANGE DRIVERS IN THE SECTOR .....	28
2.3 ALIGNMENT WITH NATIONAL POLICIES AND STRATEGIES .....	29
2.4 CONCLUSIONS .....	34
<b>3 OCCUPATIONAL SHORTAGES and SKILLS GAPS</b> .....	<b>35</b>
3.1 OCCUPATIONAL SHORTAGES AND SKILLS GAPS .....	35
3.2 EXTENT AND NATURE OF SUPPLY .....	40
3.3 PIVOTAL LIST .....	53
3.4 CONCLUSIONS .....	53
<b>4 SECTOR PARTNERSHIPS</b> .....	<b>55</b>
4.1 INTRODUCTION .....	55
4.2 EXISTING PARTNERSHIPS .....	55
4.3 FUTURE PARTNERSHIPS .....	60
4.4 CONCLUSIONS .....	60
<b>5 SKILLS PRIORITY ACTIONS</b> .....	<b>61</b>
5.1 FINDINGS FROM PREVIOUS CHAPTERS .....	61
5.2 RECOMMENDED ACTIONS .....	62
5.3 CONCLUSIONS .....	65
<b>REFERENCES</b> .....	<b>66</b>

# TABLES

Table 1-1 SIC and subsector descriptions .....	13
Table 1-2 Professional body membership: 2012 - 2017 .....	15
Table 1-3 Subsector distribution of employees: 2013 - 2017 .....	19
Table 1-4 Provincial distribution of employees: 2013 - 2017 .....	20
Table 1-5 Employment per occupational group: 2013 - 2017 .....	21
Table 1-9 Employees according to occupation and population group: 2017 .....	23
Table 1-6 Fasset Employees according to Occupation and Population Group: 2017 (Percentage) compared to Labour Force Survey (June 2017) .....	23
Table 1-7 Fasset Employees from Firms 50+ according to Province and Population Group: 2017 (Percentage) compared to 2011 Census .....	24

Table 1-9 Gender according to occupation group: 2013 - 2017 .....	25
Table 1-10 Disabled workers according to occupation group: 2017 .....	26
Table 3-1 Occupations with shortages in Fasset's sector: 2017 .....	36
Table 3-2 Grade 12 Statistics: 2012 - 2016 .....	43
Table 3-3 Results of NATED and NCV learners at public TVET colleges: 2013 .....	44
Table 3-4 Learnerships at FET level.....	44
Table 3-5 Professional body qualifications awarded at FET Level: 2012-2015 .....	45
Table 3-6 NQF Levels 6 and 7 (Accounting): Qualifications awarded by public higher education institutions .....	46
Table 3-7 NQF Levels 6 and 7 (Accounting): Number of entrants to the labour market .....	46
Table 3-8 NQF Levels 6 and 7 (Other Business and Commerce): Qualifications awarded by public higher education institutions .....	47
Table 3-9 NQF Level 8 (Accounting): Qualifications awarded by public higher education institutions .....	47
Table 3-10 NQF Level 8 (Other Business and Commerce): Qualifications awarded by public higher education institutions.....	47
Table 3-11 NQF Levels 9 and 10 (Accounting and Other Business and Commerce) awarded by public higher education institutions .....	48
Table 3-12 Learnerships completed 2000- 2016* .....	49
Table 3-13 Key challenges in skills formation in Fasset's sector .....	52
Table 5-1 Skills development priorities (aligned to NSDS objectives) to increase the flow of new entrants to the labour market .....	63
Table 5-2 Skills development priorities to develop and maintain the skills base of the current workforce.....	64
Table 5-3 Skills development priorities to facilitate transformation in the Fasset sector .....	65

## FIGURES

Figure 1-1 Changes in Gross Value Added: 2005-2016.....	16
Figure 1-2 Subsectoral distribution of levy payers in the Fasset sector: 2017 .....	17
Figure 1-3 Organisations in the Fasset sector according to organisation size .....	17
Figure 1-4 Estimates of total employment* in the Fasset sector: 2008 – 2017 .....	18
Figure 1-5 Highest qualifications of employees.....	22
Figure 1-6 Age distribution of employees* in the sector, 2017 .....	24
Figure 3-3 Typical entry routes (with formal qualifications) to the Fasset Sector .....	42
Figure 4-1 Fasset's partnership model with professional bodies.....	55
Figure 4-2 Fasset's partnership model with education institutions .....	56
Figure 5-1 The education and skills formation pipeline and Fasset's interventions along the process .....	62
Figure 5-2 Fasset's first priority in relation to the skills development pipeline .....	63

## EXECUTIVE SUMMARY

- The need to retain a long-term and holistic view of the skills pipeline and to address the key challenges that occur in the pipeline;
- Ensuring that new entrants reach professional status;
- Strengthening the capacity of the TVET colleges and improving the absorption of TVET learners in the labour market and
- Supporting the transformation of the sector.

The analysis presented in this SSP clearly indicates that the supply of financial skills does not meet the demand for these skills in the Fasset sector and in the rest of the economy. The skills shortages are persistent – as the fact that the same occupations are identified by employers year after year illustrates.

Chapter 3 of this SSP describes the occupational shortages and skills gaps in the Fasset sector. Occupational shortages are reflected in vacancies that are hard to fill and are mainly the result of blockages in the skills pipelines. Fasset monitors occupational shortages on an annual basis through employers' mandatory grant applications. These shortages are to a large extent interlinked with the transformation goals of the organisations in the sector and will only be relieved through larger numbers of Black graduates delivered by the education and training sector with the specific qualifications required in the sector and by more Black graduates progressing to full professional status. There is an increasing need for most professionals in the sector to have a strong combination of skills including technical, business and soft skills, as well as the abilities to think strategically and lead a company, division or group of people. It is particularly challenging to find candidates with these combination skills early in their careers.

At this stage there is little statistical information available on the role of emigration in the creation of occupational shortages. However, organisations in the sector employ foreign nationals especially in professional positions. This does, to some extent, help to relieve shortages.

New employees enter the sector through different pathways or pipelines. A key aspect in these pipelines is the number of learners who obtain the National Senior Certificate with Maths and Accounting as subjects. These figures have varied substantially in the last few years. Output from the public TVET colleges is still relatively small and pass rates are low. There was an increase in the number of graduates with NQF Level 8 qualifications in Accounting over the last five years – especially female graduates.

The reasons for the current mismatches in the sectoral labour market can be found at different points in the skills pipeline. The table below summarises the challenges that are experienced at each key point in the pipeline.

### Key challenges in skills formation in Fasset's sector

KEY POINT IN PIPELINE		KEY CHALLENGES
FET LEVEL	School	Maths passes
		Career Guidance
	TVET Colleges	Content of N Courses
		Lecturer capacity
		Infrastructure
		Work placements (N Diploma)

KEY POINT IN PIPELINE		KEY CHALLENGES
	Professional body qualifications	Qualifications in demand outside Fasset's sector Work experience needed for completion of qualifications
HET Level	Students - First degrees and diplomas	Need for financial assistance Low throughput rates
		Low pass rate on CTA
	Students - Post graduate degrees Professional body qualifications	Insufficient learners progress to professional status Slower transformation at this level Drop-out from learnerships before completion
Work-place	Job seekers	Work readiness and ability to find employment
	Ownership of firms	Slow transformation
	Employees	Scarcities remain in certain occupations Transformation of sector profile Career development - challenging for small firms Need for high-level specialisation remains

Fasset has, since its inception, developed long-standing partnerships with professional bodies and higher education institutions. These partnerships have become a crucial area of the SETA's interventions in the skills pipeline and consist mainly of professional bodies and educational institutions participating in Fasset's structures and projects initiated by professional bodies and education institutions through a dedicated funding window. Individual projects are monitored throughout and Fasset adapts its criteria for funding from time to time in order to give preference to the most successful intervention types. Placement in further education programmes and employment remains an important criterion for all these projects.

Professional bodies also perform certain functions in terms of the promotion and administration of their own qualifications and learnerships. This arrangement has enabled Fasset to remain a lean and effective organisation.

Historically the public TVET college sector has not been a major contributor of skills to the Fasset sector and Fasset has not been involved with TVET colleges. However, about four years ago Fasset started to engage with TVET colleges on a pilot basis. Based on the pilot results Fasset came to the conclusion that the best point of intervention is the placement of N6 learners for work experience. This intervention is continuing and has so far proved successful.

In the setting of skills development priorities, the Fasset Board first took into consideration the skills formation process as it spans the lifetimes of individuals. Fasset attempts to address the full spectrum of the pipeline to varying extents. Emphasis is placed on overcoming the challenges at every point in the skills formation pipeline

The three broad areas covered by the skills development priorities are:

- Increasing the flow of new finance and accountancy entrants into employment,
- Developing and growing the skills required in the sector, and
- Facilitating transformation of the Finance and Accountancy Services Sector.

Specific priorities are set for each of these broad priority areas. Specific objectives and proposed targets to which Fasset can commit to are described in the Strategic Plan.



## RESEARCH PROCESS AND METHODS

The development and updating of the SSP is seen as a research project on its own. The process and methodology used is described in the section below.

In addition to the dedicated SSP research, Fasset conducts a comprehensive sector survey every five years. This survey serves as an opportunity for all role players in the sector to identify the skill needs experienced in the sector and to voice their concerns and provide insights into the skills situation in the sector.

Fasset also monitors trends in its sector on an on-going basis through various grant applications and other databases. The trends analysis is combined in an annual report. These two and other projects that feed into the SSP are summarised in the table below.

### THE SSP RESEARCH PROCESS

Fasset's SSP is aimed at providing a comprehensive and up-to-date picture of the skills situation in the Finance and Accounting Services Sector. The topics included in the research are prescribed in the SSP Guidelines issued by the DHET and include: a profile of the sector, key skills issues faced by the sector and the SETA, occupational shortages and skills gaps and partnerships of the SETA. The research culminates in the skills development priorities set by Fasset.

The SSP aims to identify the skills needs of the sector and the skills needs emanating from government's economic and social development priorities, to evaluate the supply-side of the labour market and to identify the occupational shortages and skills gaps in the sectoral labour market.

The SSP research project consists mainly of desktop research. In this research process qualitative and quantitative information obtained from various data sources including databases, strategic plans, Workplace Skills Plan (WSP) submissions and research studies are combined.

Qualitative data to be used in the SSP updates are sought systematically – mainly through the interrogation of research reports and through internet searches. Statistical information on the profile of the sector and on occupational shortages is obtained from the WSPs submitted to Fasset. For this SSP update the information submitted by employers in April 2017 was analysed. The data was weighted in order to compensate for those organisations that did not submit grant applications.

The study spans Fasset's sector with all its subsectors. Cognisance is also taken of the financial skills needs of the total South African economy.

The data sources that are interrogated include (but are not limited to) the following:

1. Government's strategic plans and legislation.
2. Correspondence with and websites of professional bodies regarding membership numbers and other relevant information.
3. Department of Basic Education's website: EMIS - Education Management Information Systems for annual Grade 12 Senior Certificate output.

4. Department of Higher Education and Training's website: HEMIS - Higher Education Management Information System for annual qualification output.
5. Department of Higher Education and Training, HETIS office, for TVET data.
6. Fasset 2017 mandatory grant submissions.
7. Fasset Sector Survey results
8. Fasset trends analyses
9. Other relevant publications

The SSP research starts in April of each year and continues until the last submission date.

**OTHER RESEARCH PROJECTS**

Topic	Nature (Design) of the study	Objectives of study	Data collection tool	Sample size and scope	List of data sources and datasets	Time frame
Fasset Sector Survey 2016/2017	Quantitative and qualitative study	<p>To obtain a comprehensive picture of the sector, including the following:</p> <ul style="list-style-type: none"> <li>• Employer organisations in the sector;</li> <li>• Employees working in the sector;</li> <li>• The professional bodies active in the sector;</li> <li>• Relevant education and training providers in the sector; and</li> <li>• Learners entering, and already in, the sector.</li> <li>• An analysis of the demand for and supply of labour to the sector, including an analysis of scarce skills and stakeholders' views on key issues relevant to skills planning in the sector; and</li> <li>• The overall labour demand and supply situation in the sector, with specific emphasis on skills shortages and mismatches in the demand and supply situation that need rectification.</li> </ul>	Semi-structured questionnaires used in personal and telephone interviews	<p>Employers (sample size 780)</p> <p>Professional bodies (16 participated)</p> <p>Education and training providers (sample size 173)</p> <p>Learners (sample size 203)</p>	Empirical research using Fasset levy payer dataset and learner database as sample frames	June 2016 – June 2017
Fasset Trends Analysis	Quantitative analysis of existing data sources	To track demand and supply-side figures over a period of ten years or more	Existing data sources are analysed	Organisations in the sector +- 7 000	<ul style="list-style-type: none"> <li>• Fasset database of levy-payers</li> </ul>	2005 – 2017

Topic	Nature (Design) of the study	Objectives of study	Data collection tool	Sample size and scope	List of data sources and datasets	Time frame
				Mandatory 1 200 grant applications 90 000 employee records	<ul style="list-style-type: none"> <li>Fasset mandatory grant applications</li> <li></li> </ul>	
				+/- 40 000 records	<ul style="list-style-type: none"> <li>Fasset learner-ship database</li> </ul>	
					<ul style="list-style-type: none"> <li>Higher Education Management Information System (HEMIS) data;</li> <li>Further Education and Training Management Information System (FETMIS) data;</li> <li>SAICA's data system.</li> </ul>	
Fasset Tracer Study TVET project	Quantitative and qualitative study	<ul style="list-style-type: none"> <li>Evaluate all Fasset interventions as TVET colleges</li> <li>To track TVET students placed for the 18 month work experience (to National Diploma) throughout their training period and after</li> </ul>	Semi-structured questionnaires completed online and through telephone interviews	+/- 3600 students	Fasset Data System – all beneficiaries of TVET College intervention	Started in Nov 2013 and is still ongoing

Topic	Nature (Design) of the study	Objectives of study	Data collection tool	Sample size and scope	List of data sources and datasets	Time frame
			Personal interviews with employers and other stakeholders			

# 1. SECTOR PROFILE

## 1.1 INTRODUCTION

This first chapter of the Sector Skills Plan (SSP) provides a broad overview of the Financial and Accounting Services Sector – the sector served by Fasset. It starts with an explanation of the economic activities and organisations included in the sector and the way in which Fasset has grouped the different economic activities into subsectors. The chapter also provides an explanation of the key role players in the sector and their respective roles.

The labour market profile presented in Section 1.6 provides insight into the kind of skills that the sector employs and trends in employment as they were monitored by Fasset.

## 1.2 SCOPE OF COVERAGE

Fasset's sector includes 17 categories of the Standard Industrial Classification (SIC). Most of these categories fall within the main group "Finance, Real Estate and Business Services". Some of the economic activities described under the 17 SIC codes are similar and, in order to facilitate the meaningful analysis of data, organisations belonging to the sector have been re-categorised into seven subsectors.<sup>1</sup> The SIC categories and the subsectors to which each belongs are indicated in Table 1-1.

The subsector descriptions are generally self-explanatory. However, it should be noted that the development organisations belonging to the Financial and Accounting Services Sector include only those that provide financial assistance and (in some instances) business advice, such as the Industrial Development Corporation (IDC). Similarly, business and management consulting services encompass a wide range of activities and may also fall under other Sector Education and Training Authorities (SETAs). Only those organisations that choose to describe their main functions in terms of SIC code 88140 or 88142 are included in this subsector. Some of the accounting and auditing firms also provide business and management consulting services but, because accounting and auditing is their main business, they are classified in the subsector "Accounting, Bookkeeping, Auditing and Tax Services".

The subsector "Activities Auxiliary to Financial Intermediation" includes statutory bodies such as the Financial Services Board (FSB) and the Independent Regulatory Board for Auditors (IRBA), professional associations, as well as services not included in any of the other subsectors. Debt collection is an example of such a service.

**Table 1-1 SIC and subsector descriptions**

SIC Code	SIC Description	Subsector Name
81904	Investment Entities and Trusts	Investment Entities and Trusts and Company Secretary Services
88103	Company Secretary Services	
83110	Administration of Financial Markets	Stockbroking and Financial Markets
83120	Security Dealing Activities	
83121	Stockbroking	
88102	Asset Portfolio Management	
83180	Development Corporations and Organisations	Development Organisations
88101	Tax Services	Accounting, Bookkeeping, Auditing and

<sup>1</sup> This categorisation is used consistently throughout all of Fasset's research reports.

SIC Code	SIC Description	Subsector Name
88120	Accounting, Bookkeeping and Auditing Activities, Tax Consultancy	Tax Services
88121	Activities of Accountants and Auditors Registered in Terms of the Auditing Profession Act	
88122	Activities of Cost and Management Accountants	
88123	Bookkeeping Activities, including Relevant Data Processing and Tabulating Activities	
83190	Activities Auxiliary to Financial Intermediation	Activities Auxiliary to Financial Intermediation
88140	Business and Management Consulting Services	Business and Management Consulting Services
88142	Project Financial Management	
91108	South African Revenue Service (SARS)	SARS and Government Departments
9110E	National Treasury Provincial Treasuries	

### 1.3 KEY ROLE PLAYERS IN THE SECTOR

#### 1.3.1 EMPLOYERS

In the 2016/2017 financial year a total of 7 101 organisations paid the Skills Development Levy (SDL) to Fasset (Fasset, 2017). Employers in the sector play a very important role in the development of skills for the sector and financial skills for the rest of the economy, especially in terms of the provision of work integrated learning.

Employers in the sector include a number of government institutions such as the South African Revenue Service (SARS), the National Treasury and the Office of the Auditor General of South Africa (AGSA).

#### 1.3.2 PROFESSIONAL BODIES

The professional bodies set standards for education and training, set and maintain ethical codes and standards for professional conduct, investigate and deal with complaints of unprofessional conduct against their members, hold disciplinary enquiries and impose sanctions against practitioners who contravene the codes of professional conduct. Several professional bodies confer upon their members qualifications that are registered on the National Qualifications Framework (NQF). It is common practice that qualifications, professional designations and membership of the professional bodies are interlinked. Most of the qualifications that lead to professional designations require workplace experience in addition to academic training, and many are registered as learnerships with Fasset and other SETAs. Quality assurance of the majority of qualifications in the Fasset sector is managed by the professional bodies in partnership with Fasset, with Fasset retaining the responsibility of quality assuring workplaces offering learnerships to learners. Professional bodies are also active in the development of learnerships for the Fasset sector and for the broader economy. These learnerships serve as vital access routes to occupations as well as membership of the professional bodies and the designations conferred by the respective bodies. In addition, many professional bodies set

requirements for the Continuous Professional Development (CPD) that their members should meet in order to retain their membership and professional standing.

A number of professional bodies cooperate closely with SETAs to support a range of skills development initiatives within and outside the Fasset sector. Office-bearers and delegates of professional bodies are serving members of the Fasset Board, or have served as members. Representatives of professional bodies are also contributing to Fasset's working committees for professional bodies, employers and learners. In this manner stakeholders share their expertise, knowledge and resources for the greater benefit of the Fasset sector.

Table 1-2 lists the professional bodies that are active in the Fasset sector and that co-operate in various ways with Fasset. The table also shows their membership numbers over the period 2012 to 2017.

**Table 1-2 Professional body membership: 2012 - 2017**

Professional body	2012	2013	2014	2015	2016	2017
Association of Accounting Technicians (AAT (SA))	1 996	325	855	145	245	225
Association of Chartered Certified Accountants (ACCA)	422	463	499	575	*	611
Association of Certified Fraud Examiners South Africa (ACFESA)	2 800	3 500	3 900	4 021	6 213	*
Chartered Institute of Management Accountants (CIMA)	1 700	1 772	1 947	2 273	3 228	2 474*
Chartered Secretaries Southern Africa (CSSA)	2 407	2 436	2 371	2 553	*	2 321
Institute of Accounting and Commerce (IACSA)	807	770	702	944	985	*
Institute of Municipal Finance Officers (IMFO)	1 843	2 260	*	1 935	2 000	3 746
Institute of Certified Bookkeepers (ICB)**	3 358	4 216	*	*	*	*
Institute of Certified Bookkeepers and Accountants (ICBA)**	*	*	2 639	2 197	1 267	3 178
Institute of Credit Management (ICM)	938	938	1 132	2 080	*	*
Institute of Internal Auditors of South Africa (IIASA)	7 822	8 683	8 251	7 426	7 093	*
South African Institute of Chartered Accountants (SAICA)	34 603	35 393	36 749	37 923	40 318	41 557
South African Institute of Tax Professionals (SAIT)	4 180	*	10 301	11 219	12 534	7 552
South African Institute of Professional Accountants (SAIPA)	7 168	7 563	8 073	8 699	8 956	9 155
Southern African Institute of Government Auditors (SAIGA)	450	404	415	439	*	439
Southern African Institute for Business Accountants (SAIBA)	1 151	1 469	2 009	5 462	5 367	4 813

\*No information received from these professional bodies in these particular years. In some instances professional bodies only release membership figures at the end of a calendar year. Their 2016 data is thus the most recent available data.

\*\*In 2012 the professional body and training provider functions of the ICB were separated and a new professional body, the ICBA, was formed.

Source: Information provided by professional bodies in the years 2011 – 2017.

### 1.3.3 REGULATORS

Some of the employers in the Fasset sector are also regulators of components of the sector. SARS is the regulator of tax practitioners, IRBA is the regulatory body for auditors and the FSB is responsible for the regulation of financial service providers. These institutions work very



closely with the voluntary professional bodies and they play an important role in the setting of educational standards, standards of professional conduct and CPD requirements.

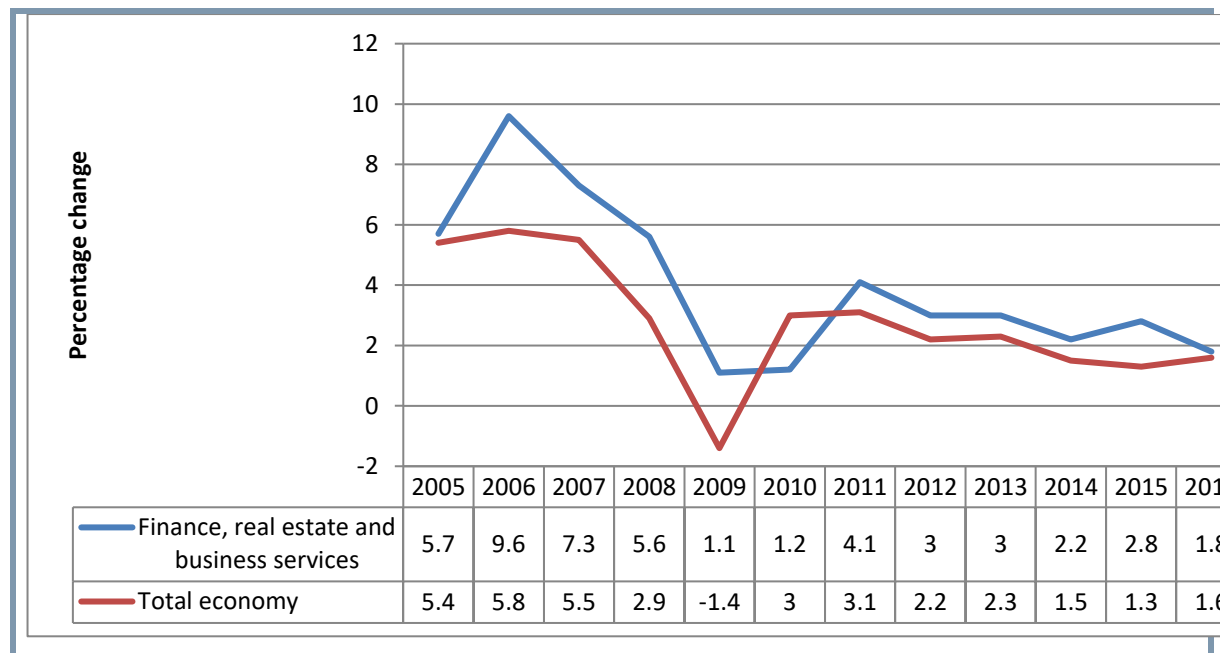
#### 1.4 ECONOMIC PERFORMANCE OF THE SECTOR

The Fasset sector forms part of a broader sector in the national accounts – the Finance, Real Estate and Business Services Sector. The Fasset sector is demarcated in such a way that it is not possible to calculate its contribution to the total South African economy. However, it employs approximately 1% of the total South African workforce and 6% of the workers in the Finance, Real Estate and Business Services Sector.

As the Fasset sector forms a relatively small component of the total sector, the economic information does not provide a pure reflection of the economic performance of Fasset's sector uniquely. Nevertheless, it provides some insight into the economic factors that impact on employment and the demand for skills in the Fasset sector.

Gross value added (GVA) at basic prices (normally used in relation to a sector) or gross domestic product (GDP) (normally used in relation to a national economy) is defined as output less intermediate consumption. GVA (or GDP) is usually considered to be the best measurement of the activity within and performance of a sector (or economy). The changes in GVA between 2005 and 2016 of the Finance, Real Estate and Business Services sector can be seen in Figure 1-1. This sector outperformed the rest of the economy by a substantial margin over the period 2006 to 2009, and in 2009 when the South African economy went into recession, it still grew by 1.1%. In the period after the recession the sector's growth slowed down and was only marginally higher than that of the total economy. In 2016 growth of the sector stood at 1.8% while the total economy grew by 1.6%.

At this stage indications are that the South African economy and the sector will grow only moderately over the next three years. In the 2016 Budget Review the National Treasury projected GDP growth of 1.3%, 0.9% and 1.7% (National Treasury, 2016).



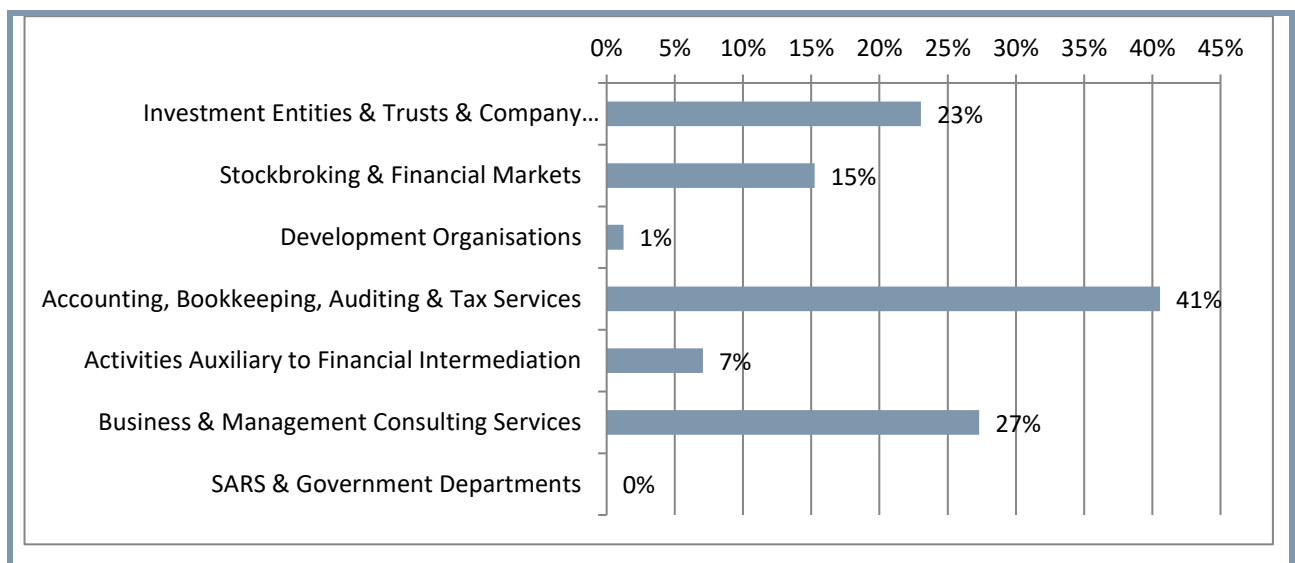
**Figure 1-1 Changes in Gross Value Added: 2005-2016**

Source: Statistics South Africa (StatsSA), PO441, Fourth Quarter 2016

## 1.5 EMPLOYER PROFILE

### 1.5.1 SUBSECTOR DISTRIBUTION

The distribution of levy-paying organisations in Fasset's sector across the seven subsectors can be seen in Figure 1-2. The largest percentage (41%) of organisations can be found in the subsector Accounting, Bookkeeping, Auditing and Tax Services. This subsector consists of a few large accounting and auditing firms and a large number of smaller accounting and auditing practices. Government departments do not pay skills development levies to SARS, but their contribution of 30% of 1% of their payrolls is received via a separate payment to the SETA.

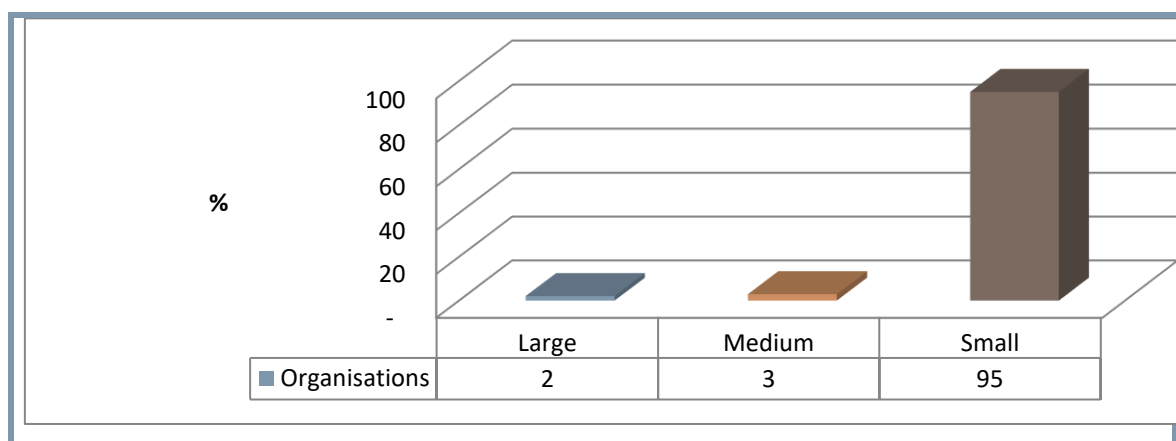


**Figure 1-2 Subsectoral distribution of levy payers in the Fasset sector: 2017**

Source: Fasset data system 2017

### 1.5.2 ORGANISATION SIZE

The majority of organisations in the Fasset sector are small (Figure 1-3). About 95% employ fewer than 50 people and just 5% of organisations employ 50 or more people.



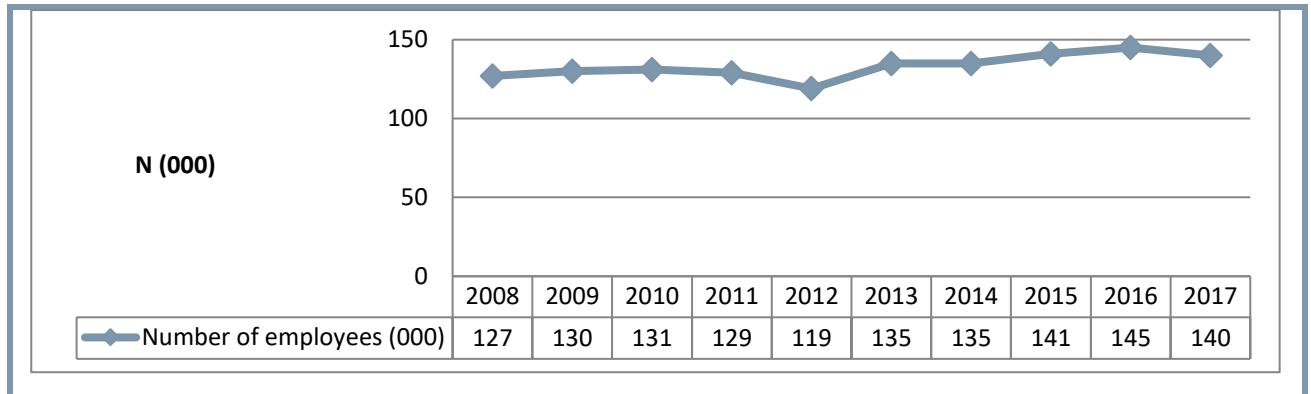
**Figure 1-3 Organisations in the Fasset sector according to organisation size**

Source: Fasset Sector Survey, 2017

## 1.6 LABOUR MARKET PROFILE

### 1.6.1 EMPLOYMENT TRENDS

Fasset's sector is demarcated in such a way that it does not correspond with the subsectors used in the national datasets. For this reason Fasset has developed its own estimates of employment in the sector and, by applying the methodology consistently over time, it has tracked employment in the sector. Employment estimates over the period 2008 to 2017 can be seen in Figure 1-4. While the sector grew from 2012 to 2016, employment dropped slightly in 2017.



**Figure 1-4 Estimates of total employment\* in the Fasset sector: 2008 – 2017**

\*Due to rounding total employment figures may vary slightly through the report.

Source: Fasset, Trends in Employment and Training in the Fasset Sector, 2017.

The subsector Accounting, Bookkeeping, Auditing and Tax Services is by far the largest and in 2017 it employed 37% of the workers in the sector. The second largest subsector is Business and Management Consulting Services, followed by the subsector Stockbroking and Financial Markets (Table 1-33).

**Table 1-3 Subsector distribution of employees: 2013 - 2017**

Subsector	2013		2014		2015		2016		2017	
	N	%	N	%	N	%	N	%	N	%
Investment Entities and Trusts and Company Secretary Services	7 828	6	11 189	8	12 924	9	11 984	8	13 885	10
Stockbroking and Financial Markets	12 467	9	12 080	9	17 362	12	16 739	12	18 389	13
Development Organisations	2 333	2	1 716	1	2 254	2	1 548	1	2 735	2
Accounting, Bookkeeping, Auditing and Tax Services	49 351	37	62 460	46	55 335	39	56 971	39	52 252	37
Activities Auxiliary to Financial Intermediation	19 648	15	11 022	8	12 201	9	15 497	11	14 788	11
Business and Management Consulting Services	26 258	19	22 354	17	23 497	17	27 341	19	21 010	15
SARS and Government Departments	17 306	13	14 247	11	17 391	12	14 692	10	16 684	12
Unknown									497	0
<b>Total</b>	<b>135 191</b>	<b>100</b>	<b>135 068</b>	<b>100</b>	<b>140 964</b>	<b>100</b>	<b>144 772</b>	<b>100</b>	<b>140 240</b>	<b>100</b>

Source: Fasset, Trends in Employment and Training in the Fasset Sector, 2017.

### 1.6.2 PROVINCIAL DISTRIBUTION OF EMPLOYEES

Being the economical hub of South Africa, Gauteng is the province where most workers in the sector are employed. In 2017, 55% were based in Gauteng, 21% in the Western Cape and 8% in Kwazulu-Natal. Relatively small percentages of employees were located in the remaining six provinces (Table 1-44).

**Table 1-4 Provincial distribution of employees: 2013 - 2017**

Province	2013		2014		2015		2016		2017	
	N	%	N	%	N	%	N	%	N*	%
Eastern Cape	6 372	5	5 007	4	5 921	4	5 623	4	5 271	4
Free State	4 334	3	2 531	2	3 169	2	2 686	2	2 825	2
Gauteng	71 227	53	70 368	52	80 455	57	83 859	58	77 588	55
KwaZulu-Natal	11 048	8	9 684	7	10 851	8	11 290	8	11 606	8
Limpopo	5 020	4	4 145	3	3 438	2	2 285	2	4 131	3
Mpumalanga	2 803	2	932	1	2 898	2	2 253	2	2 834	2
Northern Cape	2 784	2	2 380	2	3 161	2	3 530	2	2 510	2
North West	1 647	1	1 166	1	1 332	1	1 288	1	1 136	1
Western Cape	28 052	21	24 926	18	29 657	21	31 487	22	29 804	21
Unknown	1 903	1	13 929	10	81	0	472	0	2 535	2
<b>Total</b>	<b>135 190</b>	<b>100</b>	<b>135 068</b>	<b>100</b>	<b>140 963</b>	<b>100</b>	<b>144 772</b>	<b>100</b>	<b>140 240</b>	<b>100</b>

Source: Fasset, Trends in Employment and Training in the Fasset Sector, 2017.

### 1.6.3 EMPLOYMENT PER OCCUPATIONAL GROUP

The distribution of employment in the Fasset sector according to the main occupational groups of the OFO can be seen in Table 1-55. The table shows that professionals are the largest group of workers in the sector, followed by clerical support workers. The relatively high percentage of managers can be ascribed to the large number of smaller organisations in the sector. The managers in this sector are mostly sourced from the pool of professionals and most of them are professionals with membership of professional bodies.

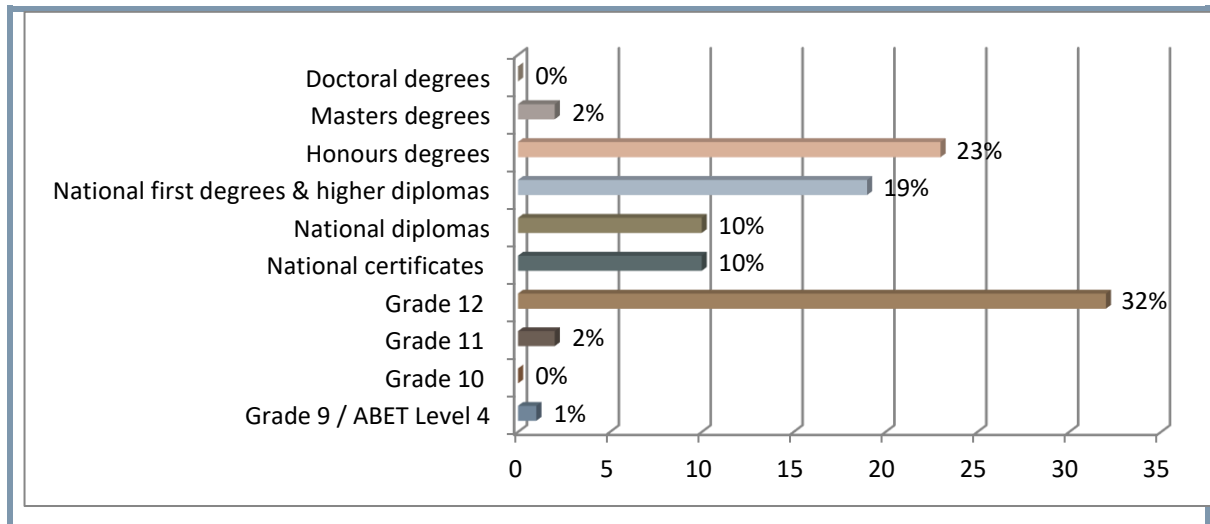
**Table 1-5 Employment per occupational group: 2013 - 2017**

Occupation group	2013		2014		2015		2016		2017	
	N	%	N	%	N	%	N	%	N	%
Managers	25 754	19	19 814	15	24 802	18	22 639	16	21 338	15
Professionals	47 012	35	47 899	35	48 435	34	59 629	41	52 583	37
Technicians & Associate Professionals	15 722	12	21 765	16	19 596	14	16 187	11	14 913	11
Clerical Support Workers	33 181	25	36 103	27	37 898	27	36 592	25	32 427	23
Service & Sales Workers	8 204	6	4 541	3	5 341	4	4 071	3	6 854	5
Skilled Agricultural, Forestry, Fishery, Craft & Related Trades Workers	323	0	339	0	443	0	673	0	1 251	1
Plant & Machine Operators & Assemblers	759	1	932	1	717	1	902	1	1 319	1
Elementary occupations	3 622	3	3 674	3	3 731	3	3 224	2	4 713	3
Unknown	614	0		0		0	855	1	4 842	3
<b>Total</b>	<b>135 191</b>	<b>100</b>	<b>135 067</b>	<b>100</b>	<b>140 963</b>	<b>100</b>	<b>144 773</b>	<b>100</b>	<b>140 240</b>	<b>100</b>

Source: Fasset, Trends in Employment and Training in the Fasset Sector, 2017.

#### 1.6.4 EDUCATIONAL QUALIFICATIONS

A large proportion of records in Fasset's Sector Survey did not mention educational qualifications. The qualification levels of those that were submitted can be seen in Figure 1-5. The majority (64%) of employees had post-school qualifications. Less than 4% of the total workforce had qualifications below Grade 12.



**Figure 1-5 Highest qualifications of employees**

Source: Fasset Sector Survey, 2017.

#### 1.6.5 POPULATION GROUP

In 2017, 42% of the workforce in the Fasset sector was African Black, 12% was coloured and 9% Indian. White people constituted 35% of the workforce in the sector and non-South Africans 2% (Table 1-66).

African Black people have traditionally lagged behind other population groups in the Fasset sector. Twenty seven per cent of the managers, 33% of professionals, 41% of the technicians and associated professionals and 52% of clerical support workers in the sector are African Black. From 2012 to 2017 black<sup>2</sup> employment increased from 57% to 63% of total employment in the sector (Fasset, 2017). Tables 1-7 and 1-8 provide further insights into the racial composition of employment in the sector and highlight some of the transformational issues that the sector is still grappling with. Table 1-7 shows the racial distribution of the occupational groups and compares this information with the total population of working age as measured by the Labour Force Survey of June 2017. While 74% of the labour force is African Black, only 42% of the workers in the sector belong to this population group. On the other hand, 35% of the workers in the sector are white while whites constitute only 12% of the total labour force. Table 1-7 compares the sector's population group distribution in each of the provinces with the population group distributions of the labour force in each province as found by the Census of 2011. In Gauteng, where the majority of Fasset's sector is located, African Blacks constitute 77% of the labour force, but they form only 46% of the workers in the sector. In the Western Cape Coloureds form 49% of the labour force, but only 33% of the workers in Fasset's sector. In KwaZulu-Natal Indians form 7% of the labour force but 38% of the workers in Fasset's sector.

<sup>2</sup> Black African, coloured and Indian.

**Table 1-6 Employees according to occupation and population group: 2017**

Occupational group	African Black		Coloured		Indian		White		Non-South African		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Managers	5 834	27	1 799	8	2 338	11	10 952	51	416	2	21 338	100
Professionals	17 564	33	4 869	9	6 483	12	22 311	42	1 357	3	52 583	100
Technicians and Associate Professionals	6 133	41	2 102	14	1 058	7	5 459	37	160	1	14 913	100
Clerical Support Workers	16 950	52	5 170	16	2 415	7	7 762	24	130	0	32 427	100
Service and Sales Workers	5 607	82	545	8	141	2	552	8	9	0	6 854	100
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	788	63	175	14	43	3	225	18	20	2	1 252	100
Plant and Machinery Operators and Assemblers	984	74	144	11	13	1	87	6	111	8	1 338	100
Elementary Occupations	3 967	85	502	11	18	0	144	3	63	1	4 694	100
Unknown	1 305	27	912	19	484	10	2 021	42	119	2	4 841	100
<b>Total</b>	<b>59 134</b>	<b>42</b>	<b>16 217</b>	<b>12</b>	<b>12 993</b>	<b>9</b>	<b>49 512</b>	<b>35</b>	<b>2 384</b>	<b>2</b>	<b>140 240</b>	<b>100</b>

Source: Fasset data system, 2017.

**Table 1-7 Fasset Employees according to Occupation and Population Group: 2017 (Percentage) compared to Labour Force Survey (June 2017)**

Occupational Group	African	Coloured	Indian	White	Foreign	Total
	%					
Managers	27	8	11	51	2	100
Professionals	33	9	12	42	3	100
Technicians and Associate Professionals	41	14	7	37	1	100
Clerical Support Workers	52	16	7	24	0	100
Service and Sales Workers	82	8	2	8	0	100
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	63	14	3	18	2	100
Plant and Machinery Operators and Assemblers	74	11	1	6	8	100
Elementary Occupations	85	11	0	3	1	100
<b>Total</b>	<b>42</b>	<b>12</b>	<b>9</b>	<b>35</b>	<b>2</b>	<b>100</b>
<b>Population of Working Age (15–64 years) (LFS)</b>	<b>74</b>	<b>10</b>	<b>3</b>	<b>12</b>	<b>-</b>	<b>100</b>

Source: Fasset, Trends in Employment and Training in the Fasset Sector, 2017 and LFS (June 2017).



**Table 1-8 Fasset Employees from Firms 50+ according to Province and Population Group: 2017 (Percentage) compared to 2011 Census**

Population Group	Source	EC	FS	GP	KZN	LP	MP	NC	NW	WC	SA
Black African	Census	86	88	77	87	97	91	50	90	33	80
	Fasset	34	38	46	40	93	57	67	37	23	42
Coloured	Census	8	3	4	1	0	1	40	2	49	9
	Fasset	18	8	6	4	0	6	4	20	33	12
Indian or Asian	Census	0	0	3	7	0	1	1	1	1	3
	Fasset	5	1	10	38	1	5	3	4	5	10
White	Census	5	8	16	4	3	8	7	7	16	9
	Fasset	42	52	35	17	6	24	25	38	37	33
Other	Census	0	0	1	0	0	0	2	0	2	1
Non-South African	Fasset	1	1	2	1	0	8	0	0	2	2
Total		100	100	100	100	100	100	100	100	100	100

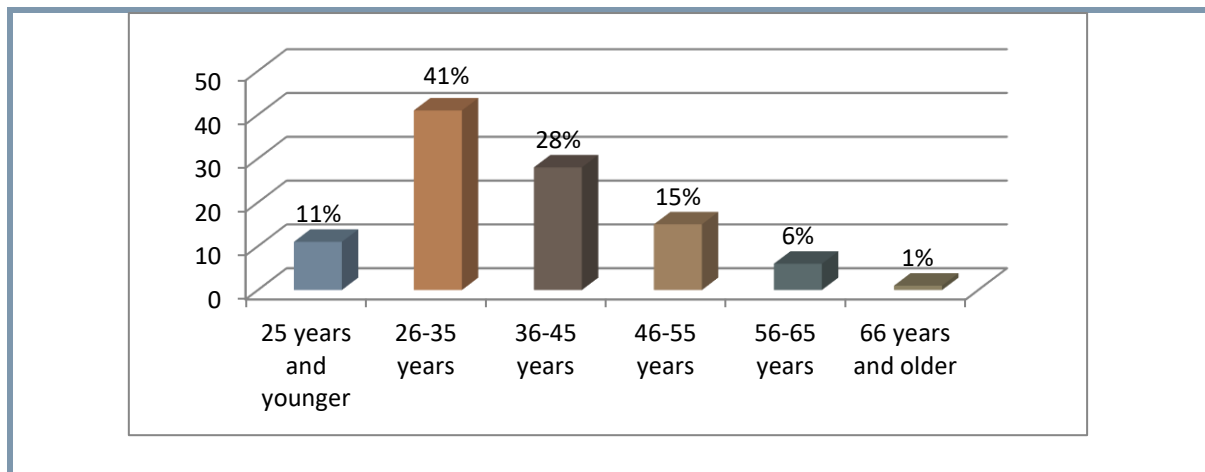
\* Rounded to 0 decimal percentage.

### 1.6.6 GENDER

Most of employees in the Fasset sector are women (Table 1-9). In 2017, 45% of managerial-, 52% of professional-, 58% of technician and associate professional- and 75% of clerical support worker positions were occupied by women.

### 1.6.7 AGE

In 2017, the majority (80%) of the employees in organisations that employ 50 or more people were younger than 46 years (Figure 1-6). Of these 11% were 25 years or younger, 41% were from 26 to 35 and 28% were from 36 to 45 years. The Fasset sector is generally regarded as a training sector with large numbers of learners on learnerships – especially on the Chartered Accountant ((CA)SA) and Professional Accountant learnerships. This is the main reason for the relatively youthful profile of the sector.

**Figure 1-6 Age distribution of employees\* in the sector, 2017**

\*Data only available for organisations that employ 50 and more people as this is the requested format in Annexure 2.  
Source: Calculated from Fasset data system, 2017.

**Table 1-9 Gender according to occupation group: 2013 - 2017**

Occupation Group	2013			2014			2015			2016			2017		
	N	F%	M %	N	F%	M %	N	F%	M %	N	F%	M%	N	F %	M %
Managers	10 415	40	60	7 805	39	61	10 328	42	58	10 631	47	53	21 338	45	55
Professionals	23 896	51	49	23 956	50	50	25 400	52	48	31 482	53	47	52 583	52	48
Technicians & Associate Professionals	7 711	49	51	11 025	51	49	10 399	53	47	9 652	60	40	14 913	58	42
Clerical Support Workers	26 618	80	20	27 531	76	24	28 684	76	24	27 648	76	24	32 427	75	25
Service & Sales Workers	5 311	65	35	1 630	36	64	3 086	58	42	1 845	45	55	6 854	36	64
Skilled Agricultural, Forestry, Fishery, Craft & Related Trades Workers	16	5	95	61	18	82	88	20	80	136	20	80	1 251	7	93
Plant & Machine Operators & Assemblers	56	7	93	39	4	96	51	7	93	96	11	89	1 319	16	84
Elementary occupations	2 097	58	42	1 967	54	46	2 119	57	43	1 785	55	45	4 713	49	51
Unknown	109	47	53							566	66	34	4 842	57	43
<b>Total employees</b>	<b>76 229</b>	<b>57</b>	<b>43</b>	<b>74 014</b>	<b>55</b>	<b>45</b>	<b>80 155</b>	<b>57</b>	<b>43</b>	<b>83 841</b>	<b>58</b>	<b>42</b>	<b>140 240</b>	<b>55</b>	<b>45</b>

\* Percentage of employees in that occupational group.

Source: Fasset, Trends in Employment and Training in the Fasset Sector, 2017.

### 1.6.8 DISABILITY

In the 2017 mandatory grant applications employers reported 467 people with disabilities – less than 1% of total employment in the sector at the time. The largest number of disabled people (376) was employed in the occupation groups managers, professionals, technicians and associate professionals and clerical support workers (Table 1-10).

**Table 1-10 Disabled workers according to occupation group: 2017**

Occupation Group	Disa- bled work- ers	Total employment	% of employ- ment*
Managers	75	21 338	0.4
Professionals	126	52 583	0.2
Technicians and Associate Professionals	40	14 913	0.3
Clerical Support Workers	128	32 427	0.4
Service and Sales Workers	7	6 854	0.1
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Work- ers	3	1 251	0.2
Plant and Machinery Operators and Assemblers	30	1 319	2.2
Elementary Occupations	57	4 713	1.2
Unknown	2	4 842	0.0
<b>Total</b>	<b>467</b>	<b>140 240</b>	<b>0.3</b>

Source: Calculated from Fasset data system, 2017.

\* Due to the small percentages, the percentages are not disaggregated further.

## 1.7 CONCLUSIONS

This chapter provides a high-level overview of the Fasset Sector. The sector falls within broader Finance, Real Estate and Business Services Sector but its demarcation does not allow for the tracking of its economic performance or for the comparison of its employment data with external sources. Fasset therefore relies on its own data system to track changes in the sector over time.

The sector served by Fasset is relatively small and consists mainly of micro- and small organisations, many of which are professional practices. However, about 82% of the employees in the sector work in the small number of large- and medium-sized organisations. Fasset is thus left with the challenge of balancing the needs and interests of small, medium and micro enterprises (SMMEs) as well as those of large organisations.

The organisations belonging to the sector are largely concentrated in the metropolitan areas of Gauteng, the Western Cape and KwaZulu-Natal. This limits Fasset's ability to reach out to rural areas and to roll out large-scale skills development interventions in rural areas.

The services rendered by organisations in the sector are mainly of a specialised and professional nature; consequently, the sector tends to employ large numbers of professionals and the majority of employees have post-school qualifications. These workers are supported by clerical and administrative staff, which also constitutes a substantial proportion of the employees in the sector.

A special feature of the sector is the presence and influence of a number of professional associations whose roles have become ingrained in the sector's qualification structure, in the organisation of education and training, and in the professional designations used in the sector. The professional bodies play a very important role in skills development in the sector.

The sector has been undergoing transformation over the last ten years and currently black people comprise 63% and African Blacks 42% of total employment. This can, in part be ascribed to the fact that few Black professionals have opened their own professional practices and small businesses in the sector. Transformation of the sector remains a priority that influences all Fasset's skills development interventions.

The 2017 data shows that management in the sector is no longer dominated by men and that almost half of the managers are women. Furthermore, most employees in the sector, including professionals from which managers are usually sourced, are women.

## 2 KEY SKILLS ISSUES

### 2.1 INTRODUCTION

This chapter explores the factors that drive changes in the demand for and supply of skills in the Fasset sector. The key drivers of change in the sector are identified in Fasset's five-yearly sector surveys. During these surveys the views of the different stakeholder groupings on different aspects of the skills situation in the sector are gauged and in the years in-between the surveys changes in these areas are monitored through the desk-top research and stakeholder engagements that form part of the SSP development. This SSP update reflects information obtained in the most recent Sector Survey (2017). It also reflects information obtained through the literature review undertaken as part of the preparation of the SSP update.

Fasset's sector is a highly regulated sector and currently it is subject to a spectrum of regulatory changes. Many of the regulatory changes are prompted by international trends in the regulation of financial services and are aimed at ensuring a stable and trustworthy financial system. The most eminent regulatory changes are discussed in this chapter along with the national policies and strategies that influence Fasset's planning and with which Fasset is aligning its skills planning. Other change drivers that are also considered are technological changes and the demand for financial skills in the rest of the economy. The chapter starts with these two change drivers.

### 2.2 CHANGE DRIVERS IN THE SECTOR

#### 2.2.1 DEVELOPMENTS IN TECHNOLOGY

Developments in information and communication technology have had and continue to have a profound effect on the work of professionals in the Fasset sector. It has, in many respects, made their work easier – for example accounting software has simplified the work of accountants (Attolini and Thompson, 2014) and SARS's online tax platform has simplified the work of all tax practitioners. However, accountants, auditors and many other professionals in the financial field need to stay abreast of changing technology and the associated business risks. At the same time they need to advise their clients on how to manage the risks and apply new skills to use technology effectively.

The 2017 Sector Survey found that there may be a major growth in 'interaction jobs', despite increasing automation. These are jobs that cannot easily be outsourced or automated because people in these roles require high levels of analytical skills, reasoning and judgement. Therefore, the ability to manage non-routine tasks and creative problem-solving will become increasingly important to the sector. (Fasset, 2017.)

Data security is becoming a crucial issue and all businesses have to introduce additional measures and controls to safeguard data security and to ensure statutory compliance with the manner in which information is collected, stored, used and destroyed. This drives the need for information technology professionals and technicians in the sector.

#### 2.2.2 CHANGES IN MARKET REQUIREMENTS AND PROFESSIONAL ROLES

The roles of most of the key professionals in the Fasset sector are changing rapidly. Some of these changes are brought about by technological changes while others are the result of regulatory changes. For example:

- Accountants' roles are shifting from interpreting historical and transactional information to strategic business decision making;
- Auditors' roles are evolving from monitoring and reporting, to a more proactive and insightful role in which business risks, corporate governance and business ethics issues are identified and addressed;
- The role of company secretaries is becoming increasingly outward focused, and they the need to be aware of the external environment within which the company operates, outside pressures and the wider implications of decision-making (Fasset, 2017).

These changing roles require changes to the curricula of education and training institutions. They also often leave the existing workforce with extensive skills gaps that need to be filled at a rapid pace.

### 2.2.3 THE DEMAND FOR FINANCIAL SKILLS IN THE REST OF THE ECONOMY

The demand for financial skills in the rest of the economy impacts on the Fasset sector as the sector has to compete with organisations from other sectors for the same supply pool of qualified financial professionals. If there is a shortage of these qualified professionals it drives up the cost of employment for the organisations in Fasset's sector. It is thus in the interest of Fasset's own organisations to ensure a sufficient supply of financial skills for the country – a role that the sector has been fulfilling over the years. Fasset's sector serves as an "incubator" or training sector for high-level financial skills for the country, and many of Fasset's learnership and other grants serve to develop financial skills for the country as a whole. Given this context, Fasset needs to take a broader (than its own sector) perspective with regard to skills development.

## 2.3 ALIGNMENT WITH NATIONAL POLICIES AND STRATEGIES

### 2.3.1 THE CHANGING REGULATORY ENVIRONMENT FOR FINANCIAL SERVICES

#### a) The Companies Act, 71 of 2008

When the Companies Act, 71 of 2008 came into operation on 1 May 2011, it introduced fundamental and comprehensive reform of company law which had been in existence for more than 30 years. New categories of companies were created, each with different rules and standards for reporting and governance. Notably, only prescribed categories of companies now have to undergo annual audits. The Act also introduces new responsibilities for a range of professionals, including accountants, auditors, company secretaries, risk managers and internal auditors (Department of Trade and Industry, 2010).

As the new legislation is implemented, the demand for the services of registered auditors is dropping and the demand for financial service professionals who can act as independent reviewers is increasing. New occupations or specialisations such as *business rescue practitioners* are also arising. Similarly, this change in occupational demand is also reflected in the demand for learners on professional body learnerships. Employers tend to create more opportunities for learners in the accounting and tax functions than in the audit functions.

#### b) Expanding regulatory and governance requirements

Because of many factors, including globalisation, technological changes and an increase in white-collar crime and corruption, the business environment is becoming more regulated.

Investigations into the financial position of organisations and their operating systems are becoming more penetrating and comprehensive in order to provide corporate governance assurances. As a result of the increases in regulatory requirements, more skilled persons are needed and more is expected from professional accountants in terms of governance and oversight. At the same time higher international standards are set for auditing and financial reporting and regulators and standards-setting institutions require the accounting profession to adopt the new reporting standards and to communicate more effectively and comprehensively in corporate reports (Fasset, 2013).

The Independent Regulatory Board for Auditors (IRBA) adopted a new auditing report standard that was issued by the IAASB (International Auditing and Assurance Standards Board) in January 2015 (effective from December 2016). Auditors can no longer simply state that a report they have assessed is either qualified or unqualified. They must also disclose the procedures that were followed, the risks that were identified, in what way the risks were addressed in the auditing, and the discussions that were held with the auditing committee. This was done because, while users of the financial statements have signalled that the auditor's opinion on the financial statements is indeed valued, many have called for the auditor's report to be more informative and relevant (Fasset, 2017).

The King IV Report on Corporate Governance for South Africa 2016 was released on 1 November 2016 and it becomes effective for financial years commencing from 1 April 2017. King IV builds on King III and brings corporate governance requirements in line with international requirements and best practices.

The key concepts which form the cornerstone of King IV are: ethical leadership, the organisation in society, corporate citizenship, sustainable development, stakeholder inclusivity, integrated thinking and integrated reporting. These concepts are related to three paradigm shifts in the corporate world, namely:

- From financial capitalism to inclusive capitalism
- From short-term capital markets to long-term sustainable capital markets and
- From siloed reporting to integrated reporting (Institute of Directors, 2016).

The new King Codes take account of specific corporate governance developments in relation to effective governing bodies, increased compliance requirements, new governance structures (e.g. Social and Ethics Committee), emerging risks and opportunities from new technologies and new reporting and disclosure requirements e.g. Integrated Reporting (KPMG, 2017).

Furthermore, since the release of the King III, the Integrated Reporting Framework was released by the International Integrated Reporting Council and the concepts and principles introduced by this Council have been reaffirmed in the King IV Code while the philosophy of integrated thinking has been incorporated into King IV (Deloitte, 2016). Corporate governance officers and accounting professionals bear the brunt of ensuring that companies meet the required standards for integrated and sustainable reporting and the introduction of King IV is causing a need for the development of new skills sets.

### **c) Changes in the tax environment**

A number of factors are driving the need for more tax practitioners and tax specialists. Among these are the effects of globalisation and the increasing complexity of business practices and the intricacies of tax systems. Since the South African economy opened up to global markets, tax legislation has become more complex in order to protect the fiscus. At the same time the

tax net is being widened and tax compliance requirements are becoming more stringent. These realities are driving the need for more tax professionals with knowledge of legal provisions both locally and in other jurisdictions.

Furthermore, the tax administration continues to pursue tax compliance and enforces more complex tax legislation. Tax laws, regulations and practices change constantly and this creates a need for ongoing skills development and training.

As of 2013, tax practitioners are required to register with a recognised controlling body (eight of which are professional bodies in the Fasset sector), and with SARS. This change provided a mechanism for taxpayers and SARS to address professional misconduct by tax professionals and a framework for the minimum qualifications needed (Fasset, 2017). That means that tax practitioners who don't meet the educational requirements of the professional bodies, need training in order to comply with the requirements and that the market-demand is shifting towards higher qualified, professional tax practitioners.

#### **d) Changes in the regulation of the financial markets**

Over the last decade the Financial Markets Industry has experienced far-reaching changes – especially in terms of regulation. In 2011 Government proposed a “twin peaks” model of financial regulation for South Africa. Twin peaks means that the prudential supervision of the financial sector is separated from the market conduct supervision (Financial Regulatory Reform Steering Committee, 2013). Since then various pieces of draft legislation have seen the light. These include the Financial Sector Regulation Bill and the Banks Amendment Bill. According to the proposed new legislation, the South African Reserve Bank (SARB) will take responsibility for the prudential oversight of the Financial Sector, while the FSB will be re-structured and will take responsibility for market conduct supervision. The full impact that these regulatory changes will have on the skills needs of the sector is not yet clear. What is clear though is that the regulators will need specialised skills in order to give effect to their new functions. At the same time the regulators are expected to impose new skills requirements on industry. This will include requirements regarding professionalism and continuous professional development.

Other current and imminent changes in the financial markets include: the licensing of new exchanges (other than the JSE) by the Financial Services Board (FSB), the introduction of the Financial Intelligence Centre (FIC) Amendment Bill, proposed new “Fit-and-proper” requirements published by the FSB and many other legislative and regulatory changes. At the same time the local markets are set to be affected by international changes such as the introduction of Markets in Financial Instruments Directive (MiFID) II by the European Union. All these changes affect the regulated skills requirements and the skills sets needed by various practitioners in the financial markets.

#### **e) Registration requirements for auditors**

The re-defining of the respective roles and responsibilities of the Independent Board for Auditors (IRBA) and SAICA in respect of the training of Registered Auditors (RAs) will have a profound impact on the skills supply to the Fasset sector. As from 2014 the IRBA requires prospective public auditors to first demonstrate competence as professional accountants with an accredited professional accounting body before they are allowed into the training programme for auditors. After completion of this training programme they will undergo the IRBA's final assessment that will allow them to register as auditors (IRBA, 2014). That means



that South African Institute of Chartered Accountants (SAICA) assessments giving access to the designation Chartered Accountant (South Africa) (CA(SA)) and the IRBA's assessments will no longer be combined and these two bodies will in future function completely independently. It also means that the learning pathway for registered auditors will become substantially longer and more onerous – which in the long run may stifle the supply of registered auditors.

#### **f) The regulation of the accountancy professions**

In 2013 the Minister of Finance requested a review of accounting and auditing practices in South Africa by the World Bank. The report by the review team is generally referred to as the “ROSC Report” (World Bank, 2013). The report recommended the full regulation of accountants. One of the reasons for this recommendation is the fact that accountants have started to perform work that only external auditors were allowed to do in the past. While the services of professional bodies incorporate most regulatory functions such as educational as well as behavioural standards and disciplinary action, these apply only to their own members. Standards across professional bodies may differ and people who don't belong to professional bodies are not regulated in any way.

Stakeholders in favour of a “super regulator” argue that certain standards have to be met across the different accounting professions. This could include regulation of minimum education and CPD requirements. The introduction of a set of uniform minimum standards may affect numerous accounting professionals who will need to adapt to these or risk having their designations removed (Fasset, 2017).

While it is still uncertain what the entire range of implications will be if a super regulator is indeed introduced, full regulation of the accounting profession may also mean that all practitioners referring to themselves as accountants will need to become members of a professional body - currently they do not have to unless they want a particular designation. Since membership of a professional body requires proof of meeting minimum requirements, full regulation of the profession would necessitate broad action and adaptation by non-members, particularly where education, workplace experience and professional body qualifying exams are concerned (Fasset, 2017).

---

#### **2.3.2 THE NATIONAL DEVELOPMENT PLAN (NDP)**

The NDP forms the basis of all national policies and strategies. It also influences Fasset's skills planning as reflected in this SSP update. Various requirements for the skills development system which are set out in the NDP are considered, the most important of which are the following: adaptation to changes in technology, industry, population dynamics and global trends, the promotion of lifelong learning and targeted support to students who are academically less prepared; responsiveness to the skills needs of all sectors of society – especially the need for financial professionals; the development of partnerships in skills provision.

It stands to reason that the availability of sufficient numbers and quality financial professionals are crucial to the success of most of the development initiatives proposed by the NDP. The infrastructure development initiatives are, for example dependent on financial management skills. Corruption can only be contained in the presence of strong financial management and auditing skills and with financial professionals who are bound to ethical behaviour. Similarly, the National Health Insurance System and the improvement of the health and social welfare sectors are critically dependent on financial skills. It is with all these development

objectives in mind that Fasset is focussing on increasing the numbers of financial skills developed at all levels, improving the quality of education and training, and on increasing the throughput rates throughout the educational pipeline. Fasset also provides lifelong learning opportunities and targeted support to students in need.

### 2.3.3 THE WHITE PAPER FOR POST-SCHOOL EDUCATION AND TRAINING

The White Paper for Post-School Education and Training was approved by Cabinet on 20 November 2013. Fasset took cognisance of the general direction indicated by the White Paper and aligned its strategy accordingly. Specific areas that were considered are:

- The strengthening of the TVET College system. Traditionally the Fasset sector has not employed large numbers of TVET college graduates. However, Fasset has over the last two to three years developed a strong focus on the colleges and is currently focusing on work placements for students who have completed the N6 and the absorption of graduates from these colleges in the Financial and Accounting Services Sector and in the rest of the South African labour market.
- The White Paper states that the universities should seek to expand their partnerships with employers in order to secure work experience opportunities for students – especially in fields where work experience is necessary for professional registration. Fasset, the professional bodies in the sector and employers have long-standing arrangements for the provision of work experience for prospective financial professionals. Fasset is continuously busy with the identification of new areas where professional learnerships are needed and with the development of relevant learning programmes in collaboration with the universities, professional bodies and employers. Work placements are also incentivised through the grant scheme.
- Linking education and the workplace. The White Paper emphasises the importance of learnerships and internships in non-artisan fields and the role that SETAs have to play in the promotion of these forms of learning. Fasset has a clear focus on the skills pipeline and on the development of people in the workplace.
- Measuring the impact of education and training interventions. The White Paper stresses the importance of researching the levels of efficacy and efficiency being achieved in education and training and to identify where any blockages in the system may be emerging. Fasset has commenced with the development of a monitoring and evaluation and impact assessment framework. Impact assessments are integrated in most of its skills intervention projects and it has already completed a comprehensive tracer study, which followed the learners who benefited from its bridging programmes. In addition, an annual review of SETA performance in funded areas is conducted. This work needs to continue in the planning period covered by this SSP.

### 2.3.4 B-BBEE LEGISLATION

Transformation in the sector is driven by the B-BBEE legislation, the Financial Services Sector Charter and by the Department of Trade and Industry's B-BBEE Codes of Good Practice. Fasset's role is not only to stimulate and support the education and training of African Black and Coloured people in specific provinces for the sector. The SETA also strives to create an enabling environment for employers to access training programmes to train new African Black and Coloured learners and employees in specific provinces.

### 2.3.5 STRATEGIC INTEGRATED PROJECTS (SIPS)

Seventeen SIPs have been identified that cover a range of economic and social infrastructure needs, across all nine provinces in South Africa, with emphasis on poorer provinces. The DHET identified the skills needed to support the SIPs. The list of skills requirements includes 713 financial managers. Fasset will cooperate fully with the SIP processes, as and when required, should adequate budget be made available. This will require Fasset, as a public entity, to sign a performance contract to agree to specific responsibilities.

### 2.3.6 NSDS III

In the absence of a new National Skills Development Strategy (NSDS) Fasset aligns its strategy to NSDS III. The NSDS III framework outlines strategic focus areas that form part of Fasset's interventions. In the development of its skills priorities Fasset took into account the skills formation process as it spans the lifetimes of individuals, along the educational and career pipeline. It also took into consideration the skills needs of the sector, the objectives set by the framework and NSDS III cross-cutting objectives (race, class, disability, youth, HIV/AIDS, gender and province). This alignment is discussed in more detail in Chapter 5.

### 2.3.7 OTHER POLICIES AND PLANS

Throughout the years Fasset has considered various other Government policies and plans and has ensured that its general direction and focus are aligned to these policies and plans. These include: Government's Medium Term Strategic Framework (MTSF) objectives, The Human Resource Development Strategy (HRDS-SA), the New Growth Plan (NGP) and the National Skills Accord and The Minister of Higher Education and Training's Delivery Agreement with the President.

## 2.4 CONCLUSIONS

The main focus of this chapter is the identification of the key skills issues that Fasset needs to address in its plan for the next five years. Many of the government interventions and plans cited in this chapter require high-level financial skills in the public sector. Fasset's sector may play an important part in the production of these skills. The chapter also highlights numerous shifts in the regulatory environment and in technology that impact the responsibilities and skills requirements of professionals in the sector. The general trend is towards an increase in the level of skill required of professionals in the sector and the need for a combination of technical, strategic and interpersonal skills.

## 3 OCCUPATIONAL SHORTAGES AND SKILLS GAPS

The key focus of this chapter is occupational shortages and skills gaps experienced in the sectoral labour market. Occupational shortages are the result of a disjunction between the demand for and supply of skills and ultimately it manifest in hard-to-fill vacancies and in people who don't have the competencies required for their specific jobs. The two concepts that were previously used in SSPs to describe these two situations are "scarce" and "critical" skills. In this SSP update the term "scarce skills" is replaced with "occupational shortages" and "critical skills" is replaced with "skills gaps".

Fasset monitors the occupational shortages in the sector by asking employers to identify in the annual mandatory grant applications the occupations in which they experience shortages. Questions regarding various indicators of occupational shortages are also asked to employers, professional bodies and education and training providers in the five-yearly sector surveys. The information obtained in the most recent grant applications and the 2016/17 Sector Survey is presented in this chapter.

### 3.1 OCCUPATIONAL SHORTAGES AND SKILLS GAPS

#### 3.1.1 OCCUPATIONS THAT ARE HARD TO FILL

Fasset has, until 2013 collected information on "hard-to-fill" vacancies as part of the WSP submissions. However, this was stopped to bring the WSP guidelines in line with the grant regulations that require employers to stipulate the "number of people needed" in scarce skills occupations. It is not clear to what extent these numbers correlate with vacancies in the specific occupations. In the absence of any other information, the information submitted by employers in this format is presented in this section.

In the analysis of skills shortages, it is important not to apply a simplistic and mechanistic approach. Occupations cannot be viewed in isolation as many of the occupations on the OFO draw skills from the same pool or from the same supply pipeline. In many instances the skills sets required in different occupations are similar and transportable. For this reason, occupations that were identified as areas in which shortages are experienced have been grouped according to these considerations. The ten most important skills groups are listed in Table 3-1.<sup>3</sup>

The table indicates which occupations in a specific group were identified by employers as occupations in which skills shortages are experienced. The table also indicates the number of people that employers said they needed, and the number of organisations that indicated that they experience a scarcity of skills in the particular occupation. The occupational groups are ranked according to the number of people needed in the total group.

---

<sup>3</sup> The 2017 amended SSP guidelines require SETAs to report on "hard-to-fill" vacancies and not on scarce skills occupations. However, Fasset does not have information on hard-to-fill vacancies available. For this reason Table 3-1 is titled "Occupations with shortages" and not "Hard-to-fill Vacancies".

**Table 3-1 Occupations with shortages in Fasset's sector: 2017**

Rank	Fasset Occupation Group	OFO Code	Occupation	Number needed	Total needed	Organisations that identified need
<b>1</b>	Accountants and Auditors	121101	Finance Manager	669	3 479	9
		121102	Payroll Manager	12		4
		121103	Credit Manager	3		1
		241101	Accountant (General)	1 049		130
		241102	Management Accountant	51		3
		241103	Tax Professional	115		27
		241104	External Auditor	1 135		59
		241106	Accountant in Practice	389		16
		241106	Management Accountant	13		1
		241107	Financial Accountant	9		5
		241108	Forensic Accountant	14		3
		242204	Corporate Treasurer	2		1
		331302	Accounting Technician	15		3
		331303	Tax Technician	4		1
<b>2</b>	ICT Professionals	121905	Programme or Project Manager	18	576	6
		133101	Chief Information Officer	4		2
		133102	ICT Project Manager	27		4
		133103	Data Management Manager	1		1
		133105	Information Technology Manager	22		5
		216603	Multimedia Designer	12		2
		243403	ICT Sales Representative	124		11
		251101	ICT Systems Analyst	57		10
		251201	Software Developer	102		16
		251202	Programmer Analyst	10		5
		251203	Developer Programmer	11		4
		251301	Multimedia Specialist	6		1
		251302	Web Developer	38		11
		251401	Applications Programmer	15		5

Rank	Fasset Occupation Group	OFO Code	Occupation	Number needed	Total needed	Organisations that identified need
		252101	Database Designer and Administrator	56		14
		252201	Systems Administrator	28		5
		252301	Computer Network and Systems Engineer	7		2
		252302	Network Analyst	13		1
		252901	ICT Security Specialist	23		6
		252902	Technical (ICT) Support Services Manager	1		1
		351301	Computer Network Technician	3		2
3	Management consultants	242101	Management Consultant	296	311	32
		242102	Organisation and Methods Analyst	1		2
		242202	Policy Analyst	14		2
4	Financial Markets Professionals	134603	Financial Markets Business Manager	35	301	3
		241201	Investment Analyst	41		9
		241202	Investment Manager	24		9
		241203	Investment Advisor	63		17
		241301	Financial Investment Advisor	121		18
		242207	Compliance Officer	16		4
		332401	Commodities Trader	1		1
5	Internal auditors and risk managers	121104	Internal Audit Manager	45	195	7
		242203	Company Secretary	3		2
		242208	Organisational Risk Manager	40		16
		242211	Internal Auditor	108		6
6	Actuaries and statisticians	212101	Actuary	135	135	12
7	Bookkeepers, accounting technicians and clerks	331201	Credit or Loans Officer	5	93	1
		331301	Bookkeeper	26		2
		431101	Accounts Clerk	63		7
8	Human Resources and related Professionals	121201	Personnel / Human Resource Manager	8	56	2
		121204	Recruitment Manager	2		1
		121205	Employee Wellness Manager	1		1
		242302	Skills Development Facilitator / Practitioner	8		3
		242303	Human Resource Advisor	4		2

Rank	Fasset Occupation Group	OFO Code	Occupation	Number needed	Total needed	Organisations that identified need
		242401	Training and Development Professional	20		1
		242402	Occupational Instructor / Trainer	13		2
9	Sales and Marketing Professionals	122101	Sales and Marketing Manager	7	55	5
		122103	Director of Marketing	7		2
		243103	Marketing Practitioner	10		2
		122102	Sales Manager	3		1
		122105	Customer Service Manager	23		1
		333903	Sales Representative (Business Services)	5		2
10	Economists	263101	Economist	41	41	11

Source: Fasset data system 2017

### 3.1.2 REASONS WHY OCCUPATIONS ARE HARD TO FILL

The professional bodies interviewed in Fasset's Sector Survey (2017) cited the following main reasons for skills shortages in the sector: poor quality teaching, low matric pass rates, poor Maths competency levels and a lack of adequate career guidance. The emigration of high-level professionals was also identified as an underlying cause of skills shortages in the sector.

Another factor contributing to unfilled vacancies is a shortage of Black people to take up positions in the sector. In the Sector Survey (Fasset, 2017) more than half of the employers reported that they find it difficult to find Black candidates to fill positions and to meet their employment equity targets. Almost 80% of the employers reported that they find it difficult to retain Black staff. The general shortage of appropriately qualified Black people in the market is the main underlying factor causing these difficulties. The overall shortage has led to Black candidates demanding exorbitant salaries which make their appointment unaffordable to employers.

### 3.1.3 MAJOR SKILLS GAPS IN THE SECTOR

The 2017 Sector Survey revealed major skills gaps in the sector. These gaps were identified by professional bodies as well as employers in the sector. The most important skills gaps were reported with regard to new entrants into the labour market. Generally speaking new entrants are found to be ill prepared for the world of work. They tend to lack:

- The ability to apply theoretical knowledge in practice and to think in an integrated manner;
- Critical thinking skills, also referred to as analytical or problem-solving skills;
- Work-readiness including business communication skills and the ability to dress and behave in a professional manner;
- Self-confidence which hampers an individual's ability to take initiative and even to ask for assistance when needed (Fasset, 2017).

The skills gaps found in specific professions are more wide-spread and are found in new entrants as well as people who have been in the labour market for some time.

#### **a) Accountants**

The changing roles of accountants were mentioned in Chapter 2. Accounting is evolving from a focus on the transactional and cost efficiency areas to strategy where finance professionals are now expected to have a considerable influence in business decisions and impact on business performance. Accountants are now expected to translate financial reports into important business signals and to explain their findings rather than just report them. Participants in the Sector Survey were of the opinion that most new entrants are not fully equipped to fulfil the more strategic roles required of them and that these new roles often leave people already in the labour market with substantial skills gaps. The most important skills gaps are the ability to think analytically and strategically, to forecast and to lead a company, advanced technological skills, soft skills and the ability to use non-financial information in fulfilling the new roles. Some of the professional bodies also believe that accountants often lack specialised knowledge in fields such as tax and commercial law. These fields change rapidly as legislation and regulations change and practitioners in these fields need to stay abreast with changes (Fasset, 2017).



**b) External auditors**

Similar to accounting, external auditing is evolving from its traditional function of monitoring and reporting, to a more proactive and insightful role of interpreting findings from a business perspective. Auditors also need deeper technical knowledge in areas such as governance, ethics and forensics, soft skills such as analytical, interpersonal and leadership skills, skills in data analytics and the use of data analytics software. With regard to data analytics, auditors must also be able to detect cues of possible abnormal or even fraudulent activity. It is thus imperative for an auditor to have strong data interrogation skills (Fasset, 2017).

**c) Forensic practitioners**

Forensic practitioners, especially new and inexperienced graduates often lack enquiring and analytical skills and the ability to think with a bigger picture in mind (Fasset, 2017).

**d) Tax practitioners**

While the regulation of the profession has succeeded in ensuring that tax practitioners are adequately qualified to provide tax consultative services and prepare tax returns, graduates and young professionals in particular lack analytical skills, as well as the ability to critically review information in order to form and motivate opinions (Fasset, 2017).

**e) Company secretaries**

As with some of the afore-mentioned professions, the role of company secretaries is becoming increasingly outward focused. Company secretaries need to be aware of the external environment within which the company operates, outside pressures and the wider implications of decision-making. Given the increased value placed globally on compliance and external audits, company secretaries require a combination of strong technical, business and soft skills as well as a thorough understanding of governance, ethics and legislative and regulatory compliance. This combination of skills is hard to find in the sector.

**f) Internal auditors**

Internal auditors provide oversight in terms of risks and internal controls in organisations. They also often make inputs into strategic planning, market analysis, compliance and change management. An internal auditor needs to have a combination of skills and a high level of competence in order to process and interrogate large amounts of information across various organisational functions. Besides technical skills, business acumen and an ability to think in an integrated way are extra requirements. Few young or new recruits present this combination of skills. Given the influential nature of the role, this is a key challenge in the profession as large companies are looking for candidates that require little to no training (Fasset, 2017).

Lastly, financial professionals with public sector knowledge are considered scarce. Given the size of the public sector and the dire need for sound financial management, stringent financial controls and curtailment of fraud and corruption in the public sector, the development of financial professionals with a thorough understanding of the public sector needs to receive serious attention.

**3.2 EXTENT AND NATURE OF SUPPLY****3.2.1 ENTRY ROUTES INTO THE SECTOR**

The formation of new skills for the sector takes many forms, and several routes are available

to those who want to work permanently in the sector. The six most typical entry routes (or skills development pipelines) are illustrated in Figure 3-1.

### **1) *Direct entry with NQF Level 4 qualifications into the labour market***

A relatively small proportion of the workers in the sector enter the labour market after school without any further education or training. The educational profile of the sector shows that very few workers have qualifications lower than Grade 12 or matric. These workers are employed mainly in elementary occupations.

Workers with Grade 12 are employed largely in clerical or administrative positions. Some public and private TVET colleges, as well as some of the professional bodies, offer qualifications relevant to the sector and that prepare learners specifically for positions in the Financial and Accounting Services Sector.

### **2) *Entry after school via learnerships***

Various learnerships in the sector have Grade 12 or matric as an entry-level requirement. These learnerships prepare workers for clerical and administrative positions.

### **3) *Entry via the higher education system with professional qualifications***

Several of the professional associations offer professional body qualifications, some of which are internationally recognised. Preparatory education for the qualifying assessments is offered by some of the public- as well as private higher education institutions, while the qualifying assessments are generally set by the professional bodies.

### **4) *Entry via the higher education system with national qualifications***

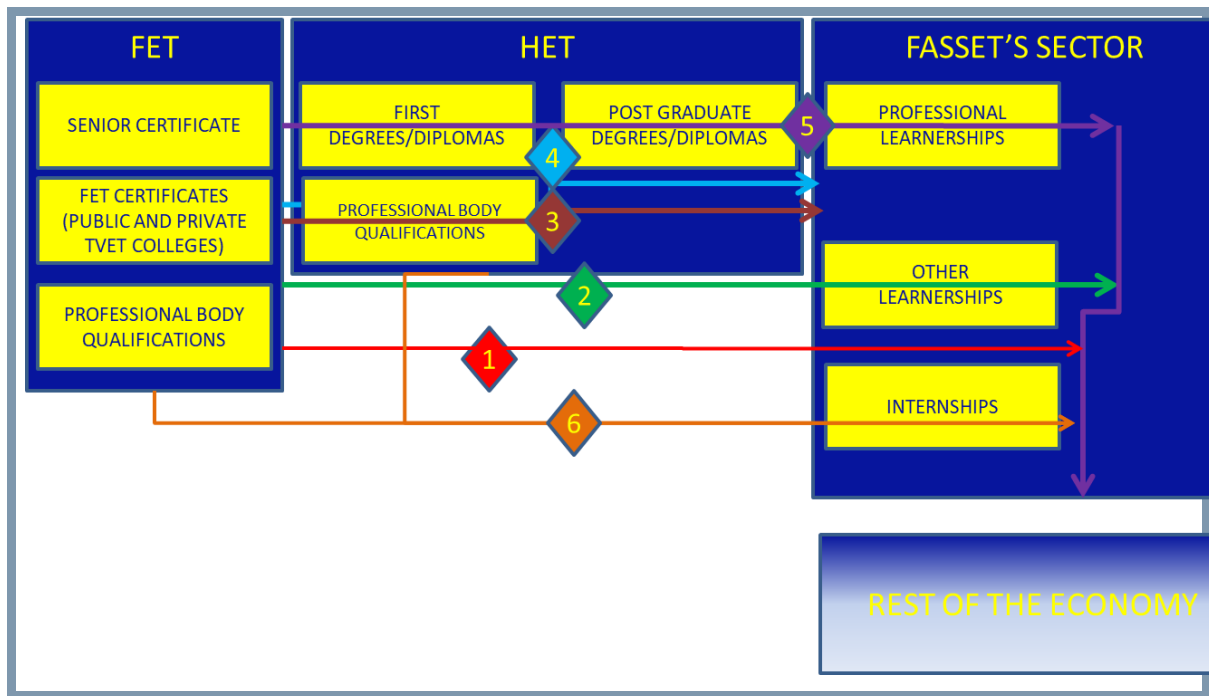
Many workers enter the sector after completion of a degree or diploma at a public- or private higher education institution. The qualifications gained along this route are the standard higher education qualifications (typically diplomas and degrees).

### **5) *Entry via the higher education system with national qualifications, followed by a learnership and a professional body qualification***

Some of the higher-level professional body qualifications can be obtained only after acquiring a national qualification or qualifications (e.g. a B.Com (Honours) degree), after the completion of a learnership, and after passing a qualifying assessment set by the professional body. This route is the one followed by specialised professionals such as CAs(SA) and professional accountants.

### **6) *Entry from the TVET or the Higher Education and Training (HET) system followed by an internship***

In certain components of Fasset's sector employers have developed their own internship programmes on which they train new entrants to the labour market. Some of these programmes are well-structured and contain highly sophisticated and expensive training modes – for example international exposure and experience. These programmes differ from learnerships in that they don't lead to a formal qualification that is registered on the NQF and that they are very focused on the specific needs of the employers. However, many of them are highly regarded in the sector and candidates who qualify on these internships are sought after in and outside the sector.



**Figure 3-1 Typical entry routes (with formal qualifications) to the Fasset Sector**

### 3.2.2 EDUCATION AND TRAINING AT FET LEVEL

The main groups of providers of education and training at entry level are the formal school system, public and private TVET institutions and professional bodies such as the ICB, the AAT and the IBM in collaboration with employers.

#### a) *Senior certificate*

The first factor playing a role in the supply of accounting and other professional skills is the Senior Certificate examination results, especially the pass rates in mathematics and accounting. Achieving grade 12 mathematics with 40% or more, is a prerequisite for tertiary studies in most of professional study fields in the labour market, while bookkeepers and accounting clerks could be drawn from Grade 12 learners with mathematics and accounting as subjects.

Table 3-2 summarises the grade 12 enrolments and passes from 2012 to 2016. The number of learners who wrote mathematics increased from 225 874 in 2012 to 265 912 in 2016. The number of maths passes with 40% or more increased from approximately 81 000 in 2012 to 89 000 in 2016. Overall, only around 15% of matriculants pass with maths at 40% or higher.

Accounting is not necessarily a prerequisite for tertiary studies in accounting, but accounting at school level could spark learners' interest in the field of accounting. There was a decrease in learners who wrote accounting from 137 900 in 2012 to 128 900 in 2016. Overall, only around 10% of matriculants pass with accounting at 40% or higher.

The basic education system is not producing sufficient numbers of young South Africans (especially Blacks) who meet the admission criteria for the fields of study that are relevant to the sector. At the same time the quality of the skills levels of many matriculants are viewed by stakeholders in the Fasset Sector Survey as substandard. The respondents expressed in different ways the view that the majority of learners leave high school with poor literacy and numeracy skills, many lack life skills and are unable to engage in a conversation or formulate an opinion. School leavers also lack IT skills and many cannot speak or write English.

**Table 3-2 Grade 12 Statistics: 2012 - 2016**

Number of learners who-	2012		2013		2014		2015		2016	
	N	% of total who wrote Grade 12	N	% of total who wrote Grade 12	N	% of total who wrote Grade 12	N	% of total who wrote Grade 12	N	% of total who wrote Grade 12
Wrote Grade 12	511 152	100.0	562 115	100.0	532 860	100.0	644 536	100.0	610 178	100.0
Achieved Grade 12	377 847	73.9	439 764	78.2	403 874	75.8	455 825	70.7	442 672	72.5
Wrote Mathematics	225 874	44.2	324 097	57.7	225 458	42.3	263 903	40.9	265 912	43.6
Achieved Mathematics (40% and more)	80 712	15.8	97 790	17.4	79 050	14.8	84 297	13.1	89 084	14.6
Wrote Accounting	134 978	26.4	145 427	25.9	125 987	23.6	140 474	21.8	128 853	21.1
Achieved Accounting (40% and more)	57 621	11.3	60 311	10.7	55 837	10.5	50 906	7.9	57 914	9.5

Source: Department of Basic Education, Education Statistics in South Africa, 2012 - 2016

Concerns were also raised about accounting teaching in high school, which is regarded as being below standard. The result is that school leavers are often appointed in entry-level accounting positions (especially in the public sector), without having a grasp of elementary accounting principles and transactions. They lack understanding of basic concepts such as the cash flow cycle and double entry bookkeeping.

#### **b) TVET colleges education and training in the finance and accounting field**

There are 50 public TVET colleges registered with the DHET. These colleges operate on 263 campuses spread across the rural and urban areas of South Africa. Most of the TVET colleges offer the National Certificate (Vocational) (NCV) in Finance, Economics and Accounting. This NCV offers learners a vocational alternative to an academic Grade 10 to 12, by providing specialised training on NQF levels 2 to 4. The NCV is a three-year qualification made up of three certificates obtained on NQF Levels 2, 3 and 4. All NCV programmes consist of a fundamental and a vocational component. The fundamental component provides for language and mathematics skills. The vocational subjects for the NCV in Finance, Economics and Accounting are: Applied Accounting, Economic Environment, Financial Management and New Venture Creation. According to the TVET colleges this qualification enables graduates to perform the following activities: bookkeeping; keeping records of wages, salaries, petty cash and value added tax (VAT); conducting reconciliations; preparing financial statements; managing budgets; and analysing the finances of a business.

Most of the TVET colleges also offer National Programmes (NATED) at NQF levels 4 to 6 in either Financial Management or Business Management or both. Graduates obtain certificates or national diplomas. The focus of this programme is on accounting and the management of the financial affairs of an organisation. Successful students usually have the knowledge and skills to perform bookkeeping and basic accounting functions, analyse financial and statistical information and check accounts. The applicable subjects in the Business Management Programme are Introductory Accounting and Financial Accounting. These subjects are usually

only offered at NQF Level 4.

Table 3-3 provides information on the throughput rates in the NATED and the NCV courses in 2013. The throughput rates on all the courses are extremely low. At N6 level the pass rate in Business Management was only 18% and in Financial Management it was only 27%. At NCV Level 4 the pass rate was 22%.

**Table 3-3 Results of NATED and NCV learners at public TVET colleges: 2013**

Course	N4				N5				N6*			
	Enrolled	Wrote exam	Passed	Pass rate	Enrolled	Wrote exam	Passed	Pass rate	Enrolled	Wrote exam	Passed	Pass rate
<b>NATED</b>												
	N	N	N	%	N	N	N	%	N	N	N	%
Business Management	14 778	13 802	4 492	33	8 455	7 979	3 076	39	5 753	5 449	957	18
Financial Management	9 394	8 953	2 595	29	5 823	5 560	2 763	50	4 714	4 501	1 194	27
<b>NCV</b>	<b>L2</b>				<b>L3</b>				<b>L4</b>			
Finance, Economics & Accounting	24 172	22 755	7 087	31	14 278	13 539	5 839	43	10 467	9 950	2 151	22

\* The numbers shown in this table refer only to those who have completed the N6 examinations, not the 18 months work experience required for the National Diploma.

Source: Department of Higher Education and Training, FETMIS, 2015.

From the figures presented above it is clear that TVET colleges are not yet producing significant numbers of learners, especially learners who have completed the N6 in Financial Management. Staff from the TVET colleges who participated in the Sector Survey indicated that they have to deal with various challenges such as the content of the learning programmes (e.g. level of difficulty, lack of time to cover the syllabus), attracting and retaining suitably qualified staff, the quality of students entering the system, low throughput rates on NCV courses, finding practical placement opportunities for students and the lack of work prospects for students due to a negative market perception of TVET colleges (Fasset, 2013 and 2017).

### **c) Professional body qualifications at FET level**

Fasset has registered several learnerships at NQF levels 3 and 4. With the exception of one, these learnerships are offered by the professional bodies associated with Fasset. However, most of the learners are based in organisations that don't fall within Fasset's sector. The learnerships are listed in Table 3-4.

**Table 3-4 Learnerships at FET level**

Learnership	NQF level	Professional body
Certificate: Accounting Technician	3	AAT
Certificate: Local Government Accounting	3	AAT
Advanced Certificate: Local Government Accounting	4	AAT
FET Certificate: Accounting Technician	4	AAT
National Certificate: Bookkeeping	3	ICB
National Certificate Small Business Financial Management	4	ICB
Technical Vocational Education and Training Certificate: Bookkeeping	4	ICB
Certificate: Public Sector Accounting	4	ICB
FET Certificate: Debt Recovery	4	Fasset

Source: Fasset 2015.

Several of the professional associations offer registered qualifications, some of which are also internationally recognised. Preparatory education for the qualifying assessments is offered by some of the public- as well as private TVET colleges while the qualifying assessments are generally set by the professional bodies. The qualifications awarded by the ICB over the period 2012 to 2015 can be seen in Table 3-5.

**Table 3-5 Professional body qualifications awarded at FET Level: 2012-2015**

Qualification	2012 N	2013 N	2014 N	2015 N
National Certificate Small Business Financial Management	29	56	45	34
Certificate Registered Accounting Clerk				1
Certificate Registered Bookkeeper				4
FETC Bookkeeping	1 060	1 149	1 247	1 221
National Diploma Technical Financial Accounting	639	881	926	976
National Diploma Financial Accounting	56	120	218	221
National Certificate Bookkeeping	1 621	1 641	1 820	1 762
Certificate Office Administration	109	217	271	292
Higher Certificate Office Administration	18	68	111	146
National Diploma Office Administration		29	52	112
National Certificate Public Sector Accounting			6	27
Diploma Public Sector Accounting			2	12
Junior Bookkeeper				47
Junior Office Administrator				2
Senior Bookkeeper				15
Certificate Registered: Practical Accounting				2
<b>Total</b>	<b>3 532</b>	<b>4 161</b>	<b>4 698</b>	<b>4 874</b>

Source: Information provided by ICB, May 2016.

### 3.2.3 EDUCATION AND TRAINING AT HET LEVEL

The analysis of the supply of skills at HET level is based on information obtained from the Department of Higher Education and Training's Higher Education Management Information System (HEMIS).

In most instances entry into the sector takes place at NQF levels 6 or 7. Generally speaking, students who want to qualify as CAs(SA) stay at university after completion of a B.Com degree in accounting to complete an honours degree or the Certificate in the Theory of Accounting (CTA). Many of the students at universities of technology complete the B.Tech degree before leaving the educational system and entering the labour market. A number of students engage in further studies to obtain Masters' and Doctoral qualifications (NQF levels 9 and 10).

The two fields of study that are most relevant to the Fasset sector are "Accounting" and "Other Business and Commerce".

#### **a) NQF levels 6 and 7**

##### **i. Accounting**

Table 3-6 shows the total number of qualifications in accounting on NQF levels 6 and 7, awarded by public higher education institutions, increased on average by 2.7% from 2010 to 2015. The number of first degrees (three years) awarded showed the highest increase over the five-year period (3.4%). The largest portion of this increase occurred in 2015. The number of African Black students who qualified grew by 5.3% per year from 6 279 graduates in 2010

to 8 126 graduates in 2015, while the number of white graduates decreased from 2 380 to 1 930 over the same period. The number of women who graduated increased on average by 3.0% and the number of men by 2.2%.

**Table 3-6 NQF Levels 6 and 7 (Accounting): Qualifications awarded by public higher education institutions**

Qualification	2010 N	2011 N	2012 N	2013 N	2014 N	2015 N	AAG* %
National Diplomas	2 779	3 102	3 268	3 271	3 046	3 116	2.3
1st Degrees(3 yrs)	5 983	6 198	6 198	6 366	6 329	7 081	3.4
1st Degrees(4 yrs)	1 332	1 049	979	1 078	1 364	1 326	-0.1
<b>Total</b>	<b>10 094</b>	<b>10 349</b>	<b>10 445</b>	<b>10 715</b>	<b>10 739</b>	<b>11 523</b>	<b>2.7</b>

\*Average annual growth.

Source: Department of Higher Education and Training, HEMIS, 2017.

Only students, who leave the university after completing NQF Levels 6 or 7 qualifications, contribute to the supply of skills on these levels to the labour market. Therefore, the number of people who remain at university to continue with honours degrees should be subtracted from these figures. Table 3-7 shows a rough calculation of the number of graduates who entered the labour market at NQF Levels 6 and 7 from 2010 to 2015. These numbers were calculated by subtracting from the number of three-year first degrees awarded, the number of honours degrees awarded in the same year. The entrants to the labour market on NQF levels 6 and 7, increased by 0.5% per year from 7 701 in 2010 to 7 913 in 2015.

**Table 3-7 NQF Levels 6 and 7 (Accounting): Number of entrants to the labour market**

Qualification	2010 N	2011 N	2012 N	2013 N	2014 N	2015 N	AAG %
National Diplomas	2 779	3 102	3 268	3 271	3 046	3 116	2.3
1st Degrees(3 yrs)	3 590	3 702	3 693	3 571	3 057	3 470	-0.7
1st Degrees(4 yrs)	1 332	1 049	979	1 078	1 364	1 326	-0.1
<b>Total</b>	<b>7 701</b>	<b>7 853</b>	<b>7 940</b>	<b>7 920</b>	<b>7 467</b>	<b>7 913</b>	<b>0.5</b>

Source: Calculated from Department of Higher Education and Training, HEMIS 2017.

## **ii. Other business and commerce qualifications**

The combined field “Other Business and Commerce” includes qualifications in the following CESM (Classification of Educational Subject Matter) categories: Business Administration, Management and Operations; Business/Corporate Communications; Entrepreneurial and Small Business Operations; Finance and Financial Management Services; Human Resource Management Services; International Business; Management Sciences and Quantitative Methods; Marketing; Real Estate and Insurance.

The total number of qualifications awarded by public higher education institutions in the field Other Business and Commerce on NQF levels 6 and 7 increased on average by 4.8% from 2010 to 2015 (Table 3-8). National diplomas awarded showed the highest increase over the five-year period (5.5%). The number of African Black students who qualified grew on average by 7.7% per year from 9 866 graduates in 2010 to 14 324 graduates in 2015, while the number of white graduates decreased by 2.7% over the same period. Women graduates increased on average by 4.9% per year from 2010 to 2015 and men by 4.6%.



**Table 3-8 NQF Levels 6 and 7 (Other Business and Commerce): Qualifications awarded by public higher education institutions**

Qualification	2010 N	2011 N	2012 N	2013 N	2014 N	2015 N	AAG %
National Diplomas	6 371	7 785	7 969	8 126	8 083	8 346	5.5
1st degrees(3 yrs)	5 880	6 150	6 353	7 493	7 407	7 475	4.9
1st degrees(4 yrs)	3 595	3 905	4 252	4 445	4 332	4 166	3.0
<b>Total</b>	<b>15 847</b>	<b>17 840</b>	<b>18 574</b>	<b>20 064</b>	<b>19 822</b>	<b>19 987</b>	<b>4.8</b>

Source: Department of Higher Education and Training, HEMIS 2017.

**b) NQF level 8****i. Accounting**

In the financial sector, two types of qualifications are relevant at NQF Level 8: postgraduate diplomas and honours degrees (universities).

The output in accounting at NQF Level 8 (Table 3-9) shows that the total number of graduates grew at an annual rate of 5.9% from 3 440 in 2010 to 4 584 in 2015. This is largely due to an increase in the number of honours degrees awarded. The number of African Black students who qualified grew on average by 13.7% per year but the number of white graduates decreased by 1.2% over the same period. The number of women who graduated increased on average by 7.3% per year and the number of men by 4.4%. Female graduates' share in these qualifications increased from 51% in 2010 to 55% in 2015.

**Table 3-9 NQF Level 8 (Accounting): Qualifications awarded by public higher education institutions**

Qualification	2010 N	2011 N	2012 N	2013 N	2014 N	2015 N	AAG %
Postgraduate diplomas	1 047	941	1 068	1 014	853	974	-1.4
Honours degrees	2 393	2 496	2 505	2 795	3 272	3 610	8.6
<b>Total</b>	<b>3 440</b>	<b>3 437</b>	<b>3 573</b>	<b>3 809</b>	<b>4 125</b>	<b>4 584</b>	<b>5.9</b>

Source: Department of Higher Education and Training, HEMIS 2017.

**ii. Other business and commerce qualifications**

Table 3-10 shows the number of qualifications awarded at NQF Level 8 in the field Other Business and Commerce. In total, the output increased from 3 473 qualifications awarded in 2010 to 5 001 qualifications in 2015 – growing at 7.6% per year. The number of honours degrees awarded annually increase by 7.7% over the five-year period. Most of these qualifications were awarded in the study fields of Management and Personnel Management and Administration. Growth in the number of graduates from all population groups was recorded: African Black graduates showed the highest growth (17.6% per year), while white graduates decreased by 1.8% per year. The number of women who graduated increased by 8.1% per year and men by 6.9%.

**Table 3-10 NQF Level 8 (Other Business and Commerce): Qualifications awarded by public higher education institutions**

Qualification	2010 N	2011 N	2012 N	2013 N	2014 N	2015 N	AAG %
Postgraduate diplomas	1 463	1 502	1 923	1 593	1 995	2 095	7.4
Honours degrees	2 010	2 106	1 981	3 068	3 159	2 906	7.7
<b>Total</b>	<b>3 473</b>	<b>3 608</b>	<b>3 904</b>	<b>4 661</b>	<b>5 154</b>	<b>5001</b>	<b>7.6</b>

Source: Department of Higher Education and Training, HEMIS 2017.



### c) NQF levels 9 and 10

The number of master's degrees awarded from 2010 to 2015 in accounting increased by 12.3%, while in other business and commerce fields only by 5.6% (Table 3-11).

Doctoral degrees in the other business and commerce fields increased from 63 in 2010 to 173 in 2015 at an average rate of 22.4% per year and in accounting by 11.4% per year.

**Table 3-11 NQF Levels 9 and 10 (Accounting and Other Business and Commerce) awarded by public higher education institutions**

Qualification	2010 N	2011 N	2012 N	2013 N	2014 N	2015 N	AAG %
Master's degree: Accounting	123	147	189	199	207	220	12.3
Master's degree: Other business & commerce	1 648	1 925	1982	1 919	1 990	2 167	5.6
Doctorate: Accounting	7	5	6	6	9	12	
Doctorate: Other business & commerce	63	82	102	102	119	173	

Source: Department of Higher Education and Training, HEMIS 2017.

### d) Evaluation

The figures presented in the preceding sections show some interesting changes over the period 2010 to 2015. While accounting qualifications at NQF levels 6 and 7 showed an average annual increase of 2.7%, output at NQF level 8 increased by 5.9%. The figures also clearly show that a larger percentage of students stay in the education system after completion of their first degrees in accounting to complete the honours degree. This means that more students reach the educational levels required for professions such as Chartered Accountants. The figures also reflect the large degree of transformation that has been taking place in this field. While the number of white graduates has decreased, the number of African Black graduates has increased on average by 7.7% per year at NQF levels 6 and 7 and 13.7% per year at NQF level 8.

Despite the positive growth figures observed in the field of accounting, the relatively small number of maths passes at National Senior Certificate (NSC) level remains a constraining factor. Besides maths, there are also other factors that impede growth in the skills pipeline: socio-economic constraints prevent larger numbers of aspiring accountants from studying full-time for four to six years via the traditional academic routes, while disadvantaged students who attempt distance learning programmes and international examinations, rarely succeed. Graduate output from universities is also hampered by institutional resource constraints: a shortage of academics in the accounting and finance fields in South Africa and a lack of training capacity at some historically black universities.

Apart from quantitative deficiencies in the skills pipeline, certain qualitative deficiencies also exist. For example, some professional bodies are of the opinion that accounting graduates from universities of technology often present inferior accounting skills (Fasset, 2013). Generally, universities and higher education institutions train financial professionals for the private sector and don't focus on the needs of the public sector.

Stakeholders in the sector are also of the opinion that tertiary institutions tend to focus on the knowledge component and technical matters, and not sufficiently on the development of practical skills. According to them it is not unusual that graduates with high-level accounting qualifications are unable to do basic accounting operations and do not know how to process financial transactions in an actual work environment. Many of the academic courses contain

little or no soft skills development or workplace-readiness training. As a result there is a disparity between the academic training offered by universities and the skills needed in the workplace and a constant need for workplace-readiness and bridging skills training (Fasset, 2013).

### 3.2.4 EDUCATION AND TRAINING IN THE WORKPLACE

#### a) *Learnerships*

Employers play a crucial role in the formation of entry-level skills in the sector. Most of the professional body qualifications are attained through learnerships, and most of those that are not currently linked to learnerships require a certain amount of workplace experience. Employers' roles are to provide the workplace exposure and mentorship needed by learners and interns.

By June 2015 a total of 32 learnerships from NQF level 3 to NQF level 7 had been registered by Fasset with the DHET. Table 3-12 summarises the number of people who had completed learnerships in Fasset's sector from 2010 to 2016. The total number of learnerships completed since 2000 is almost 45 000. The majority (90%) of these learnerships led to the qualification Chartered Accountant: Auditing.

A critical element in the successful implementation of learnerships is employers' readiness to take on learners. This, in turn, is a function of various factors, including: employers' knowledge of learnerships in general and of the availability of specific learnerships; their knowledge of and perspectives on the possible benefits associated with learnerships; their perceptions of the administrative processes involved in learnerships; and their perceptions of the inputs that they, as workplace training providers, would have to contribute. In certain components of the sector (notably in the accounting and auditing firms) learnerships have become institutionalised and employers don't only participate actively in the development of learners registered with them, but they also rely on the services of those learners. In these parts of the sector a shortage of learners constitutes a serious occupational shortage. This is, however, not the case in all parts of the sector. In service areas where learnerships are new – for example, in the financial markets subsector – much work is still required to engage employers in learnerships.

**Table 3-12 Learnerships completed 2000- 2016\***

Learnership	2000-2010	2011	2012	2013	2014	2015	2016	Unknown	Total
Advanced Certificate: Forensic Practitioner					5				5
Certificate for Registered Accounting Clerk	13								13
Certificate for Registered Bookkeeper	23								23
Certificate: Local Government Accounting	248						41		289
Certificate: Office Administration					14	10	6		30
Certificate: Public Sector Accounting	210	9							219
Chartered Accountant: Auditing	22 773	3 444	2 514	5 044	3 424	1 151	1 760		40 110

Learnernship	2000-2010	2011	2012	2013	2014	2015	2016	Un-known	Total
Chartered Accountant: Financial Management Specialism	462								462
Diploma: Accounting Technician	2								2
Diploma: Public Sector Accounting	19								19
FET Certificate: Administration Management					39				39
FET Certificate: Debt Recovery	70	46	150	9	202	214			691
FET Certificate: Wealth Management						4			4
FETC: Business Administration Services NQF4	6			2	9	6			23
Further Education and Training Certificate: Banking						9	9		18
Further Education and Training Certificate: Generic Management					36		1		37
General Education and Training Certificate: Hygiene and Cleaning					18	2	1		21
General Internal Auditor				3	20		10		33
GUI-Based Applications For End-User Computing					8	13			21
Information Technology Technical Support					2	2		1	5
Internal Audit Technician		1			12	26			39
IT: Systems Support					2	2			4
MCSE: National Certificate: IT Database Administration						2			2
National Certificate in Contact Centre Support	3	2			78	1	16	214	314
National Certificate in Generic Business Administration			1		1				2
National Certificate: Advanced Certificate IT Database Development						1			1
National Certificate: Banking							14		14
National Certificate: Business Accounting	25	11	10	5	3	37	14		105
National Certificate: Business Administration Services		6		104	139		29		278
National Certificate: Core Banking and Financial Services		7	5		48				60
National Certificate: Financial Markets and Instruments			5	7	2	9	3		26
National Certificate: Junior Bookkeeper	3	2	1	1	2	28			37
National Certificate: Management					2				2
National Certificate: Professional Cookery							17		17
National Certificate: Small Business Financial Management	14	3	3	6		13			39

Learnership	2000-2010	2011	2012	2013	2014	2015	2016	Un-known	Total
National Diploma: HR Management & Practices						8			8
National Diploma: Management Accounting	8	2	6			1	5		22
National Diploma: Technical Financial Accounting	7	1	1	2					11
Post Graduate Diploma: Professional Accountant in Practice	6		3	171	158	16	16	1 210	1580
Post Graduate Professional Qualification: Professional Accountant in Business	20	22	38	14	23		1		118
Professional Qualification: Chartered Management Accountant	4			1	1	1	1		8
Senior Bookkeeper		1			1		1		3
Systems Support Engineer					3				3
<b>Grand Total</b>	<b>23 916</b>	<b>3 557</b>	<b>2 737</b>	<b>5 369</b>	<b>4 252</b>	<b>1 556</b>	<b>1 945</b>	<b>1 425</b>	<b>44 757</b>

\*Figures include only learners registered in Fasset's sector. It should, however, be noted that some of the learnerships registered with Fasset are specifically designed for the development of skills in Government and in commerce and industry. These learners will be registered mainly in other sectors.

Source: Fasset data system, 2017.

### **b) Work-Integrated Learning**

The concept “work integrated learning” (WIL) refers to the workplace experience components of certain qualifications, for example the National Diplomas conferred by the TVET colleges, the qualifications offered by the universities of technology and the new Quality Council for Trades and Occupations (QCTO) qualifications. It may also refer to the work experience required for professional registration, for example the candidacy programmes in the engineering field. In these cases the work experience is structured according to specific requirements. In cases where the WIL leads to formal PIVOTAL qualifications, the training qualifies for grants from the SETAs and for points on the B-BBEE scorecards.

In the Fasset sector there are learning programmes offered by employers that are similar to the formal WIL programmes, but they are not linked to specific qualifications. They are generally known as graduate development programmes. These programmes do not qualify for financial support through the levy-grant system and they don't count in terms of the B-BBEE codes. For employers it is important to substitute these programmes for learnerships. The incentives associated with learnerships will motivate employers to take on more unemployed learners and to train beyond their own needs. This, in turn, could support the transformation of the sector.

### **c) Short courses**

The professionals employed in the Financial and Accounting Services Sector are obliged to undergo CPD in order to retain their professional body membership. CPD therefore constitutes an important part of skills formation in the sector. Most of the professional bodies are actively involved in the provision of CPD and/or in the accreditation of providers who offer CPD.

Apart from the compulsory CPD, organisations in the sector also provide in-service training to their employees. The Annual Training Reports (ATRs) submitted to Fasset each year indicates

that approximately half of the employees receive some kind of training. This training addresses various aspects of the broad skills areas relevant to the sector, such as specialist financial skills, client service skills, management and leadership skills, information technology skills, and administration and support skills.

It is important to note that some of the large accounting and auditing firms in the sector have established training academies through which they provide structured training to their own employees and the learners placed on learnerships in their organisations. Some of them also make the training available to small firms and their clients. Similarly, SARS, the largest employer in the sector has its own training academy.

### 3.2.5 SUPPLY PROBLEMS EXPERIENCED IN THE SECTOR

The supply problems experienced in the sector can be summarised as:

- a quantitative deficiency – too few learners qualifying in the fields of study relevant to the sector and completing the professional learnerships in the sector and
- a qualitative deficiency – the learners who qualify do not have the level of proficiency and professional rounding required in the workplace.

The causes of these deficiencies are multiple, complex and rooted all along the skills formation pipeline. They are summarised as the key challenges in skills formation in Table 3-13 below:

**Table 3-13 Key challenges in skills formation in Fasset's sector**

KEY POINT IN PIPELINE		KEY CHALLENGES
FET LEVEL	School	Maths passes
		Career Guidance
	TVET Colleges	Content of N Courses
		Lecturer capacity
		Infrastructure
		Work placements (N Diploma)
	Professional body qualifications	Qualifications in demand outside Fasset's sector
		Work experience needed for completion of qualifications
HET Level	Students – First degrees and diplomas	Need for financial assistance
		Low throughput rates
		Inadequate number of academic staff
	Students – Post graduate degrees	Need for financial assistance
		Low pass rate on CTA
		Inadequate number of academic staff
	Professional body qualifications	Insufficient number of learners progress to professional status
		Slower transformation at this level
		Drop-out from learnerships before completion
Workplace	Job seekers	Work readiness and ability to find employment
	Ownership of firms	Slow transformation
	Employees	Scarcities remain in certain occupations

KEY POINT IN PIPELINE		KEY CHALLENGES
		Transformation of sector profile
		Career development - challenging for small firms
		Need for high-level specialisation remains

Some of the key challenges need further explanation. In the Fasset Sector Survey the training institutions were given an opportunity to identify their most pressing challenges.

#### **a) Lecturing capacity**

The quality of lecturing staff is a challenge for both universities and TVET institutions that participated in the Fasset Sector Survey (Fasset, 2017). For some universities challenges revolve around the ability to attract and retain suitably qualified expertise - particularly Chartered Accountants. This is mainly because of the HEIs inability to compete in terms of remuneration packages and career opportunities in a labour market where there is a scarcity of accountants generally. In many instances the HE and TVET institutions battle with the quality of lecturing staff in terms of their depth of experience and ability to integrate theory and practice. Some institutions indicated that a significant proportion of their lecturing staff has never worked elsewhere and this tends to limit their ability to integrate theory and practice. The quality of lecturing staff is also affected by lack of relevant soft-skills training (for example presentation skills) as well as research skills prior to their appointment in lecturing positions. These skills deficiencies have a direct effect on their lecturing abilities.

#### **b) Infrastructure**

Many of the public HEIs and TVET colleges also suffer from lack of teaching facilities as infrastructural development has not kept up with the increase in student numbers.

#### **c) Financial resources**

Generally the public institutions are under great pressure to cope with an ever-increasing demand for post school education. This situation is exacerbated by the drive for the lowering or abolishment of fees.

### **3.3 PIVOTAL LIST**

#### **3.3.1 METHODS USED TO DEVELOP PIVOTAL LIST**

Fasset's PIVOTAL list is based on the list of occupations that are hard to fill (scarce skills list) described earlier in this chapter. The occupational groups identified as in short supply form the basis of the list. The training interventions that are best suited to provide the skills required in those occupations are added to the list. The training interventions consist of the educational qualifications that are generally required in the sector and for the specific occupations as well as the learnerships used in the sector. Information from the projects for which educational institutions and professional bodies apply for funding is also considered in the development of the PIVOTAL list. The numerical values in the list are based on the number of people that employers report that they need.

### **3.4 CONCLUSIONS**

The analysis presented in this chapter and in previous chapters clearly indicates that the supply of financial skills does not meet the demand for these skills in the Fasset sector and in the rest of the economy. The occupational shortages are persistent – as the fact that the same

occupations are identified by employers year after year illustrates. The biggest shortage is for accountants and auditors. These occupations use skills from the skills pipeline that runs from school level (NSC with maths) through higher education qualifications in accounting to professional body membership. The second area in which shortages are experienced is in ICT, the third is management consulting and the fourth is financial markets professionals. Occupational shortages are to a large extent interlinked with the transformation goals of the organisations in the sector and will only be relieved through larger numbers of African Black graduates delivered by the education and training sector.

At this stage there is little statistical information available on the role of emigration in the creation of skills shortages. The employment of foreign nationals, especially in professional positions, to some extent helps to relieve skills shortages.

The reasons for the current mismatches in the sectoral labour market can be found at different points in the skills pipeline.

In the task of ensuring a steady flow of new entrants to the labour market, Fasset has to retain a long-term view. Most of the supply-side constraints are deeply rooted in the system and they cannot be addressed by short-term and haphazard interventions. Most of the new entrants who reach professional status with Fasset funding depend on this funding for multiple years. If funding or support is withdrawn learners are likely to drop out of the pipeline.

In the Fasset sector most professionals need more than a tertiary qualification. They also need to belong to professional bodies and comply with the entry requirements of the professional bodies. That means that learners should progress through the total pipeline until they reach professional status. Professional bodies normally require work experience before new members can obtain full membership and professional designations. In most instances the work experience component of the learning pathways that lead to professional status are registered as learnerships. Enrolments on and completions of learnerships is therefore an important issue that Fasset needs to monitor and promote. Fasset also needs to support learners up to the point where they reach professional status.

Well-rounded professionals don't only need the technical skills that are gained through formal education and training, they also need soft skills and the ability to conduct themselves in a sophisticated business environment. In the Fasset Sector Survey (2017) employers identified the lack of these skills sets and personal rounding as one of the issues that they are battling with.

A limited supply of fully qualified African Black professionals (i.e. people who have completed the whole educational pathway up to professional body membership) and a high demand for African Black financial professionals in all other sectors of the economy mean that Fasset needs to continue supporting the transformation process. At the same time it needs to support endeavours to retain African Black professionals in the Fasset sector itself.

## 4 SECTOR PARTNERSHIPS

### 4.1 INTRODUCTION

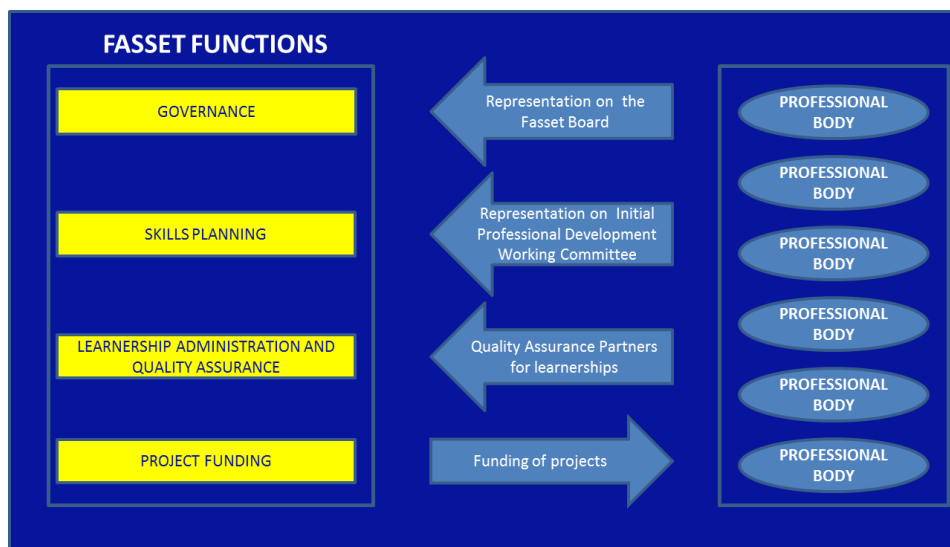
For the purposes of this chapter, a partnership is defined as an arrangement where two or more parties agree to cooperate to advance their mutual interests. In a partnership the overarching goals, the contributions of each partner, areas of responsibility, lines of authority and succession, methods for the evaluation of success and a variety of other factors are agreed upon. Agreements may be formalised in contracts or memoranda of understanding, or they can develop on a more informal basis over time.

Since its inception Fasset has developed numerous relationships that can be called “partnerships”. Most of the projects that are implemented in the Fasset sector involve the SETA, professional bodies, education and training providers, and employers. Because most of the skills shortages experienced in the sector are for qualified professionals, Fasset has to focus on interventions on NQF levels 6 and above. Fasset has only engaged with TVET colleges in the last two to three years.

### 4.2 EXISTING PARTNERSHIPS

#### 4.2.1 PARTNERSHIPS WITH PROFESSIONAL BODIES

As indicated in Chapter 1 of this SSP, professional bodies play a crucial role in the Fasset sector and over time Fasset has developed a partnership model that proved to be working very well. The key elements of this model are depicted in Figure 4-1.



**Figure 4-1 Fasset's partnership model with professional bodies**

First, the professional body sector has representation on the Fasset Board. Although not all professional bodies are represented on the Board, the sector as such has a say in the governance of the SETA as well as in the strategic direction and funding decisions. A larger number of professional bodies have representation on the Initial Professional Development Working Committee - a committee established to deal specifically with issues regarding the development of professional financial skills.



The professional bodies in the sector are well placed to intervene in the skills development pipeline and several of them have initiated projects to stimulate the supply of and transformation of professional financial skills to the Fasset sector and to the broader South African economy. A well-known example is the Thuthuka project run by SAICA. Fasset has, over the last number of years opened a funding window for projects that are aimed at the development of professional skills that are in short supply. This funding is specifically available for professional bodies and higher education institutions. Several of the professional bodies have, in response to this initiative, developed programmes and projects that address deficiencies and blockages in the skills pipeline. Each of these projects is clearly defined and where appropriate, the professional bodies are expected to ensure that learners are placed in employment. Each of the projects also requires a period of tracking of the learners, once they have completed the learning programme. In this way Fasset can also monitor the success of the projects. Examples of projects include special training courses that are offered over weekends to prepare candidates for the final board exams that lead to full professional status (projects with SAIPA and SAICA) and a project to prepare students for the external integrated summative assessment (EISA) with SAIT.

It is important to Fasset to maintain a level playing field for all professional bodies in the sector. For this reason and to uphold Fasset's fiduciary responsibilities, all funding is allocated according to strict tendering procedures and all disbursements are made in accordance with the requirements of the Public Finance Management Act (PFMA).

#### 4.2.2 PARTNERSHIPS WITH EDUCATION INSTITUTIONS

The partnerships with education institutions are more or less similar to those with the professional bodies. Education institutions are also represented in the Initial Professional Development Working Committee and they also have access to the funding window that is available to professional bodies (Figure 4-2).

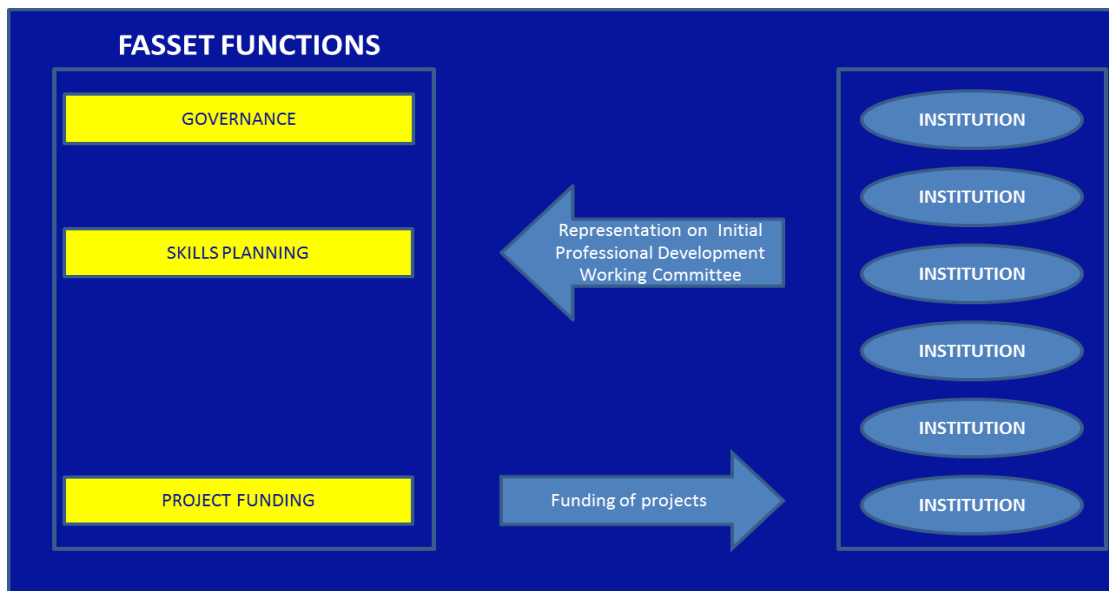


Figure 4-2 Fasset's partnership model with education institutions

It must be noted that many of the projects, are indeed three-way partnerships where professional bodies, education institutions and Fasset (as funding agent) work together on one project. In some instances there is also a private sector organisation involved in the selection and placement of learners on programmes.

The projects funded through professional bodies and higher education institutions fall into three categories:

- Bridging projects that lead to academic or professional body qualifications and designations
- Bridging projects for access to employment
- Comprehensive bursary scheme

*Bridging projects that lead to academic or professional body qualifications and designations*

The main aim of these projects is to improve the pass rates on programmes that lead to formal qualifications or professional designations. Subsequent to the completion of the programmes graduates are placed onto internships, learnerships or into full-time employment. At some institutions tuition fees, examination support courses, transport allowances and soft skills interventions are funded. In others the support is limited to academic fees. In the 2017/18 financial year eight universities and universities of technology were involved in these programmes. They include Walter Sisulu University, the University of Pretoria, the University of Cape Town, Fort Hare, Nelson Mandela Metropolitan University, UNISA and the University of the Free State.

Some of the current projects provide funding for higher education institutions and professional bodies to assist learners to pass the regulatory board exams that provide access to full professional status. The University of Pretoria is for example funded to prepare students for the EISA for the Occupational Certificate: Tax Professional.

*Bridging projects for access to employment*

These projects focus on upskilling unemployed learners in both the social and technical skills required to make them ready for the world of work. It has been determined that employers are reluctant to employ new graduates, especially on learnerships, due to their lack of experience in working environments. These projects seek to bridge the gap by funding and investing in these learners and by making them work-ready. Tuition fees, examination support courses and soft skills interventions are funded.

*Comprehensive bursary scheme*

A comprehensive bursary scheme has been introduced to provide end-to-end support to the “missing middle” – the category of learners who are currently above the salary threshold/means test applied by NSFAS but are unfortunately not eligible to qualify for bank loans to fund tertiary studies. The bursary should provide comprehensive funding for tuition, accommodation, academic support courses, living allowance and coaching/mentorship, all of which is designed to support the learner fully and provides an enabling environment for the learner to successfully complete their studies. The bursary scheme is open to 2nd, 3rd year and post-graduate students at Universities and Universities of Technology who are pursuing studies linked to Fasset’s scarce skills.

The partnership models used for professional bodies and higher education institutions proved to be successful from several perspectives:

- The fact that the bodies and institutions are represented in Fasset's governance structures ensures continuous dialogue between the SETA and these stakeholders and it enables Fasset to stay in touch with changes and developments in its sector and in the education and training sector.
- The fact that project funding is allocated through a strict tender process ensures that all institutions and professional bodies have a fair chance to obtain funding for training in their particular fields, that projects are directed towards the scarce skills identified in Fasset's SSPs and that the projects with the best potential to bear results are selected. It also enables Fasset to allocate and manage its funding strictly according to the requirements of the PFMA.
- When funding is allocated to institutions, Fasset staff remains involved and stay in close contact with the recipient institutions. In the case of some of the historically disadvantaged universities, this involvement has led to the development of project management capabilities within the institutions. This in turn places the institutions in a better position to apply for funding in future.
- The funding to rural universities such as Walter Sisulu is assisting the university in building local capacity. These institutions battle to find and retain staff who are willing to stay and work in the rural areas. Through the recruitment and training of students from the area they slowly start to build local capacity.

The partnership models used for professional bodies and higher education institutions pose several challenges:

- One of the main challenges with professional bodies and universities is the lack of matriculants with good mathematics and English skills, thereby blocking their entrance to university.
- The disruptions caused by the student protests towards the end of 2016 had a negative effect on the projects and on the completion of programmes.
- The fact that Fasset is bound by a yearly funding cycle and that funding can only be allocated for one year and through a tender process, is a major restricting factor. Most of the learning programmes are multi-year programmes and many of the students who are funded run the risk of falling out of the programmes if funding is discontinued.
- The dire socio-economic circumstances of students often lead to them using their stipends or meal allowances for other purposes, for example to support their extended families. This in turn has a negative effect on their academic performance.
- For professional bodies the main challenge is the access of learners to funding for education and fees to further their professional development.
- Challenges experienced in terms of individual projects are identified through Fasset's project management system and are dealt with timeously.

---

#### 4.2.3 PARTNERSHIPS WITH TVET COLLEGES

As stated earlier in this SSP, historically the public TVET college sector has not been a major contributor of skills to the Fasset sector and Fasset has not been involved with TVET colleges. However, in reaction to the White Paper on Post School Education and Training and the Department of Higher Education and Training's requirement that SETAs should get involved with the TVET college sector, Fasset started to engage with TVET colleges on a pilot basis.

At first Fasset took a multi-pronged approach and partnered with a variety of parties and intervened at different levels: at the institutional level as well as at the student level. The pilot process clearly proved that the most effective intervention was the placement of N6 learners with employers for the 18-month workplace learning necessary for the completion of the National Diploma. At this stage Fasset continues with this intervention only. In this partnership with the TVET colleges and employers, learners are selected through a formal selection process which includes psychometric testing and interviews conducted by the employers before they are placed. A logbook that was designed by Fasset is used by learners to record their work experience. Fasset pays the learner stipends and travel allowances for the duration of their placement and tracks their progress through the work placement period. This project has so far proved to be highly successful. Of the first group of learners who had been traced after completion of their 18-month workplace learning 58% were employed by the employers where their work-based training was completed and another 11% had found employment on their own.

Another indication of success of this programme is the fact that some of the employers have built up good relationships with the TVET colleges and are now continuing with the programme outside the Fasset intervention.

The project is not without challenges though. In the beginning employers struggled to align their programmes with Fasset's processes and timelines, and to provide personnel to mentor and oversee the learners. Making resources available to accommodate the learners, establishing relationships with TVET colleges in order to select suitable candidates for the programme and establishing a robust recruitment and selection framework was also challenging.

Other challenges reported by employers during the work placement period include

- Negative attitudes of some of the students towards work
- Managing students' expectations
- Students struggling to adjust in the corporate environment
- Insufficient communication of requirements of the placement to supervisors and communication problems between employees and the students
- Gauging the technical knowledge and skills of students throughout the work experience period
- Overseeing students sufficiently so that they can gain optimal work experience.

---

#### 4.2.4 PARTNERSHIPS WITH EMPLOYERS

Fasset has for some time been implementing employer grant schemes aimed at incentivising employers to open up their workplaces for training. The grant schemes also aimed to nurture a workplace culture of skills development whilst increasing the participation of African Black learners and Coloured learners in specific provinces in the sector. Without employers as implementation agents for grants, learners would not have access to on-the-job training to access learnership and internship opportunities. Learners graduating from Fasset funded bridging programmes as well as TVET learners are placed with employers to obtain on-the-job training and professional qualifications.

A current employer partnership that is worth mentioning is with the National Treasury. The National Treasury is currently putting students through a three-year internship programme to teach them the application of accounting standards in the public sector.

#### 4.2.5 PARTNERSHIPS WITH NSFAS

In addition to partnering with employers in the provision of bursaries via the grant scheme and the repayment of learner NSFAS loans through the National Student Financial Aid Scheme Loan Repayment Grant (NLRG), Fasset offers bursaries through the NSFAS bursary scheme. Through the NSFAS bursary scheme learners are funded via NSFAS to complete their studies, i.e. via a direct contribution from Fasset to the NSFAS.

#### 4.3 FUTURE PARTNERSHIPS

Future partnerships in the sector will be shaped by the applications that Fasset will receive through its funding windows. As indicated earlier in this chapter, Fasset is obliged to keep the playing field equal for role players in the sector. Projects that the SETA engages in are determined by the tender applications received from role players in the sector. The tender specifications are adapted from time to time to give preference to the areas in which the sector experience skills shortages and where specific blockages in the skills pipeline are experienced.

#### 4.4 CONCLUSIONS

Fasset's long-standing partnerships with professional bodies and higher education institutions have become a crucial component of the SETA's interventions in the skills pipeline. Individual projects are monitored throughout and Fasset adapts its criteria for funding from time to time in order to give preference to the most successful intervention types. Placement in further education programmes and in employment remains a very important criterion for all these projects. The functions that professional bodies perform in terms of the promotion and administration of their own qualifications have enabled Fasset to sustain high levels of workplace-based education and training.

The TVET college project proved to be beneficial to the college learners as well as the employers in and outside Fasset's sector. The project is making a marked contribution to the improvement of throughput rates at the TVET colleges and, at the same time it is providing financial skills to the Fasset sector and to the rest of the economy. Employers are becoming more and more aware of the value of the qualifications offered by the TVET colleges.

## 5 SKILLS PRIORITY ACTIONS

This chapter outlines the broad skills development priorities that Fasset wants to address in this planning period. In the setting of skills development priorities, Fasset's Accounting Authority (Board) took into consideration the needs of the sector as they emerged from the analysis presented in the preceding five chapters as well as certain national imperatives and cross-cutting objectives emanating from Government's national strategies, policies. The skills needs of the broader economy are also considered as the Fasset sector acts as an incubator of finance and accounting skills.

This chapter outlines in the first instance the key findings from the previous four chapters that influenced the Board's decisions in terms of priority actions. The main priorities are then set out in more detail.

### 5.1 FINDINGS FROM PREVIOUS CHAPTERS

From the sector profile presented in Chapter 1 of this SSP it is clear that the Fasset sector, currently employs about 140 000 people, contributes approximately 1% of the employment opportunities in South Africa and about 6% of the jobs in the Finance, Real Estate and Business Services Sector. Approximately 80% of the workforce is employed in the medium and large organisations in the sector while the rest are employed in small organisations – mainly professional practices. Although the sector has made some progress in terms of transformation, the under-representation of African Black and Coloured workers in specific provinces, especially at professional and managerial level, remains an issue that needs to be taken into consideration in skills planning.

The Fasset sector is a highly regulated sector and changes in legislation and in the regulatory environment are affecting the skills situation in the sector. The most important changes are the implementation of the Companies Act, 71 of 2008 which introduces new responsibilities for a range of professionals, including accountants, auditors, company secretaries, risk managers and internal auditors. Other changes include the expanding regulatory and governance requirements that follow on the introduction of the King Codes, changes in the tax environment, changes in the regulation of the financial markets, changes in the registration requirements for auditors and the imminent regulation of the accountancy professions.

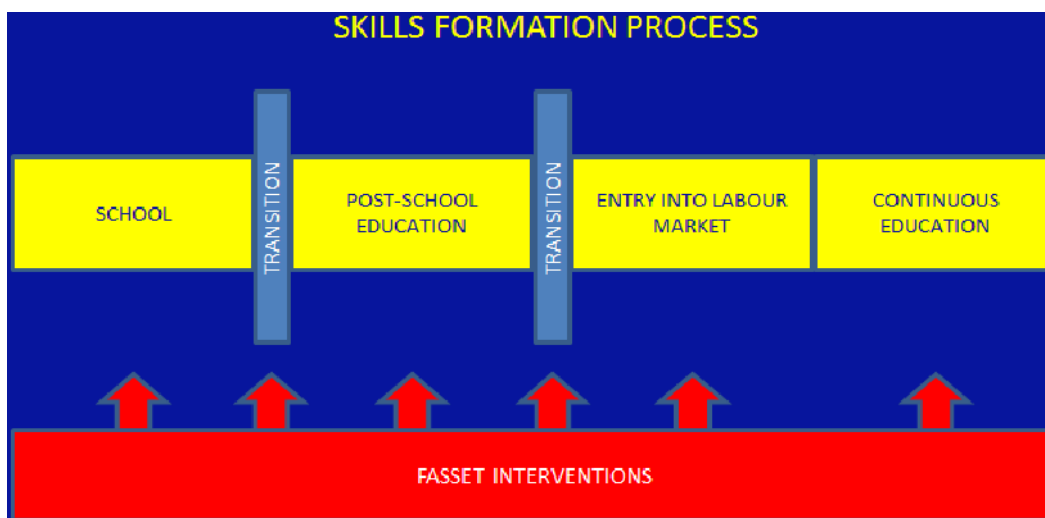
Fasset's planning is to a very large extent influenced by national policies and strategies, especially the NDP and the White Paper for Post-School Education and Training. Consideration was also given to the requirements of the SIPs.

The four most important skills issues that Fasset needs to contend with and that need to be addressed in its priority setting are:

- The need for a long-term and holistic view of the skills pipeline
- Ensuring that new entrants reach professional status
- Strengthening the capacity of the TVET colleges and improving the absorption of TVET learners in the labour market and
- Supporting the population group transformation of the sector.

The analysis presented in Chapter 3 of this SSP clearly indicates that the supply of financial skills does not meet the demand for these skills in the Fasset sector and in the rest of the economy. Skills shortages are to a large extent interlinked with the transformation goals of the organisations in the sector and will only be relieved through larger numbers of African

Black and Coloured graduates in specific provinces delivered by the education and training sector. The reasons for the current mismatches in the sectoral labour market can be found at different points in the skills pipeline and consequently, in the setting of skills development priorities, the Board took into consideration the skills formation process as it spans the life-times of individuals. This process is illustrated in Figure 5-1. As indicated in Chapter 3 of this SSP, skills formation already starts at school level. It then continues through post-school education to the point where a person enters the labour market for the first time. Two very important transitional moments in this process are the transition from school to post-school education and from post-school education to the labour market. Once established in the labour market, people need to continue with the development of skills in order to progress in their careers and in order to stay abreast with changes in the world of work. In the conceptualisation of skills development priorities and interventions for the SETA, Fasset attempts to address the full spectrum of the pipeline to varying extents.



**Figure 5-1 The education and skills formation pipeline and Fasset's interventions along the process**

Fasset shares the responsibility of skills formation with many other role players, including Government, the post-school education and training system, professional bodies and employers. In its strategic decision-making, Fasset's Board also had to consider the SETA's responsibilities and available resources in relation to the responsibilities and resources of other role players. Partnerships are entered into where possible and where required.

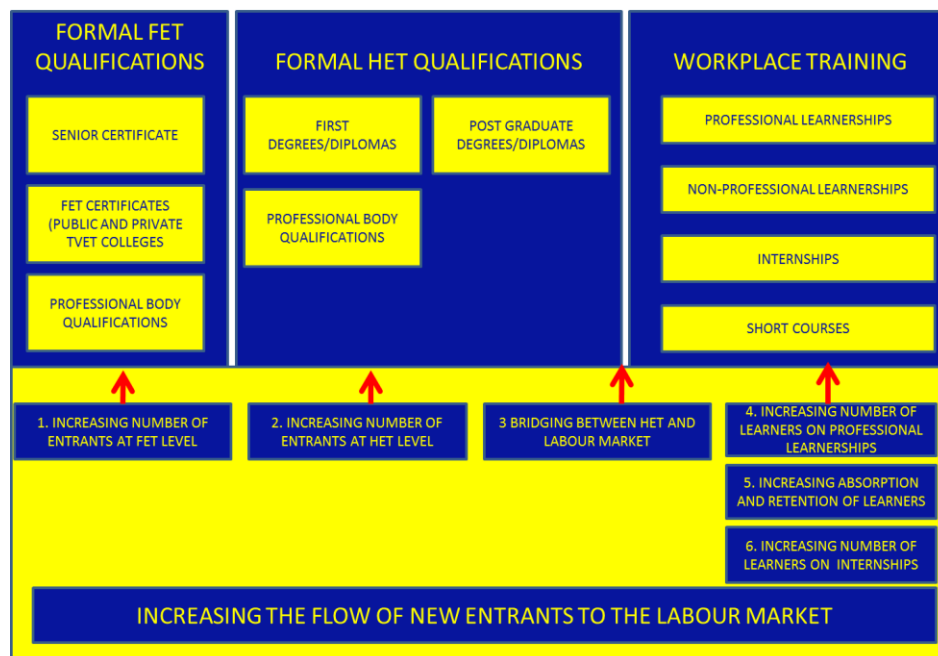
## 5.2 RECOMMENDED ACTIONS

After considering the analysis presented in the preceding chapters, the requirements of the Fasset sector as well as certain national imperatives and cross-cutting objectives emanating from Government's national strategies and policies and the skills needs of the broader economy, three skills development priorities were identified and are described below. These are 1) Increasing the flow of new finance and accountancy entrants to employment, 2) Developing and growing the skills required in the sector, and 3) Facilitating transformation of the Finance and Accounting Services Sector.

### 5.2.1 INCREASING THE FLOW OF NEW FINANCE AND ACCOUNTANCY ENTRANTS TO EMPLOYMENT

Fasset's first overarching priority is to ensure a steady increase in the flow of new finance and accountancy entrants to the sector and into the financial divisions in organisations in the rest of the economy. This increase should be large enough to provide for the systematic eradication of the skills shortages that are currently experienced, for the expected growth of the economy, and for the replacement demand that exists in the sector. New entrants should possess the professional and technical qualifications required by the sector and should increasingly reflect the racial composition of the South African population. This priority focuses on different places in the access routes into the sector, as described in Figure 3-1 of this SSP. The priorities also address the different components of the education and training pipeline into the sector – from FET level through to workplace training.

The specific priorities related to the overarching priority of increasing the flow of new finance and accountancy entrants to the labour market are listed in Table 5-1. The way in which they relate to the different components of the skills development pipeline are shown in Figure 5-2.



**Figure 5-2 Fasset's first priority in relation to the skills development pipeline**

Fasset's interventions start before FET level, with career guidance initiatives and continue through to full professional levels. Fasset addresses the skills needs in the sector, as well as the broader economy, via its role as a SETA.

**Table 5-1 Skills development priorities (aligned to NSDS objectives) to increase the flow of new entrants to the labour market**

#	Priority	Entry route	Level of skill
1	Increasing the flow of new finance and accounting entrants to employment	Entry route 1	Middle level skills
2	Increasing the number of entrants at HET level	Entry route 2	High level skill



#	Priority	Entry route	Level of skill
3	Increasing the number of entrants to employment	Entry route 3 and 4	High level skill
4	Developing work readiness of entrants at HET level	Entry route 2	High level skill
5	Increasing the number of learners who qualify on professional body learnerships	Entry route 3 and 4	High level skill
6	Increasing the retention, work readiness and employment absorption of learners on learnerships	Entry route 3 and 4	High level skill
7	Increasing the number of learners that enter employment through internships	Entry route 6	High level skill

### 5.2.2 DEVELOPING AND GROWING THE SKILLS REQUIRED IN THE SECTOR

Fasset's overall priority is to ensure that all employees in the sector have access to quality education and training. This education and training should be linked to the business objectives of employer organisations and, in medium-sized- and large organisations; it should support the employment equity plans of the organisations. The specific skills development priorities that will be addressed in the planning period covered by this SSP are listed in Table 5-2 below.

Public sector organisations will become more involved in skills development initiatives owing to a directive issued by the Department of Public Service and Administration (DPSA) ordering government departments to pay a percentage of the one per cent skills development levy to SETAs.

**Table 5-2 Skills development priorities to develop and maintain the skills base of the current workforce**

#	Priority	Level of skill
8	Increasing the number of employees in employment at FET and HET levels	Mid and high level skill
9	Ensuring that employees receive training (short courses and skills programmes)	Mid and high level skill
10	Supporting skills development in small organisations	Mid and high level skill

### 5.2.3 FACILITATING TRANSFORMATION OF THE FASSET SECTOR

African Black and Coloured people in specific provinces, as well as people with disabilities are under-represented at a professional, management and senior management level in the Fasset sector. Fasset, professional bodies associated with Fasset and educational institutions, have, for many years been engaged in initiatives to ensure that this skewed demographic is transformed.

Financial professionals form the core of employment in the sector and it is therefore imperative that young talented African Black and Coloured professionals in specific provinces and people with disabilities are attracted into the sector and complete relevant further and tertiary qualifications, as well as professional body learnerships in order to become full members of the professional bodies active in the sector.

As indicated above, the only population groups that are under-represented in Fasset's sector are African Black people and Coloured people in the Northern Cape and Western Cape. People with disabilities of all races, are also under-represented in this sector. For this reason, one of the fundamental goals of Fasset is to address the demographic imbalance of employment in the sector by directing funding into numerous initiatives for African Black people across the educational and career pipeline.

**Table 5-3 Skills development priorities to facilitate transformation in the Fasset sector**

#	Priority	Entry route	Level of skill
11	Increasing the number of African Black and Coloured entrants in specific provinces to the employment at FET level	Entry route 1	Mid-level skill
12	Increasing the number of African Black and Coloured entrants in specific provinces at HET level	Entry route 2	High level skill
13	Increasing the number of African Black and Coloured entrants in specific provinces into employment	Entry route 3 and 4	High level skill
14	Developing work readiness of entrants at HET level	Entry route 2	High level skill
15	Increasing the number of learners who qualify on professional body learnerships	Entry route 3 and 4	High level skill
16	Increasing the retention, work readiness and employment absorption of learners on learnerships	Entry route 3 and 4	Mid and high level skill
17	Increasing the number of learners that enter the employment through internships	Entry route 6	High level skill
18	Increasing the number of employees in the employment at a FET and HET levels	Entry route 3 and 4	Mid and high level skill
19	Ensuring that employees receive training (short courses and skills programmes)		Mid and high level skill
20	Supporting skills development in small organisations (Middle and high level skills)		Mid and high level skill

### 5.3 CONCLUSIONS

This chapter outlined, in broad terms, the skills development priorities for the Financial and Accounting Services Sector for the period covered by this SSP update. These priorities will guide Fasset's funding strategies and activities. The three broad areas covered by the skills development priorities are:

- Increasing the flow of new finance and accountancy entrants into employment via placement initiatives,
- Developing and growing the skills required in the sector via the funding and support of education in the sector, and
- Facilitating transformation of the finance and accountancy sector.

Specific priorities were set for each of these broad priority areas. Specific objectives and proposed targets to which Fasset can commit to are described in the Strategic Plan.

## REFERENCES

- Attolini, G and Thompson P. (2014) *The Evolution of an Accounting Practice: The Impact of Technology*. International Federation of Accountants (IFAC).
- Department of Basic Education. (2009) *Report on the National Senior Certificate examination results*.
- Department of Basic Education. (2010) *Report on the National Senior Certificate examination results*.
- Department of Basic Education. (2011) *Report on the National Senior Certificate examination results*.
- Department of Basic Education. (2012) *Report on the National Senior Certificate examination results*.
- Department of Basic Education. (2013) *Report on the National Senior Certificate examination results*.
- Department of Basic Education. (2014) *Report on the National Senior Certificate examination results*.
- Department of Basic Education. (2015) *Report on the National Senior Certificate examination results*.
- Department of Trade and Industry. (2010) *The Companies Act, 71 of 2008 – an explanatory guide*. [http://www.cipc.co.za/Publications\\_files/Companies\\_Act\\_Guide.pdf](http://www.cipc.co.za/Publications_files/Companies_Act_Guide.pdf) (Accessed 2 May 2012).
- Fasset, Fasset Impact Report for the Period 1 April 2000 to 31 March 2015. Internal Report to Fasset's Board, 2015.
- Fasset, (2017). Fasset Sector Survey (Draft report).
- Fasset. (2017). Trends in employment and Training in the Fasset Sector. (Draft report)
- Fasset, [http://www.fasset.org.za/Learnerships/Fasset\\_Learnerships.aspx](http://www.fasset.org.za/Learnerships/Fasset_Learnerships.aspx), Accessed 4 June 2015.
- Financial Regulatory Reform Steering Committee (2013) *Implementing a twin peaks model of financial regulation in South Africa*, National Treasury.
- Independent Board for Registered Auditors. (2013) *Memorandum on the phasing out of the Public Practice Examination (PPE) – 2014*, <http://irba.co.za/index.php/education-training-a-professional-development/362?task=view>. (Accessed 17 July 2013).
- Independent Research Services (2015) *FASSET TVET College Project A1: Qualification Analysis and Employer Survey*. Unpublished report to Fasset.
- Institute of Directors of South Africa. (n.d.) *King IV Progress to date*, <http://www.iodsa.co.za/?page=AboutKingIV> (Accessed 15 May 2015).
- National Treasury. (2016) *Budget Review*.
- SAICA. (2015) *Membership statistics*. <https://www.saica.co.za/Members/AboutMembers/MembershipStatistics>. (Accessed 25 July 2015).

South African Revenue Service. (n.d.) *Controlling Bodies for Tax Practitioners*.

<http://www.sars.gov.za/ClientSegments/Tax-Practitioners/Pages/Controlling-Bodies-for-Tax-Practitioners.aspx> (Accessed 15 May 2015).

Statistics South Africa. (2016) *Gross Domestic Product – Fourth Quarter 2015*. Statistical Release PO441.

World Bank. (2013) *South Africa Review on the Observance of Standards and Codes – Accounting and Auditing*.