



DEPARTMENT OF LABOUR



**Labour Market Skills Development Programme
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Final Draft

Sector Skills Plan

Guide



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LMSDP -Information Systems for Strategic Planning

Consortium: GOPA/FAS/GTZ

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Foreword

By: MMS Mdladlana
Minister of Labour

Introduction

Sector Education and Training Authorities (SETAs) are an integral part of the Skills Development Act and the Skills Development Levies Act. In accordance with the Section 10 (1) (a) of the Act each SETA must develop a Sector Skills Plan.

The implementation of the Skills Development Act is supported by the Labour Market Skills Development Programme (LMSDP) which is a programme funded by the Department of Labour and the European Commission (EC).

The overall objective of the Labour Market Skills Development Programme is *to improve the standard of living and reduce poverty through increased employment and the establishment of small and micro enterprises.*

The purpose of the programme is *to expand the knowledge and competencies of the labour force resulting in improvements in employability and productivity through the establishment of new approaches to planning for education and training, learning programmes, incentives and an improved employment service.*

The Labour Market Skills Development Programme (LMSDP), managed by the Department of Labour (DoL), represents an effort to address many of the current labour market information, skills development, institution building as well as funding needs in a single programme.

The LMSDP will assist the SETAs in the preparation of Sector Skills Plans. This Guide to Sector Skills Planning is part of the process of technical assistance to SETAs. The LMSDP will also provide a team of short-term, local, consultants to assist SETAs in the development of their Sector Skills Plans.

Background

The Skills Development Act of South Africa (Act 97 of 1998) was enacted in 1998.

The purposes of the Act as stated in Chapter 1, 2(1) are:

1. “To develop the skills of the South African workforce:
 - To improve the quality of life of workers, their prospects of work and labour mobility;
 - To improve productivity in the workplace and the competitiveness of employers;
 - To promote self-employment; and
 - To improve the delivery of social services.
2. To increase the levels of investment in education and training in the labour market and to improve the return on that investment.
3. To encourage employers:
 - To use the workplace as an active learning environment;
 - To provide employees with the opportunities to acquire new skills;
 - To provide opportunities for new entrants to the labour market to gain work experience; and
 - To employ persons who find it difficult to be employed.
4. To encourage workers to participate in learnerships and other training programmes.
5. To improve the employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and education.

6. To ensure the quality of education and training in and for the workplace.
7. To assist
 - work-seekers to find work;
 - retrenched workers to re-enter the labour market;
 - employers to find qualified employees; and
8. To provide and regulate employment services.”

The establishment of SETAs

Chapter 3 of the Skills Development Act provides for the establishment of SETAs and their functions. In preparation for the commencement of the levy-grant scheme, SETAs came into effect on 20 March 2000.

Legal Provision for Sector Skills Plans

The Skills Development Act states in Section 10 (1) states that each SETA must “develop a sector skills plan within the framework of the national skills development strategy”.

It further states that it must implement its sector skills plan by:

- i. “establishing learnerships;
- ii. approving workplace skills plans;
- iii. allocating grants in the prescribed manner to employers, education and training providers and workers; and
- iv. monitoring education and training in the sector.”

Finally, the Act states that the SETA must report to the Director-General of the Ministry of Labour on the implementation of its sector skills plan.

The funding regulations, Government Gazette No. 20865 of 7th February 2000, indicate that the first sector skills plans must be submitted by the 1st September 2000.

The Skills Development Act also makes provision for the establishment of a Skills Development Planning Unit within the Department of Labour. One of the functions of this Unit is to assist in the formulation of sector skills (development) plans and to provide information on skills to SETAs.

The Purpose of the Guide

Purpose

The aim of this "**Guide**" is to assist SETAs with the preparation of Sector Skills Plans (SSPs).

The Guide proposes a generic approach and methodology to the preparation of Sector Skills Plans. This approach intends to ensure a common understanding and terminology to be used in all Sector Skills Plans.

The Guide has been developed for use by SETAs on an on-going basis over the coming years. It is recognised that the methodology proposed in the Guide may be too detailed and time-consuming for the first SSPs, which must be submitted by 1st September 2000. The Department of Labour will discuss with individual SETAs the priority contents for the first SSPs, and possible simplifications of the methodology in this Guide. The Skills Development Planning Unit of the Department of Labour, and in particular the team of local consultants, will provide on-going advice and assistance to SETAs in applying the Guide.

The Planning Cycle and Guiding Principles for Sector Skills Plans

The Planning Cycle

The planning cycle:

Sector Skills Plans should focus on long-term objectives and short-term priorities and targets and should be developed within the framework of the national skills development strategy.

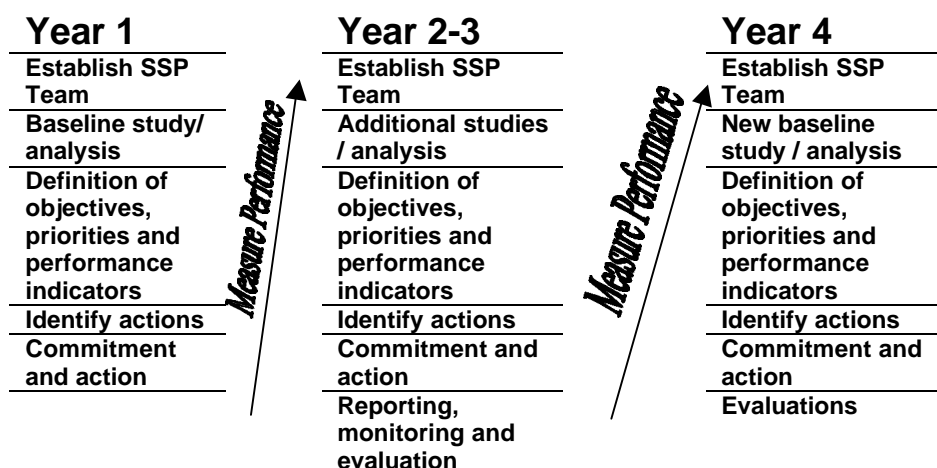
The SSP planning cycle is:

- Stakeholder consultation;

- SETA board approval;
- Submission of SSP to the Department of Labour;
- National Skills Authority review evaluation report of SSPs;
- Department of Labour approval;
- Implementation;
- Reporting, Monitoring;

The SETA planning cycle should coincide with the overall planning cycle for the implementation of the Skills Development Act.

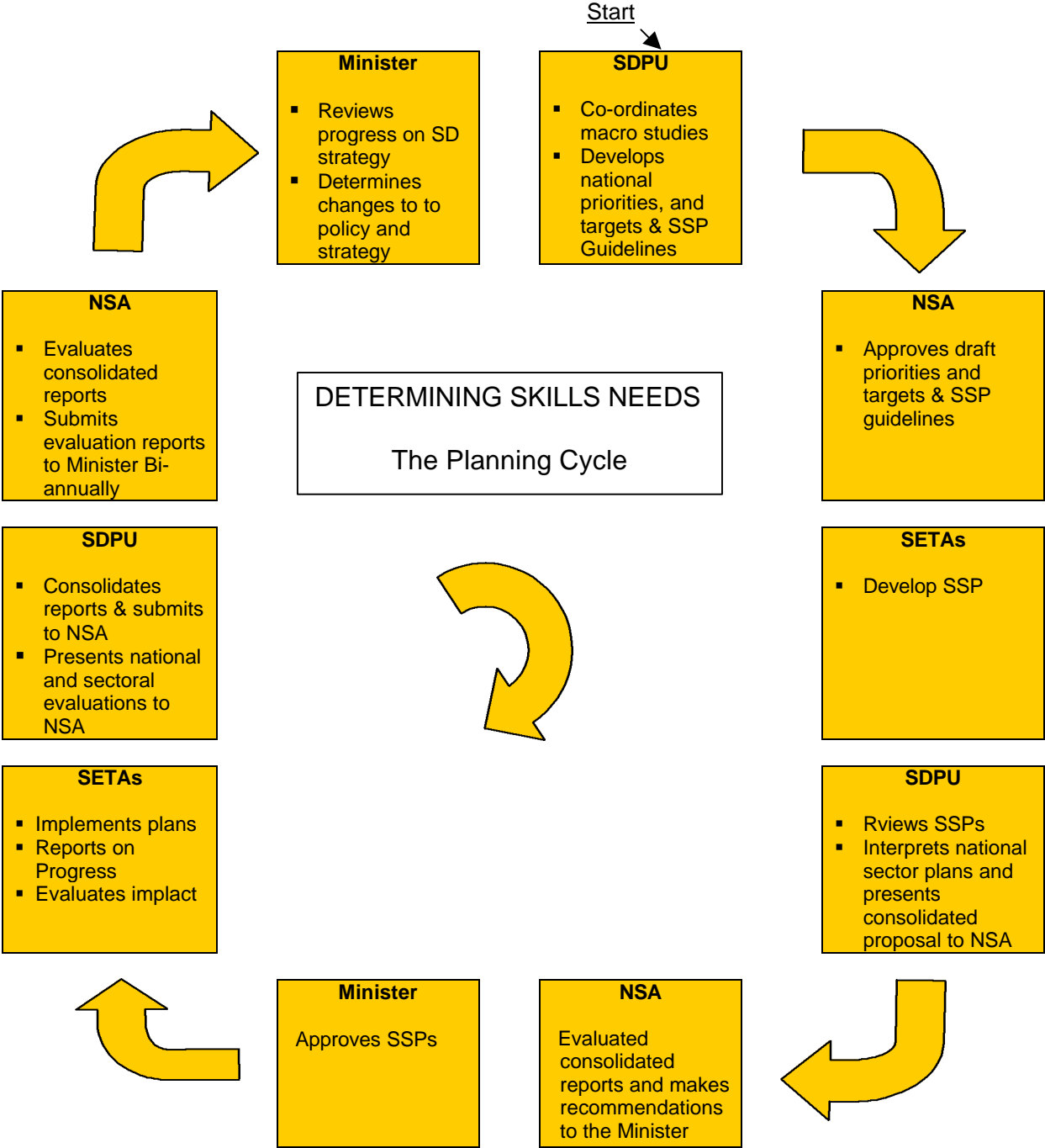
SETA Planning for the first SSP Cycle



For Subsequent SSP the planning cycle (period) shall be five year with annual updates.

The National Skills Authority will liaise with SETAs on the National Skills Development Strategy and will monitor overall progress towards achievement of its outcomes on behalf of the Minister.

The SETA planning cycle should coincide with the overall planning cycle for the implementation of the Skills Development Act.



The Guiding Principles

The Sector Skills Plan should be based on the following:

The Guiding Principles

1. Sector-wide without exclusion (i.e. including all sub-sectors, sizes of enterprise within the sector and both public and private organisations);
2. Comprehensive vision based on long, medium and short-term perspective for the optimum development of the sector;
3. Sector analysis and prognosis focusing on occupations and skills levels;
4. Full stakeholder participation and commitment;
5. Alignment with national objectives and priorities, in particular the National Skills Development Strategy;
6. Clear objectives, strategy and action plan for implementation.

The Approach and Methodology

Project Cycle Management P C M

The proposed approach and methodology for the preparation of Sector Skills Plans (SSP) is based on a logical approach that starts with the existing situation, examines how this may be improved and determines the actions required to do so. Achievement of the objectives over the life of the plan should be sustainable and result in the desired long-term objectives for the sector.

The approach and methodology will be underpinned by the following:

1. *Dept. of Labour support to develop SETA self-sufficiency by working with and helping the SETAs in the preparation and implementation of the SSPs - thus ensuring sustainability of the process;*
2. *Coherence and consistency of approach, using a common methodology framework for all SETAs,*
3. *Quality control and built-in monitoring and evaluation by SETAs involved with implementation of their SSP.*
4. Publications of the draft national skills development strategy.

Project Cycle Management

The approach and methodology will be based on Project Cycle Management (PCM) principles.

The Project Cycle Management (PCM) will be based on **six** principles:

Six principles of PCM

Principle	Description
1. Project cycle	Will distinguish clear phases in the SETA planning cycle. In these phases (probably annual) the role of stakeholders are clearly defined and the decisions to be made are laid down.
2. Beneficiary focus and ownership (client orientation)	Will focus on the problems of the beneficiaries (target groups). SETA interventions are selected based on the needs as identified in the SSP.
3. Logical Framework Planning	Is explicitly focusing on the SSP purpose. An important aspect of the logical framework method is the notification of assumptions and pre-conditions required to achieve the various outputs (results) and purpose (developmental objective) of the SSP.
4. Sustainability	Is to be built into the SSP right from the planning stage; for example, SETA capacity building.
5. Transparency, standardised documentation	Will be proposed for the SSP to ensure a clear set of criteria for subsequent monitoring and evaluation.
6. Framework for learning and decision making	Will enable the SETA to learn from experience on the basis of improved monitoring and evaluation practices. The lessons learnt from the various activities will be incorporated into future activities/projects for the development of skills development in South Africa.

The preparation of the SSP involves a number of steps as presented in subsequent sections of this Guide. However, the core methodology is based on the following:

1. Understanding of the National Skills Development Strategy (NSDS) Framework.

- The NSDS provides a framework within which SSPs should ultimately be prepared.
- The objectives on the NSDS represent areas of focus that needs to be addressed by the nation, by the sectors and by the provinces. These are:

-
- ***To develop a culture of high quality life-long learning;***
 - ***To foster skills development in the formal economy for productivity and employment growth;***
 - ***To stimulate and support skills development in SMMEs;***
 - ***To promote opportunities for skills development in development initiatives;***
 - ***To assist new entrants into the labour market.***
-

- Due account should be taken by the SETAs of the national success indicators and how the SETAs will contribute to each indicator in the SSP.
- The funding streams: mainly, levy funds for SETA grants; other SETA funds and NSF funds.
- SETAs to indicate in their SSP areas in which claims against the NSF and other funds, if any, are being made.
- When performance agreements are entered into between the SETA and the DG of Department of Labour, funding allocations from levy streams to be finalised.
- Upon approval, the NSDS forms Annex B. of this guide.

2. Analysis of current situations - where are we now?

- Review current and past performance of sector.
- Review current and past strategies for skills development.

Based on analysis of background information, the **critical issues** (problems to be addressed by skills development) should be identified and prioritised.

3. Analyse future prospects - where do we want to be?

- Set four-year objectives and short-term priorities

4. Formulation of strategy - how will we get there?

- Review options.
- Choose a strategy.
- Analyse and endorse the chosen strategy.
- Outline the main criteria in monitoring implementation and evaluating the impact of the strategy.

Each SETA should prioritise the issues (problems) for skills development in its designated sector and prepare a response in the form of **objectives and priorities**.

The Contents of a Sector Skills Plan

The suggested twelve chapter headings of a Sector Skills Plan are as follows:-



**Recommended
Contents**

- (i) Foreword
- (ii) Introduction;
- (iii) Executive summary;
- (iv) Sector profile;
- (v) Factors influencing future change in the sector;
- (vi) Current education and training supply for the sector;
- (vii) Sector development strategy;
- (viii) Employment and skills needs;
- (ix) Implications for skills policy and skills provision;
- (x) Vision, mission, objectives, priorities , outcomes and key performance indicators.
- (xi) Budget
- (xii) Monitoring, Reporting and Evaluating.
- (xiii) Appendices (optional)

These chapters can be developed using a series of twelve steps as set out in the sections presented below. It is important to emphasise that these steps may be modified as desired. However, overall they are proposed as a systematic and logical approach to the development of a high-quality Sector Skills Plan for both the public and private constituents of the SETA.

In essence, Chapters iv to vi contains the background analysis to the sector. Chapter's vii to ix contain the desired future direction and skills needs of the sector, and then Chapters x to xii indicate how the sector plan is to be achieved and monitored.

The Recommended Process of Preparing an SSP

Step 1 The Establishment of a Working Group

SSP Working Group

Responsibility for producing the Sector Skills Plans rests with the SETA and, therefore, the members of the SETA representing organised labour, organised employers (including small business), relevant government departments and other members appointed by the SETA. Thus, as a SETA document, the main stakeholders of the sector must endorse the Sector Skills Plan.

For practical purposes, it is suggested that the SETA appoint a **Working Group** to undertake, on its behalf, the drawing-up, on an executive basis, of the SSP. The Working Group should consist of a Team Leader, who is a senior member of SETA staff, and other members, preferably, but not necessarily members of SETA staff. Such non-staff members might include one representative from each stakeholder interest. However, the Working Group must remain a small (executive) group of no more than 8 persons. The Working Group's role is to undertake the steps required for the development of the Plan in accordance with directions given by the SETA who remain ultimately responsible for the preparation and endorsement of the Plan.

It is recommended that the composition of the Working Group should consist of the following members:

Two (2) members who have a thorough knowledge of the sector in terms of sector background and future prospects. If the SETA sector is demarcated into many different sub-sectors, the number of members may need to be increased to adequately represent each major constituent to include the public and private sub-sectors.

Two (2) members qualified in skills development with considerable experience of employer and worker needs in the sector.

One (1) member with experience of statistics and quantitative analysis.

Other members selected to ensure a full understanding of issues and developments within the sector.

A secretariat and additional support services should be available to support the work of the Working Group. In addition, the Working Group may decide that it wishes to sub-contract some of the more detailed background analysis work. This may be particularly necessary if internal staff resources are insufficient during the start-up phase of the SETA. However, it is important that the strategy development and SETA policy aspects of the Plan remain the direct responsibility of the Working Group.

The SETA should establish terms of reference for the Working Group.

Step 2 Sector Profile



Sector Profile

This chapter (Chapter iv of the written Plan) should provide a solid foundation of facts about the sector upon which to build the sector plan. The exact content will depend upon the availability of suitable statistics, among which there are three sources: official published statistics; other available statistics; and company information obtained from levy-grant returns, works place skills plans and industry surveys (see Information Sources Guidelines in Appendix C). A chapter of 10-15 pages is likely to be appropriate with, if necessary, appendices for very detailed statistical results. In drawing up the chapter statistics on the items listed below should be given for the sector as a whole and sub-sectors (or chambers) if applicable. Figures should be presented nationally and where available broken down by province, covering both the public and private sector. The following information would be valuable:

- Number of enterprises and total employment nationally and by province;
- Size profile (i.e. number of enterprises and employment within size groups) by SIC code (see Appendix A);
- Numbers employed in main occupations and occupational groups (Standard Classifications of Occupations – see Appendix A) classified by gender, race and age;
- Education and qualification profile of the workforce (Occupations in terms SAQA qualifications -NQF levels where possible);
- Other characteristics of the workforce (e.g. % of workforce with disabilities such as estimated incidence of HIV/Aids, etc.);
- The extent of the informal sector and the growth of emerging SMMEs in the sector. (see Annex A for Classification);
- Participation of the sector in major Government-funded Development Programmes/Projects;

- Economic data (e.g., gross and/or net output, share of overall GDP, wage levels, productivity levels and trends, exports and imports, if applicable);
- Key organisations, such as employers and workers representatives, in the sector;
- Associated professional bodies;
- Sector specific education and training providers.

The Strategic Development Planning Unit of the Department of Labour will assist SETAs to acquire this information as part of its support to SETAs. Specifically, for the first year of the SSP process the SDPU will gather all relevant published statistical information and prepare it in a form suitable for the SETA's use. SETAs will, therefore, not have to search for and access official Government statistics. Rather, the SETA will be able to concentrate on analysing the data and drawing out the main pointers to sector development from it.

As it is unlikely that all desired statistics would be available in an accurate, up-to-date, form, the author(s) of the Plan should include the best data available but indicate if there are serious problems with it. However, it is strongly recommended that it is better to present some data (even broadly estimated) than none at all. It is also desirable to indicate trends in the data – again, even where statistics are not available, an indication of the direction of the trends should be given. It is important that this sector profile covers the whole sector including SMMEs and the public sector participation.

In order to gather and present the statistical data for this chapter, there needs to be a prior decision on the definition of the sector (and sub-sectors if appropriate) to be used. The sector will, of course, be that appropriate to the demarcation of the SETA concerned. It is essential that the sector be defined on the basis of the official Standard Industrial Classification (SIC) of Statistics South Africa. This will both allow for the use of official statistics in the SSP and also allow the results from different SSPs to be aggregated into national

results. It is recognised that the SIC classification may not be the most 'natural' for a SETA but, for the reasons stated, it is essential that it be used.

The issue of sub-sectors must also be decided. There is no universal guideline in relation to this and the Plan's authors must take account of the extent to which the sector does have truly different sub-sectors, and the availability of sub-sector statistics. Where committees or chambers with different stakeholder representation exist for sub-sectors, there will be a need for separate sub-sectoral analyses. It is recommended, however, that even where sub-sectors are identified, the report maintain its unitary structure with much of the presentation, discussion and analysis undertaken for the sector as a whole.

In some sectors the public service will constitute an important, even major part of the SETA. It is of vital importance that public service data be incorporated in a clearly distinguishable way, so that at national level, comprehensive consolidation of the data representing public service is possible.

Step 3 Factors Influencing Future Change in the Sector

**Issues concerning:
Policy
Economics
Social
Technology
Environment
and
Legal**

The objective of this step of the SSP is to understand the developments that may impact on the sector over the coming years.

Six broad areas of change should be considered in this chapter:

- Current and future Government **P**olicies that impact on the sector, including the National Skills Development Strategy.
- **E**conomic, market and business trends including trade, tariffs, globalisation, competition, etc.
- **S**ocial issues including equity, affirmative action, health and safety, emigration/immigration, skills poaching, worker - employer relationships, and others.
- **T**echnological change.
- **E**nvironmental issues
- Current and expected **L**egislation in all areas, including those areas listed above.

These six factors are sometimes referred to as **PESTEL**

This chapter should present the main developments in each of the above six areas. In each case existing forces for change should be described, and how these and other expected changes are likely to affect the future. In all cases the aim should be to identify how the changes will affect companies (both large and small) in the sector, and their employees. For example, the impact of globalisation may affect the competitive position of companies in the sector as a whole or a particular sub-sector and the nature of this change should be clearly identified. Similarly, government policies and/or legislation concerning procurement or equity action should be summarised and the implications for skills development drawn out. Clearly, Government policy in respect of the sector, and policy in relation to

skills development, would be two key areas for the sector skills strategy. How technological change is affecting the sector, and what this means for skills, should be explained.

Information for this chapter is mainly narrative with key supporting data that can come from a number of sources – published reports and papers, discussions with industry and policy experts and formal surveys of industry. Some SETAs may find that they already have the necessary information in-house or that another sector-specific body already has it. If this is the case then a considerable amount of effort will be saved and the existing knowledge can be simply re-presented in this part of the SSP.

The SDPU of the Department of Labour will aim to identify non-sector-specific material and information and provide references and, in some cases, short briefings to SETAs about it.

In general, if the required information is not already available, the following possible sources should be considered:

- For information on government policies and legislation including social and environmental issues; employers associations, trade unions, principal NGO stakeholders, professional associations involved with HRD issues, the Department of Labour and other relevant Departments, published white papers and legislation. A very important aspect of policy is the Government's National Skills Development Strategy. As the Act states, each SETA must "develop a sector skills plan within the framework of the national skills development strategy".
- For information on economic and business trends; employers associations (especially sectoral), the Departments of Finance and of Trade and Industry (or other relevant ones for the sector concerned), independent reports by research, business or consultancy organisations, reports and studies carried out overseas in relation to the sector, and surveys of employers.

- For information on technology; major companies in the sector, Dept. of Trade and Industry, the Dept. of Art, Culture Science and Technology, employer associations, academics / researchers, international studies of technological change, and surveys of employers.
- Where Sector Summits have taken place, the report will constitute an invaluable source of information on strategic issues.

Given the limited resources likely to be available to research these areas, particularly in the first year, it is recommended that priority be given to identifying and meeting key informants for the sector. Depending upon the number of sub-sectors, probably 6-10 key interviews would be required. Naturally, it will be important that these interviews cover a range of different perspectives on the industry (large and small) and others such as, for example, employers, unions, government and independent commentators. These interviews should be supplemented with whatever published reports are available on the sector.

In addition, given that judgment needs to be applied to determine the probable or possible implications of change, structured participation of the social partners associated with the SETA might be useful. Such participation could, for example, consist of retreats or focus discussions and these would help secure 'buy-in' to the conclusions.

Step 4 Current Education and Training Supply for the Sector

Current Education and Training Supply for the Sector

One of the major outcomes of a sector skills plan should be an assessment of existing education and training supply for the sector and recommendations for improvement. The step should be presented in Chapter vi, which should document the current situation and its adequacy or otherwise. A very large amount of information could be gathered so it is necessary to try to be selective and avoid over-burdening the analysis. The four main elements are described below:

1. A summary description of the main education and training providers. This would be based on identifying, in discussions with experts on the sector, the main types of providers and, if they exist, the names and locations of any specialist education/training organisations serving the sector or sub-sectors. Any new developments or trends in this regard should also be reported.
2. Statistics on the amount and nature of initial training for the sector (initial training in this context means pre-employment training or formally-recognised training of new recruits with a formal training contract). Because some of this training is publicly-supported, the bodies responsible are obliged to keep records of activity and expenditure. Such information is available from the bodies themselves, but preferably may be already compiled by the SETA, Dept of Education, or Department of Labour or SAQA. Drawing on these sources, it should be possible to present data on initial, publicly-supported, training by main characteristic; e.g. province, occupation, level - by, at least general, further, higher or unskilled, skilled or highly-skilled, race, gender and disability. The data should also indicate if the training is officially accredited. Where the private sector provides this type of training, contact should be made

with the principal providers to obtain the required information. (For those SETAs based on previous ITBs it is expected that much of this information will be already available).

3. Statistics on training of existing employees. Such statistics are potentially available from the returns made by companies under the levy system. Section B of the Workplace Skills Plan requires companies to complete a form indicating the number of persons in each occupational group who received training during the previous year. This information is broken down by race and gender as per the tabulation tables in the funding regulations for workplace skills plans. Such information can be aggregated to provide overall statistics of training in the sector and by sub-sector and province. While such information may not be available for the first Sector Skills Plans, in the longer term they will represent a major source of data on training in sectors and should be utilised to present trends and analyses of participation levels. For the first Sector Skills Plans there may be little reliable information in this area and a few subjective comments alone may be possible.

4. The adequacy of existing provision. Views on existing provision should be derived from discussions with key informants, the Workplace Skills Plans and/or a survey of employers in the industry (if this is being conducted). Key informants include a select number of workplace skills development facilitators, drawn from large and small, public and private sector enterprises. Such interviews can cover both initial training and continuing training systems and include issues of qualification standards, training facilities and equipment, the quality of trainers, accreditation, funding, location, gaps in provision and, in general, deficiencies in the output of the education/training system. In addition, some education/training organisations may have their own views on current deficiencies. As well as, or instead of, meetings with individual informants, group

discussion sessions may be useful to allow the providers and the users of training to compare views.

The Workplace Skills Plans may also provide useful information in this area. Section B asks organisations to indicate if they anticipate difficulties in undertaking the training they wish to undertake, and if so to specify the nature of these difficulties. An analysis of these responses may be very useful in identifying problems needing to be addressed.

Step 5 Sector Development Strategies

Sector Development Strategy

The preceding steps (Chapters iv, v, and vi) provide the background analysis to the development of the sector in the future. The analysis should now proceed to developing the plan for the needs of the future. This process should start by identifying the desirable development of the sector as a whole, and then identifying the implications of such development for employment, skills and training. The aim of Step 5 is to identify the desirable development of the sector.

It is important to emphasise that this process is not one of forecasting. Rather, it should reflect a fundamental premise of sector skills plans – they are not projections or forecasts but rather **positive plans for development**. This means that there is not a purely scientific method for making these plans. Rather, the Working Group taking account of all the analyses conducted earlier, with the overall goal of developing the sector to achieve business and social objectives must be considered.

One possible technique in attempting to analyse the key issues facing the sector, and hence future development needs, is to carry out a SWOT analysis. This can help to identify the major problems and weaknesses of the sector as well as the possibilities for development. (Further information on SWOT analysis is given in Appendix D)

Because the future development strategy is fundamental to all subsequent analyses, it is important that stakeholders are fully committed to the results of this step. One way of achieving this would be to involve them in the SWOT analysis. Thus, one possibility would be for the SSP Working Group to first carry out the analyses described above (i.e., sector profile, PESTEL, education/training supply) and then arrange a meeting with a representative group (the SETA members themselves or a wider group if desirable) from the sector. At such a meeting the completed analyses would be

presented and, drawing on that, the group as a whole might carry out a SWOT analysis for the sector. Broad agreement at such a meeting on key issues and how to deal with them would then allow the Working Group to proceed with the detailed analysis of implications for the future.

Following the future analysis stage, conclusions should be drawn about a desirable development strategy for the sector. As there are always a number of different options for development, it may be useful to briefly examine a number of these. One of these might represent a 'no-change' scenario. This is likely to be rather pessimistic. Other more positive scenarios could then be developed. The construction of such alternative scenarios may provide some better understanding of the options facing the industry. However, it is recommended that the chapter in the final Plan does not go into great detail about these other scenarios, as they are likely to complicate the situation. Instead the chapter should concentrate on the preferred option.

The fundamental end-product of this step is agreement on a development strategy for the sector. This should provide a vision of the sector whereby it would achieve national and sectoral economic and social goals. It should state how the sector would be different from its current situation in such matters as markets, technology, structure, employment, equity, skills etc. It should not aim to be quantitative in great detail but it should present a target forecast for total employment (by sub-sector). Such an employment forecast is an important part projecting skills needs and provisions as in the next step.

Other objectives should also be stated for the sector at this stage. These could include objectives relating to productivity improvement, equity development and other broad goals. Thus, Chapter vii should end with a number of broad objectives for the development of the sector and linked where appropriate to the NSDS.

Step 6 Employment and Skills Needs

Employment and Skills Needs of the Sector

This Step aims to determine the employment and skills needs of the sector in the light of the sectoral development goals set out in the previous chapter. Such projections are, at best, tentative given the difficulty in assessing future needs with any degree of accuracy. They are even more tentative if there are inadequate employment and skills statistics about the sector at present. Against this, it is important for sectoral (and national/provincial) policy to be able to assess future skill needs. Such an assessment will then enable policy-makers to make better decisions about the numbers and types of persons to be trained. The approach should be to make the best projections possible, while recognising their limitations.

This Step is likely to be relatively detailed and to involve a considerable effort by the author/researcher. Chapter viii should present the results of the analysis in the form of quantified objectives where possible. Four aspects are envisaged:¹

(a) *Forecast employment by occupation/occupational groups*

The approach recommended follows the 'classic' manpower forecasting demand approach. Total employment growth is projected (from Chapter vii) and the aim is to break this down into occupations or occupational groups. The base figures are likely to be those presented in the Sector Profile (Chapter iv). These show the number of persons employed by occupation/occupational group in the sector. The future forecast should be based on projecting these numbers forward taking into account both the forecast change in total employment and any forecast changes in occupational mix.

Forecast changes in occupational mix will arise from a consideration of the factors in relation to change given in Chapter vi, past trends,

¹ It is recognised that in some cases the direction of change, rather than the absolute level of future need, may be the realistic level of analysis in this step.

the development strategy for the sector, data from Workplace Skills Plans (if available) and, if necessary, further discussions with key sector informants, drawn from formal economy, SMMEs and development projects. The Working Group will have to draw on all these sources to provide a best estimate of the future occupational mix. Applying the best estimate of occupational breakdown to the forecast total level of employment will provide forecasts by occupation. These can be compared with current numbers to indicate growth and declining occupations within the sector and sub-sectors.

This type of approach can be followed using whatever information and sources seem appropriate. The analysis can be carried out for the level of occupational breakdown for which there are adequate statistics, and at sub-sector and provincial level if desired.

As indicated above, all such forecasts must be treated with caution. However, at the very least the analysis should be able to provide broad pointers to the size and direction of occupational change (e.g. ranging from rapid growth to rapid decline).

(b) Recruitment Demand

While making projections of employment by occupational group provides important pointers, education and training planners ideally require projections of recruitment demand. Unfortunately, such projections require a very large amount of information - which is often not available. For the first SETA Sector Skills Plans, therefore, it may be prudent to avoid attempting to undertake this kind of analysis in any detail. Nevertheless, a brief outline of the elements of the methodology used is given below.

Essentially, the objective is to estimate demand and supply in a flow model as shown below for the (notional period) 199X to 200X.

<u>Demand</u>	<u>Supply</u>
Employment 199X	Employment 199X
+	+
Existing Shortage 199X	Unemployed 199X
+	-
Net Change 199X-200X	Wastage 199X-200X
	+
	Newly Trained Supply
=	=
Employment Demand 200X -	Supply 200X
	=
	Net Demand/Supply Gap 200X

The calculations require a considerable amount of data. The most important of the factors to account for is wastage. Wastage should be calculated 'net' (i.e. outflows less inflows). It should account for outflows due to death and retirement, persons leaving the occupation in the sector for promotion/job change reasons and emigration. It should account for inflows due to employees joining the sector from other sectors (including immigrants). Movements between firms within the sector do not affect the overall availability of labour so should not be counted. Because of the number of factors involved, it is very difficult to predict wastage accurately. Yet it is usually the most important factor in causing a demand for new recruits. In the absence of better information, wastage rates of 5% per annum are often used in studies in other countries, with higher rates for very low paid jobs or jobs requiring considerable physical effort where the typical working life is relatively short. However, in the South African context, HIV Aids should be carefully considered because it is likely to have a significant impact on wastage in some sectors.²

Demand in the above calculations will need to take account of new opportunities in the SMMEs and development initiatives of the sector. Although care needs to be taken to ensure that the recorded signals can realistically be funded from a skills development perspective.

² Institutions concerned with this issue should be consulted such as the Department of Health and the UNDP local office.

Sectors need to identify the under-funded skills development needs based on labour demand.

A large pool of qualified unemployed persons reduces the need for newly trained supply. Yet, it may not be accurate to assume that all qualified unemployed persons are suitable in practice to work in the sector. Typically, the calculations will assume that some proportion of the unemployed are available and should be included in the calculations³.

If there are existing shortages of labour then this must be added-in to the demand side. Information on such shortages should be available (in time) from the Workplace Skills Plans and development project skill plans and those entering self-employment.

In respect of newly trained supply, this will be based on information gathered from training providers and presented in Chapter vi. It must be remembered that not all trainees will successfully complete their training, and that not all of those who do will enter the occupation/sector for which they are trained. Thus, an estimate of the proportion that will enter the occupation/sector must be made, and the resulting figure used in the calculations.

The calculations will lead to an estimated demand/supply gap. This may be positive or negative. If projected demand exceeds supply, there may be a danger of a shortage of qualified persons in the future. The solution to this may be to increase the numbers being trained. Alternatively, if projected demand is less than supply, there would seem to be an adequate level of supply. Training additional persons in such circumstances may, however, still be warranted on social or long-term development grounds rather than to meet the specific needs of the sector.

In all cases, it must be emphasised, the level of precision of the demand/supply gap calculations is so weak that decisions should not

³ *The Dept of Labour Employment Service may be in a position to provide information to assist in this area.*

rely exclusively on them. Rather, the calculations should best be used to complement qualitative information available within the sector about existing skill shortages or surpluses.

(c) Changes in Skills/Qualification Needs of New Recruits

The aim is to identify how the skills required for different occupations is changing. It is not the aim of a Sector Skills Plan to undertake detailed qualification profile work for all the occupations in the sector. This type of analysis is too specific for a Sector Skills Plan. *(However, the profiling of key occupations may merit a specific study as part of the actions of a SSP)* In addition, given that many occupations are found across sectors, occupational analyses may often require cross-sectoral approaches in line with the standards and qualifications of the NQF. Nevertheless, it is important that if, in carrying out a Sector Skills Plan, new tasks or skills are seen to be necessary for particular occupations in the sector, these should be highlighted. This type of information may emerge from an industry survey, discussions with stakeholders in the sector, feedback on existing education/training supply, the PESTEL analysis or the strategy development part of the SSP. Developments due to new technology are the most obvious drivers of skill/task changes, but work re-organisation, changes in business strategy such as outsourcing, sub-contracting and non-standard employment patterns. Others issues, such as social equity objectives could also lead to skill/task changes within occupations.

(d) Skill and Re-Training Needs of Existing Employees

There is both a top-down and bottom-up aspect to this part of the Sector Skills Plan. From a top-down perspective, the aim is to identify those qualitative and quantitative objectives that are required to achieve the sector development strategy. From a bottom-up perspective, the process is one of drawing-upon, and aggregating, organisations' training plans as presented in their Workplace Skills Plans and Development Sector Skills Plans. However, it is not

feasible or desirable to simply aggregate all Skills Plans to produce a statement of total training for existing employees. This is not feasible because it is very unlikely that all organisations will submit full plans. It is not desirable because it would not make provision for the achievement of sector-wide strategy objectives as agreed in Chapter vii.

It is not feasible to identify all the skills and re-training needs of existing employees. However, given the importance of existing employees to the success of the sector, as well for individual's personal development, the sector skills plan should address such issues in a fair amount of detail.

At a quantitative level, the base for this analysis is that presented in Chapter vi. If reasonable data on training in the sector is available, this can be used to assess the total volume of training (number of persons, number of days, percentage of payroll) at present and compare that with an ideal target based on 'best practice' companies in the sector, international comparisons or a strategy target set in Chapter vii. In aggregate, similar comparisons and targets can be made for participation levels on race, gender or other social equity criteria. Assuming, as is likely, that existing levels of training are not adequate and need to be increased, this chapter should specify clearly the increases that should take place (actions to achieve the increases will then be presented in the following chapters).

At a qualitative level, the objective of this sub-section should be to identify the main areas of skill development required for each of the main occupational groups within the sector or sub-sectors or segments. The aim here is to draw out the implications of the strategy development needs of the sector in order to identify key training areas for the future.⁴ The chapter should list, and explain in a few sentences, each of the main training needs for each of the main

⁴ As well as strategy-based needs, information from Workplace Skills Plans or a separate survey of the industry can provide information on the principal perceived needs.

occupations in the sector. An attempt to quantify the number of existing employees requiring training may be made but it is very important to recognise that this will be extremely speculative and **cannot be used as a guide to the number of persons that will actually demand training in practice.**

In summary, Chapter viii should make projections of skills needs for the sector. These projections should be stated as quantified, verifiable, objectives wherever possible and should cover both new and existing employees across the three segments of the sector, the formal economy (public and private) SMMEs and development projects initiatives.

Step 7 Implications for Skills Policy and Skills Provision

Implications for skills Policy and Skills Provision

The aim of a Sector Skills Plan is to improve the performance of the sector, and those working in it, through skills development. All the previous chapters of the SSP have, in essence, provided the research and information necessary to plan for a better future for the sector. This chapter draws on this material to provide the conclusions and recommendations for policy and actions. This is, therefore, a key chapter for the SETA stakeholders and others with responsibility for the development of the sector.

The chapter will be based primarily on the needs and objectives identified in Chapter viii. That chapter aimed to specify the objectives for skills development in the sector. In this chapter (Chapter ix) the aim should be to indicate how these objectives should best be achieved. As there is rarely only one way of achieving an objective, the Working Group will need to consider different options. To do so will probably require information on how such objectives are achieved in different sectors or countries, consideration of any evaluations available, overall national skills policy guidelines and strategies and consultation with relevant stakeholders. It may be recalled that the Skills Development Act specifically envisages SETAs implementing SSPs by establishing learnerships, approving Workplace Skills Plans, allocating grants and monitoring education and training for the sector. A consideration of the costs of different options will also be relevant.

Consultation with stakeholders will be very important in developing the recommendations for change in this chapter, both to draw on stakeholders' experience in developing ideas, but also in ensuring their agreement to subsequent implementation. For these reasons it is suggested that some form of workshop/seminar with stakeholders would be very useful at this stage of the process. At such an event, the Working Group would present the findings of the previous

chapter, i.e. indicate the objectives for skills/training for the future. The seminar would then discuss, in a structured way, different options for meeting these objectives.

The areas to be covered in this chapter cannot be precisely pre-specified in advance, as they will depend upon the objectives to be achieved. However, the types of areas are likely to include:

- Recommended changes in numbers and/or qualifications of new recruits - and hence recommended changes to be made by education/training providers, new/additional learnerships, implications for SAQA, the Dept. of Labour and the Dept. of Education.
- Actions required to provide the necessary skills for existing employees - hence recommendations for actions to be taken by the SETA in respect of the levy system, developments in relation to company skills facilitators, special initiatives to be promoted and/or funded by the SETA (e.g. Grant D), actions required by education/training providers (e.g. new/changed training courses) and recommendations for company actions.

These recommendations and proposed actions can also be usefully expressed as objectives (at a more specific/practical level than those in Chapter vii). In general, many of the recommendations of the Sector Skills Plan should relate to actions to be taken by the SETA itself and how it should, over the forthcoming years, best use its discretionary budget. However, the Plan should also make recommendations for actions by other public bodies, whether at national or provincial level. These could include, where appropriate, recommendations for changes in public policy.

Overall, it is important that the objectives and recommendations of the Sector Skills Plan are realistic and reasonably achievable. Some of the objectives should be relatively easy to achieve so that action

can proceed quickly with results in the short-term. There should also be more long-term, fundamental, objectives. What must be avoided is a plan that contains very little action within the responsibility of the SETA and relies on exhortations to other bodies. Such a plan could very easily be un-realistic and, in practice, ignored.

Step 8 Strategic Vision, Mission, Policy, Objectives and Priorities for Skills Development

Vision Mission Objectives and Priorities For Skills Development

Chapter x brings together the results of the previous three chapters to present the overall strategic vision, mission, objectives and priorities for skills development in the sector. The aim of the chapter is to ensure that the whole picture is understood and presented in a coherent whole. This also allows for a check of internal consistency between objectives and strategies and external consistency with national skills policy goals. The chapter does not contain new ideas or policies but rather a re-statement of what the Plan, in toto, contains.

The Chapter should start with a statement of the broad vision for the sector and the particular mission of the Plan. The objectives set out in the previous chapters should be re-stated in a clear, linked, manner. Then the ways and means to achieve the objectives and priorities should be stated.

An additional aspect of this chapter is the development of suitable performance indicators for the Plan. For each of the objectives of the Plan, one or more suitable measures of achievement should be identified and presented. In doing this, it is important to consider fully the range of suitable indicators, both quantitative and qualitative, that might be appropriate. Where the most suitable indicators would require considerable time or resources to obtain, an attempt should be made to identify proxy indicators that could be used instead.

The following represents a useful template that could be used to represent a summary of the SETA strategic vision, mission, objectives and priorities.

Suggested template for SETAs

!!!!!! SETA Summary of SSP for the first planning cycle

Vision statement:			
Mission statement:			
NSDS Objectives	SETA Objectives	SETA Outcomes and Performance Indicators	Assumptions

!!!!!!SETA Summary of SSP for the first year

Vision statement:			
Mission statement:			
NSDS Objectives	SETA Objectives Year 1	SETA Outcomes and Performance Indicators	Year 1 Targets

Step 9 Budget



**SETA
Budget**

This short chapter (2-3 pages) leads on from the previous one but with the key aim of providing in clear summary of short-term budget requirements for the SETA in respect of the sector. An important element of this Budget should be an approximate costing for each of the short-term actions planned by the SETA.

The indicative budget should clearly indicate who is to finance the costs.

Step 10 Monitoring, Reporting and Evaluating

Monitoring Reporting And Evaluating

This final chapter (Chapter xii) aims to ensure that a process is in place to provide feedback on the Plan.

There are two levels of monitoring of progress on the Sector Skills Plan. The first is a management tool for monitoring with regard to the SETAs. This should consist of the production of a document on a quarterly basis to indicate progress on each of the elements of the Action Plan. This document should be examined by the SETA and, where progress is behind schedule, appropriate remedial action should be put in place.

The second element of monitoring should examine to what extent the sector is achieving its objectives and priorities in line with performance indicators and budgets. Thus a performance monitoring report in relation to such performance indicators should be produced annually. This is likely to form part of the review and up-date process for the subsequent Sector Skills Plan. The report will need to report actual success versus success indicators in a required format. Presentation of this report to the DG, Department of Labour, via the Skills Development Planning Unit (SDPU) is an integral part of the process. The report will constitute the required obligations of the SETA in respect of section 10 (1) (b) (iv) of the Act,.

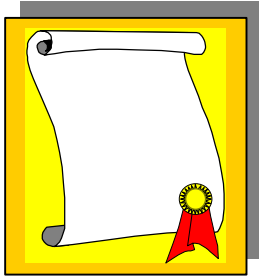
In the longer-term there may be a need to conduct more detailed evaluations of the objectives contained in the Plan, or how those objectives are being achieved. This might require the conduct of once-off studies of different aspects. The findings of such studies would then feed into future Sector Skills Plans.

This chapter should also make reference to the up-dating of the Sector Skills Plan on an annual basis. In preparing for this process, it would be important to identify the principal weaknesses of the existing Sector Skills Plan and to consider whether actions could be taken to

remedy those weaknesses. Thus, for example, efforts could be made to improve the statistics available on the sector, to obtain additional information from organisations through survey methods or to carry out additional research based on PESTEL and SWOT analysis. The main elements of the up-date are likely to be a review of implementation of the Action Plan, a review of the performance indicators for the sector and an up-date of statistics for the sector. A time-table for review and up-dating should be presented in the SSP in line with the national planning cycle set out by the Department of Labour.

The SDPU of the Department of Labour will prepare a separate Guide on Monitoring, Reporting and Evaluation.

Step 11 The Executive Summary



There should be a stand-alone summary of the SSP. It should be 5-10 pages long and contain enough information for the reader to understand broadly the whole SSP. It should be written when the SSP has been completed. Although not requiring any further original work, it requires careful preparation and writing, as it will be the only part of the SSP read by many persons. It should form Chapter iii of the full report.

It should contain a brief summary of the Introduction so that the reader understands the context, purpose and methodology used in the SSP. It should then summarise the principal information about the sector at present and lead-on from that to a description of the main factors affecting the future.

The summary should then present the development strategy proposed in the Plan and the objectives for skills development to achieve the strategy. The relationship of these to national skills objectives might also be explained. Finally, the summary should present the Action Plan for the sector clearly indicating the responsibilities of different organisations.

Based on the executive summary, a shorter stand-alone publication can be produced. This would contain the same material as specified above.

Step 12 The Introduction

The purpose of the Introduction (Chapter ii) is to give the reader an overview of the context, objectives of the SSP and the methodology used in its development. The Introduction should be written on the basis that the reader has no prior knowledge of these matters. At the same time, the Introduction should be brief (1-2 pages probably). The Introduction should be written after the SSP has been completed and requires no detailed or time-consuming work. It should cover the following areas:

- The establishment of the SETA (why, legal basis, date of establishment, representation of different stakeholders, scope of sector).
- The role of the SETA in the context of skills development in South Africa – its vision mission and statement of principal SETA objectives.
- The process and methodology used in developing the Plan – who was involved in preparing the plan, the process of consultation used in developing the Plan and in approving it, the main components of the methodology (e.g., principal data sources, surveys undertaken if any, major reports/studies drawn upon, weaknesses of the Plan - if any).
- Level of commitment of stakeholders to its success, etc.

Appendices

It may be useful to include information in appendices that is not essential to the report but which may be of interest to some readers. Typical appendices include a listing of persons consulted in drawing up the report, details on sources of information used and a listing and explanation of definitions used in the document. If a large amount of information has been gathered about the sector, from survey or other Sources, some of this may also be usefully placed in the appendices.

Appendix A

Definitions and Classifications

SIC Codes

SOC Codes

Geographical Location Codes

NQF-Levels, Fields and Sub-fields

SMMEs Size Classification

Definitions and Glossary of useful terms

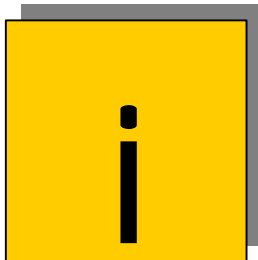
(The above will be provided by the DOL/SDPU in electronic format and will also be available on the SETA Web Page)

Appendix B
National Skills Development Strategy

Appendix C

Information Sources Guidelines

Introduction



The aim of this appendix is to provide suggestions for possible approaches to gathering information for Sector Skills Plans. The aim is to be helpful, not prescriptive. Broad types of research methodology are discussed. The advantages and disadvantages of the approaches are discussed. It is recognised that some of the techniques proposed may not be possible in the short-term, but could be in the longer-term. For each of the types of research some conclusions are drawn.

The Skills Development Planning Unit of the Department of Labour will be assisting SETAs with the provision of suitable information and statistics. Thus some aspects of this Appendix may be further developed over the coming months.

In general terms there are five main sources of information that are of relevance to sector skills planning. These are:

- Official statistics
- Published reports
- Data collected through the levy system
- Personal discussions with key informants and stakeholders
- Surveys of the sector

Each of these sources of information can play a valuable role but each has advantages and disadvantages as discussed below.

1 Official Statistics

The South African Statistical Service produces wide ranges of statistics. The main data collection methods are the Census of Population, the Labour Force Survey, Trade Statistics and Surveys of Enterprises. The following types of information are obtainable from these sources:

Population, Employment and Unemployment

- Population by personal characteristics: i.e. age, gender, race, family status, geographical location
- Employed and unemployed by personal characteristics
- Employed by occupation and sector of industry and personal characteristics

Education/Training

- Population, Employment and Unemployment by education level
- Educational level of employed by sector of industry or occupation

Enterprises

- Number and employment size of enterprises by sector
- Gross output, net output, wages and salaries by sector

Trade

- Exports and imports by detailed category

In principle many of these items of information are available for a number of years so that trends can be obtained from them.

Advantages/Disadvantages of Official Statistics

There are a number of advantages of using official statistics. The primary advantage is that they have already been collected and published and thus can be used relatively cheaply and quickly. They

have also been produced using correct statistical procedures, standard definitions and are officially approved. They are consistent across different sectors and locations.

However, there are also disadvantages and weaknesses in the statistics. The first problem is that they may be out-of-date. The second problem is that they may not have covered the full population of interest because of difficulties in obtaining responses (e.g. from many micro enterprises).

Conclusion

Despite the weaknesses of official statistics they represent a very cost-effective way of obtaining fundamental data on sectors and the businesses and employees within sectors. It is strongly recommended that data from official statistics be used extensively in the Sector Profile chapter of a sector skills plan. The SDPU of the Department of Labour will provide SETAs with this information in the first year as part of their assistance to SETAs.

A list of sources of information is presented below: *(available in final version of Guide)*

2 Published Reports

There are likely to be a range of published reports of relevance to sector skills planning. It is clearly of value to access these reports and see what information, views and prognoses they might contain in respect of the sector. These sources are likely to be key elements of the PESTEL analysis. The types of reports of relevance include:

- Government legislation,
- White and green papers dealing with industrial, labour market and skills policy
- Reports of Government commissions or committees
- Dept of Labour policy guidelines

- Position and policy papers of relevant NGOs and other stakeholders
 - Research studies carried out or commissioned by public, sectoral or private bodies relating to the sector or the jobs within it.
 - Research studies carried out overseas dealing with the sector and/or skills within it.
 - Annual and other reports by education and training providers
-
- Examples of the kinds of information available from these sources include
 - Sectoral industrial and market trends
 - Sector Summit Reports
 - Technological change and its implications for the sector
 - Government social equity policies and legislation
 - Health and safety legislation and policies
 - Government industrial and social development policies
 - Environmental policies and legislation
 - Economic, market and technological changes internationally (that may affect or provide examples to the South African sector)
 - Information about skills changes in the sector overseas
 - Comparisons of the sectoral performance at home and abroad
 - The education and training policies, programmes and institutions relevant to the sector in other countries
 - The views and demands of NGOs and other stakeholders in relation to policies that affect the sector.
 - The existing and planned range of education and training for the sector.
 - SMMEs surveys and reports

Advantages and Disadvantages

This type of information can be extremely useful in assessing the current and future performance of the sector. It is both available at

relatively little cost and can be immediately drawn upon. It, therefore, avoids the need for new analysis. It is also 'processed information' so goes beyond bare data to draw conclusions and directions. Indeed, in ideal circumstances, it may mean that the PESTEL analysis required for the SSP is nearly completed.

However, this is typically not the case and the information will be partial and contain possibly subjective views. In many cases the focus will not be on the skills aspects but rather more economic or business aspects. Thus, there will be a need to spend time assessing the value of the various reports and producing a synthesis of their conclusions.

Conclusions

It will be essential that published reports are accessed and drawn upon in developing a Sector Skills Plan. This will require each SETA to try to identify all relevant reports and obtain them. The key points will then need to be extracted and used to inform the analysis.

A list of some relevant publications is presented below. However, SETAs will need to identify other publications of relevance to their own sector.

(list to be included in final version of Guide)

3 Data Collected through the Levy System

A significant amount of data collected through the levy system can be used for sector skills planning. This should be, in time, a very comprehensive data-base of information on companies' employment, expenditure and training activities. However, it is recognized that in the short-term this information system is only just beginning and only partial information will be available in time for the analysis for the first sector skills plans. There are two separate aspects of data.

The first set of data will be obtained by the South Africa Revenue (SAR). This information will be important in establishing the total number of companies within the scope of the sector, their size breakdown, their total payroll and total employment. This will provide a very important data foundation for each SETA and, hence, each SETA's SSP. This information should be available in June 2000 and thus potentially available for the first sector skills plan. However, this will require efforts within the SETAs to analyse the data (which will be forwarded to them by SAR).

The second set of data will be obtained by each SETA during the process of Levy claim through the Workplace Skills Plans. The Regulations governing the process were published in the Government Gazette No. 20865 on 7 February 2000. Each organisation within a sector should complete a number of forms containing information on training:

- The number of persons employed classified by occupational group, gender and race,
- The number of persons who received training classified by occupational group, gender and race,
- The forthcoming years' number of persons to be trained classified by occupation, gender and race,
- Statement of skills development priorities and the types of training to be conducted to meet these priorities,
- The extent of recruitment difficulties, if any.

This data will be invaluable in relation to all elements. The numbers of persons employed will both provide a basis for understanding the existing occupational and employment structure of the sector but, perhaps more importantly, will allow for trend analysis of the occupational mix in the sector and tracking of progress towards equity goals.

Information on existing and planned training is obviously also key to the development of sector training plans. Data on existing training can show the overall volume of training (and this could be tracked over time and also in comparison with other sectors or the same sector overseas). It can also enable analyses of participation levels in training between occupations, gender and race groups that may identify areas of concern requiring action. In relation to future training plans, these can show to what extent training participation level issues are likely to be addressed in the next year. More generally, they can show the volume of training planned by companies in the sector. Finally, comparisons of planned training and what actually was achieved subsequently may indicate areas of difficulty that need to be addressed.

Finally, there will be a limited amount of information on skills priorities and recruitment difficulties. This will help to alert the SETA to priority areas for the sector that may need to be addressed in the SSPs.

Advantages/Disadvantages

The primary advantage of this source of information is that it is detailed, company by company, data. The only alternative to this source would be special surveys which, as indicated below, would be considerably more expensive. The second main advantage is that the data will be collected through a statutory system linked to grant payments to companies. Thus companies will have a financial incentive to complete the required forms and, given that the forms will be subject to audit, an obligation to complete them accurately.

One general disadvantage of this approach is that some companies may not complete the forms – deciding instead that they will forego the available grants. Another is that they will not complete the forms fully or accurately. A further disadvantage is that the forms are tied quite closely to the requirements of the levy/grant system. Thus, they can not ask the types of speculative or long-range questions that a

general survey of employers might ask. In this respect, the forms provide no information beyond a one-year perspective. They are thus of little use for longer-term projections of skill needs.

Finally, and most importantly in the short-term, the forms will only start to be returned from companies to SETAs from April 2000. It is hoped that many will be received during the following few months but at this stage it is not possible to be sure of this. In this context it must be remembered that to be useful the forms must be completed, checked, put on computer and analysed. This is likely to take a few months at best.

Conclusions

The forms completed as part of the levy system are invaluable to sector skills planning. They provide a very rich source of data on current and short-term future training efforts as well as providing basic data on employers and employment in the sector. Every Sector Skills Plan should draw on these data as much as possible. In the first year this will only be possible to a limited extent. However, it is recommended that SETA planners consider trying to use even some of the forms to provide indications of skills and training needs.

4 Information from provincial skills plan and the National Skills Fund

These two sources can provide useful information to the SETAs. For example job opportunities in development project initiatives.

5 Personal Discussions with Key Informants and Stakeholders

The development of sector skills plans must involve personal discussions with key informants and stakeholders at both the information/research phase and also later in terms of developing

appropriate policies and action plans. Such consultation is required under the regulations. However, irrespective of legal requirements, personal discussion with relevant individuals and stakeholders is essential in developing the SSPs.

Sector skills plans can not be solely data-based but must also draw on a significant amount of knowledge 'in the heads' of those involved with the sector. This information must be obtained in personal interviews or discussions. There is not one list of persons who should be consulted but the following list may provide useful indicators:

- Employer and union representatives
- Major training providers for the sector
- Relevant Government Departments with responsibility for the sector (eg Industry, Agriculture, Local Government)
- Sectoral research bodies
- Industry Training Boards
- Individual 'experts' who have been involved in the sector
- Human resource managers in major companies in the sector

The range of information and views that can be obtained from such persons or organizations is wide. Their views are likely to be particularly useful in identifying the problems and weaknesses in the sector, as well as the policy objectives of the different stakeholders. Views on the suitability of the existing education and training system can also be obtained from this type of source. More importantly, such persons may be able to help build the vision of the future development of the sector and the types of skills changes required to achieve it. They will also play a major role in discussing different policy options to develop the industry (both by suggesting policy options and commenting on policy options raised by others). All this will be important in developing a strategy that has the backing of all the stakeholders and hence has a good prospect of being implemented.

There are a few options in obtaining this type of information. The most obvious approach is through personal interview and this is most useful for the direct collection of views from a particular person/stakeholder, where confidentiality is important or where the amount of time available to the interview is limited. However, there can also be benefits in holding group discussions which allow different views to be challenged and explored. This both allows a greater mutual understanding of views but can lead to an agreed, shared, consensus upon which the SSP can proceed. However, such group discussions require a greater time commitment from the participants and they may not be willing to agree to this. The problem of lack of confidentiality may also arise in-group discussions.

Advantages and Disadvantages

The primary advantage of the personal discussion method is the depth of qualitative information, which it can provide. It is also essential in building commitment to the SSP.

However, it is quite time-consuming in terms of resources (a rule of thumb is one in-depth interview per day including preparation, travel and writing-up). A professional with a good understanding of the issues and the sector must also conduct the interviews.

Conclusion

An essential part of a sector skills plan is to consult with the relevant stakeholders. This is useful in both understanding the issues and concerns of those involved in the industry, their views on necessary policies and in gaining agreement about the eventual plan. There can be benefits in consulting both on an individual basis and on a group basis. As personal interviews are expensive it will be important to identify who are the priority interviewees/stakeholders for consultation.

6 Company Surveys

Most studies of particular sectors involve some form of survey of companies. The primary reason for conducting a survey is to gather up-date information about the sector not available from other sources and to obtain the views of companies about issues facing them. A secondary reason can be the 'political' one of being seen to have obtained the views of companies in developing policies. However, such surveys are only useful if they obtain information not available from other (cheaper) sources which is essential for sector skills planning.

Surveys to be useful must be reliable and un-biased and this requires certain statistical controls. Some of the elements of reliability include having a reasonably accurate list of the companies in the sector, selecting on a random basis the companies for the survey (assuming not all companies are to be surveyed) and obtaining a sufficiently high level of response to the survey to avoid 'non-response bias'. The survey results must also be 'grossed-up' correctly to give representative results for the sector as a whole. Any SETA considering undertaking a survey needs to ensure that the above elements will be achieved.

The kinds of information that can be collected through a company survey include:

- Products and services provided by the company
- Total employment at present and in the past
- Detailed occupational breakdown including cross-classifications as required by gender and race.
- Qualification and/or education breakdown of the workforce.
- Business conditions facing the company – sales trends, markets, profitability trends.
- New product or process developments being introduced.
- Vacancies and recruitment difficulties

- Skills deficiencies among the existing workforce
- Expected skills changes in the future
- Forecast of employment and occupational/qualification mix in medium-term future
- Training policies, organization, expenditure
- Training priorities for the company, issues facing them in meeting training needs
- Views on external training providers
- Views on output from education and training system including adequacy of skill mix to meet needs (eg are qualifications suitable for needs of company).

A company survey can be conducted by post (or e-mail), telephone or by personal interview. The former method is the cheapest but the response rate will be lower and the types of questions must be straightforward and not requiring elaboration or follow-on. Personal interviews, by contrast, are the most expensive but can provide the best information and with the highest response rate. Telephone surveys fall in the middle of these two options. Increasingly, business surveys in Europe use telephone survey methods. This reflects the fact that all businesses have a telephone, the cost of doing personal interviews and a generally positive response from businesses to telephone surveys. The questionnaire is often sent by post in advance and then completed during the telephone interview. However, this method is not appropriate if the company must search through detailed records to complete the questionnaire. Then a mixed postal/telephone method may be appropriate.

Advantages and Disadvantages

Company surveys can provide a wealth of information which will not be obtained through any other method. However, they are expensive and may not be effective if they are not conducted thoroughly. They also require considerable resources to conduct and analyse. Thus, it is unlikely that new surveys can be undertaken as part of the first year

of Sector Skills Plans. It is also important to note that employers' forecasts of employment for more than one year ahead are notoriously inaccurate. Thus, even if a company survey is conducted, other methods will be needed to forecast the number of employees, and skill needs, in the medium-term.

Conclusions

For most SETAs a large-scale company survey is not a feasible option for the first SSP. Rather, it would seem better to concentrate on gathering and analyzing data from the other four sources described above. If some SETAs feel able to proceed with a survey this will provide them with a great amount of useful information in developing their SSP.

Appendix D

A SWOT Analysis of Skills Development for the Sector

SWOT
Strengths
Weaknesses
Opportunities
Threats

A useful way of analysing the key issues facing the sector, and hence the future development of the sector, is to carry out a SWOT analysis. SWOT analysis is a standard management technique used for business planning and has often been found to provide a useful framework for assessing issues⁵. The four elements of a SWOT analysis are placed in a matrix as shown below. The process involves identifying the main issues and concerns facing the sector and placing them in the appropriate box. In many cases the relevant issues and where to place them will be obvious. However, it is important to try to identify other, less-obvious, issues and include them too. It is also important that the analysis be done objectively and, in particular, that weaknesses and threats are admitted and recognised. Having identified the existing situation, the next stage is to examine how to develop in the future. This, essentially, involves 'Building on Strengths to exploit Opportunities and to counter Threats', and 'Overcoming Weaknesses which would prevent the take-up of Opportunities or lead to Threats becoming damaging'.

SWOT Analysis

Strengths	Opportunities
Weaknesses	Threats

At the end of the SWOT analysis, there should be a clearer view as to the way that the sector needs to develop to secure its future. (There

⁵ SWOT analysis was originally designed for private sector businesses but it has been successfully applied to not-for-profit organisations also.

may also be a view as to the prospects of the sector if it does not develop positively.)

The Working Group or an individual in the Working Group can conduct a SWOT analysis. In the context of the development of the SSP, and the benefits of adopting a consultative approach to such development, it is suggested that the SWOT analysis process might be very suitable for group interaction, such as meeting with the SETA executive and key players/groups in a sector or sub-sector. Thus, one possibility would be for the SSP authors/researchers to first carry out the basic analysis of the sector (Steps 2-4; sector profile, PESTEL, education/training supply) and then arrange a meeting with a representative group from the sector. At such a meeting the completed analyses would be presented and drawing on that the group as a whole might carry out a SWOT analysis for the sector. Broad agreement at such a meeting on key issues and how to deal with them would then allow the authors/researchers to proceed with the detailed working-out of implications for the future.