SKILLS DEVELOPMENT IN THE FINANCIAL AND ACCOUNTING SERVICES SECTOR

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Report to FASSET
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HSRC

FASSET

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ACRONYMS AND ABBREVIATIONS

AAT(SA)	Associate Accounting Technician
ABASA	Association for the Advancement of Black Accountants in South Africa
ABET	ABET (Adult Basic Education and Training)
ACCA	Association of Chartered Certified Accountants
AGA(SA)	Associate General Accountant
BMA	Board for Municipal Accountants
CA	Chartered Accountant
CAT	Certified Accounting Technician
CFA	Institute of Commercial and Financial Accountants of South Africa
CIA	Certified Internal Auditor
CIBM	Chartered Institute of Business Management
CIMA	Chartered Institute of Management Accountants
CIS	Chartered Secretaries and Administrators
CPD	Continuing Professional Development
CPE	Continuing Professional Education
CTA	Certificate in the Theory of Accounting
DoL	Department of Labour
ETQA	Education and Training Quality Assurance
FASSET	Financial and Accounting Services Sector Education and Training Authority
FET	Further Education and Training
GIA	General Internal Auditor
HEMIS	Higher Education Management Information System
HET	Higher Education and Training
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HSRC	Human Sciences Research Council
IAC	Institute of Administration and Commerce
IAT	Internal Audit Technician
IBS	Institute of Business Studies
ICB	Institute of Certified Bookkeepers
ICSA	South African Institute of Chartered Secretaries and Administrators
IFAC	International Federation of Accountants
IIA SA	Institute of Internal Auditors South Africa
IMCSA	Institute of Management Consultants of South Africa
IMFO	Institute of Municipal Finance Officers
IPFA	Institute of Public Finance Accountants
LFS	Labour Force Survey
LGWSETA	Local Government Sector Education and Training Authority
MEDUNSA	Medical University of South Africa
NQF	National Qualifications Framework
NSA	National Skills Authority
NSF	National Skills Fund
PAAB	Public Accountants' and Auditors' Board
PAYE	Pay-As-You-Earn
RAU	Rand Afrikaans University
RGA	Registered Government Auditors
RPE	Registered Persons Exam
RPL	Recognition of Prior Learning
SAIBA	South African Institute of Business Accountants
SAICA	South African Institute of Chartered Accountants

SAIFM	South African Institute of Financial Markets
SAIGA	Southern African Institute of Government Auditors
SAPSE	South African Post-secondary Education Information System
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SOC	Standard Occupational Classification
Stats SA	Statistics South Africa
UNISA	University of South Africa
WSP	Workplace Skills Plan
WSPIG	Workplace Skills Plans Implementation Report/Grant

EXECUTIVE SUMMARY

BACKGROUND, OBJECTIVES AND METHODOLOGY

This study was commissioned by the Financial and Accounting Services Sector Education and Training Authority (Fasset), with the main aim of providing the SETA with a detailed profile of the sector that it serves, a description of education and training provision in the sector, and a description of its skills needs and requirements. The more specific objectives were to:

a) describe the sector and its constituent sub-sectors in terms of

- the total number of employers associated with the sector;
- total turnover and salary bill;
- geographical distribution;
- employee profile, including
    - employment status
    - population group
    - gender
    - age
    - qualification level
    - disability and
    - wage levels;

(b) describe the professional associations and training institutions active in the sector and their respective roles in and contributions to the development of skills in the sector;

(c) determine the education and training supply to the sector;

(d) identify skills needs and skills gaps in the sector;

(e) describe the sector's involvement in projects and programmes to prevent and combat HIV/AIDS; and

(f) identify and describe any special human resources development projects in the sector.

A secondary objective of the study was to develop a database of stakeholders in the sector who would be willing to participate in future studies for Fasset.

The study comprised an employer survey in which 1 261 organisations participated, a survey of the 15 professional bodies active in the sector, and a survey of 31 public and 19 private education and training providers. A total of 59 learners who were already working in the sector were also interviewed while another 40 learners who were still at university or technikon participated in focus groups. In addition to this, various data sources were analysed in order to augment the survey data and to provide macro perspectives on certain issues. These data sources include workplace skills plans (WSPs) and workplace skills plans implementation reports (WSPIGs) submitted to Fasset for the year 2001/2002, the HSRC survey of graduate incomes, the Department of Education's "South African Post-secondary Education Information System" (SAPSE) and the Department's "Higher Education Management Information System" (HEMIS). Information from the September 2001 Labour Force Survey (LFS) was also used (Statistics South Africa).

The study established that the sector consists of approximately 7 200 organisations that employ approximately 92 000 people (1 % of total employment in the formal sector in South Africa). The majority of organisations in the sector (63 %) are very small and employ five or fewer people. Another 30 % employ between 6 and 20 people and 4 % have between 21 and 50 employees. Organisations with more than 50 employees constitute only 3 % of the organisations in the sector, but they employ 56 % of all the workers.

The annual turnover of the sector was estimated to be R62 billion. As most of the organisations in the sector are small, the largest portion of them (44 %) reported an annual turnover of between R200 000 and R2 million. Only 1 % of organisations reported a turnover in excess of R20 million per year. The annual salary bill for the sector was estimated at R9,7 billion.

For the purpose of this study, organisations in the sector were grouped into seven sub-sectors. These are:

- Investment Entities and Trusts and Company Secretary Services;
- Stock Broking and Financial Markets;
- Development Organisations;
- Accounting, Bookkeeping, Auditing and Tax Services;
- Activities Auxiliary to Financial Intermediation;
- Business and Management Consulting Services; and
- SARS and Government Departments.

The relative contribution of each of the sub-sectors to the turnover, salaries paid, organisations and employment is summarised in the table below. The sector consisting of The South African Revenue Service (SARS) and government departments was omitted because of their low response to the employer survey.

Percentage contribution of sub-sectors to turnover, total salary bill, organisations and employment (ranking in brackets.)

Sub-sector	Turnover		Salary Bill		Organisations		Employment	
Investment Entities and Trusts and Company Secretary Service	37 %	(1)	10 %	(3)	20 %	(2)	18 %	(2)
Stock Broking and Financial Markets	29 %	(2)	45 %	(1)	13 %	(4)	14 %	(3)
Development Organisations	4 %	(5)	1 %	(5)	3 %	(6)	2 %	(6)
Accounting, Bookkeeping, Auditing and Tax Services	19 %	(3)	27 %	(2)	44 %	(1)	49 %	(1)
Activities Auxiliary to Financial Intermediation	7 %	(4)	7 %	(4)	14 %	(3)	7 %	(5)
Business and Management Consulting Services	4 %	(5)	10 %	(3)	6 %	(5)	10 %	(4)
Total	**100 %**		**100 %**		**100 %**		**100 %**	

The study furthermore showed that the sector is concentrated in Gauteng, with 56 % of the workforce based in this province. This is followed by the Western Cape (18 %) and KwaZulu-Natal (10 %). The Eastern Cape and Free State each accommodates 4 % of employees while North West, Limpopo, Northern Cape and Mpumalanga each has 2 % of employees.

There are slightly more women (56 %) working in the sector than men (44 %). Most of the administrative and clerical workers (83 %) are women while most of the managers (68 %) are men. In the other occupational groups men and women are more or less equally represented. Of all the workers in the sector 66 % are White. More than 80 % of the managers and 70 % of professionals are White. (The racial composition of the sector would, however, have looked somewhat different if a better response rate had been achieved in the sub-sector consisting of SARS and government departments.) Workers in the sector are relatively young, with 63 % of them 35 or younger.

The educational profile of the sector reveals that more than 70 % of workers have post-matric qualifications. As many as 22 % have first degrees or higher diplomas while another 18 % hold Honours or Master's degrees. Only 2,7 % of workers have qualifications lower than grade 9 or ABET (Adult Basic Education and Training) level 4, which means they might benefit from

Adult Basic Education and Training. These workers are mainly employed in clerical or administrative positions (32 %) or work in elementary occupations as cleaners, gardeners and tea ladies (46 %), for example.

The high incidence of small businesses in the sector is reflected in the high percentage (24 %) of the workers employed in the occupational category of Legislators, Senior Officials, Managers and Owner managers. Professionals constitute 19 % of the workforce, Technicians and Associate Professionals 6 % and Clerks and Administrative Workers 32 %. Occupational categories were assigned to the job titles provided by employers. These might differ from the categories assigned by employers themselves in the WSPs. Distinctions between Professionals and Technicians and Associate Professionals, on the one hand, and between Technicians and Associate Professionals and Clerical and Administrative Workers, on the other, are sometimes vague. The sector employs very few disabled people (0,6 % of the total workforce).

THE ROLE OF PROFESSIONAL BODIES IN THE SECTOR

The Financial and Accounting Services Sector is highly professionalised and various professions play a leading role in the sector. There are 15 professional bodies closely associated with Fasset and all of them, with the exception of one, participated in this research project.

Professional bodies play a central role in the development of skills for and in the sector. Their contributions to skills development include the setting of educational standards, the accreditation of training institutions, the development of curricula, the provision and distribution of learning materials, the setting of examinations, the assessment of practical experience, organising conferences, seminars and workshops, and distributing new knowledge and information through the publication of journals and newsletters.

Only a few of the professional bodies see themselves as training institutions. However, their engagement and close relationships with training institutions were evident from the information collected in this study, and it is clear that these bodies are instrumental in the development and maintenance of very high and, in many cases, internationally recognised standards of education and training. These bodies also play a key role in the development and promotion of ethical behaviour among their members and most of them are actively involved in informing their members of the host of legislative requirements applicable to financial services in the country.

The membership profiles of the professional bodies to a large extent reflect the fact that Black people (Africans, Indians and Coloureds) are under-represented in finance-related professions. Although many of the special human resource development projects are aimed at addressing this problem, progress seems slow.

The recognition of prior learning is an issue that still needs to be thoroughly investigated. With the exception of one or two, none of the professional bodies has yet developed any practical mechanisms to deal with this matter.

EDUCATION AND TRAINING SUPPLY TO THE SECTOR

As more than 70 % of workers in the sector have post-matric qualifications the main source of skills development in and for the sector is the formal education provided by higher education and training (HET) institutions. (This includes all the universities, technikons and registered private higher education institutions.) Further education and training (FET) institutions (technical and private colleges) also contribute to skills development in the sector, but they play a less significant role. The education and training provided by HET and FET institutions are augmented by formal education and continuing professional development (CPD) provided by professional bodies; and in-service training provided by employers and the public and private training providers contracted by employers.

Universities

The fields of study most relevant to the sector are: accounting, cost and management accounting, financial accounting, business and financial management, auditing, financial information systems, and taxation. All the universities in South Africa, except Medunsa (Medical University of South Africa), provide education in some or all of these fields of study. Business schools based at some of the universities also offer post-graduate programmes in business administration.

In the period 1991 to 2000 a total of 50 000 students obtained first Bachelor's degrees (three-year degrees) in the fields of study mentioned above. On average, student output at this qualification level increased by 3 % per year. At the level of Professional Bachelor's (four-year degrees) and Honours degrees the total number of graduates was almost 34 000 over the ten-year period and on average the number of students increased by 7 % per year. Master's degrees amounted to 9 000 over the ten-year period and graduate numbers at this level increased by 10 % per year. Only 395 people received doctoral degrees. Student numbers at this level remained the same over the period. The population group and gender mix of students who graduated in the relevant fields changed substantially over the period – especially at the level of first Bachelor's degrees. Women graduates increased from 36 % to almost 50 % and African students increased from 7 % to 30 %.

Technikons

All the technikons offer training in business, commerce and management sciences. The specific specialisations offered at technikons are cost and management accounting, financial accounting, internal auditing, financial information systems, and financial management. Some of the technikons also offer training towards the Chartered Secretaries and Administrators (CIS) qualification.

The contribution of technikons lies mainly at the level of National Diplomas, Higher Diplomas and BTech Degrees. In the ten-year period from 1991 to 2000 more than 41 000 National Diplomas in relevant fields were awarded by South African technikons. The total number of

Higher Diplomas and BTech Degrees was nearly 7 000. The contribution of technikons at the Master's diploma or degree level was very small – only 135 graduates over the total period.

The growth in the number of students who graduated over the ten-year period provides evidence of the growth in institutional capacity that took place at technikons. The average annual growth in National Diplomas was 9 %, while output in Higher Diplomas and BTech Degrees increased on average by 21 % per year. A dramatic shift occurred in the population groups served by technikons. At National Diploma level African graduates increased from 4 % to 57 %, and at Higher Diploma and BTech level from 3 % to 36 %.

Private HET institutions

There were 111 private higher education institutions registered with the Department of Education on 9 September 2002. These institutions offer mostly certificates and diplomas that fall within levels 5 and 6 on the National Qualifications Framework (NQF). Twenty of the currently registered private institutions provide training relevant to the Financial and Accounting Services Sector.

Employers' contribution to skills development in the sector

The role that employers play in the upgrading of skills in the sector is evident from the WSPIGs that they submitted to Fasset for the year 2001/2002. A total of 685 organisations submitted these reports in order to claim back a portion of the skills development levy that they had paid. According to these reports they had spent R114 million on training and had offered approximately 20 000 training interventions. They also reported that they had trained almost 34 000 people – more or less their total workforce. Although the implementation of the NQF is still in its infancy, employers tried to indicate the NQF levels of the training interventions that they had offered. Almost half of the training interventions (48 %) were at NQF levels 5 and 6. Seven percent were at NQF level 7.

The five areas of skills on which most money was spent and in which most people were trained are:

- specialist financial skills;
- management and leadership development;
- client service;
- information technology; and
- support and administrative skills.

The beneficiaries of training provided by employers were concentrated in the four most skilled classes of workers. The fact that most of the beneficiaries of training were White men is a reflection of the demographic profile of the sector.

The total picture sketched by the WSPIGs is that employers are actively involved in the provision of training and development opportunities to their staff and that they use a vast

number of training institutions to fulfil their specific training needs. The higher education institutions and the professional bodies play a significant role in the provision of in-service training and CPD of employees. A large proportion of in-service training is, however, provided in-house by employers themselves.

Another way in which employers contribute to skills development in the sector is by making bursaries available. In the employer survey, 10 % of employers indicated that they have bursary schemes. Eight percent offer bursaries to their employees, 4 % to outside candidates and 1 % to children of employees.

Factors affecting access to education and training

An important point of focus of this study was access to education and training. In South Africa, with its history of exclusion of people from educational and work opportunities, it is necessary to monitor constantly the extent to which opportunities are open to potential candidates and the factors that inhibit their participation in education and training.

Nearly a third of the training institutions that participated in the study indicated that they place restrictions on the number of learners who are allowed to enrol. The major reason for this is limited facilities.

The poor socio-economic circumstances of learners is a major constraint that limits the access of many potential learners, especially from the disadvantaged population groups. Respondents from the educational institutions, the professional bodies, and learners themselves identified this as one of the most important of the factors that limit the supply of skilled human resources to the sector. Financial problems not only prevent learners with potential from presenting themselves at the training institutions, but also contribute to high drop-out rates and prolonged periods of study.

The poor quality of school education was also identified as a major constraint in the development of skills for the sector. One aspect of the problem is the relatively small numbers of students who matriculate with mathematics and accounting as subjects. Most of those who do pass achieve low passing symbols. Training institutions also stated that even students who have passed matric with relatively high symbols do not seem to have the expected level of knowledge of the subjects. Another aspect of the problem of insufficient school education is the lack of English language proficiency among learners. English is a second or third language for most learners and is the language of tuition at all institutions. Naturally learners' lack of English skills will hamper their academic progress.

The absence of career guidance at school level is another factor that inhibits access to education and training. School leavers have very little knowledge of careers in the financial services field. The majority of school children never have the opportunity to see financial specialists at work. They also have very little exposure to the business world and have no role models to inspire and motivate them to choose careers in this field. The tertiary institutions themselves do much

to overcome this problem and to reach out to prospective candidates by means of career guidance and information to prospective learners.

Other factors that inhibit access to education and training are a shortage of computer equipment and facilities at training institutions and the fact that some learners find it difficult to get transport to educational institutions.

Strategies to overcome problems of access and achievement

Almost all the educational institutions have in place strategies to assist learners from academically deprived backgrounds. These strategies include additional practical assignments and tutorials, the appointment of learner advisors or facilitators, extra lessons, small classes, one-on-one consultations, teaching learners how to study, and simulation exercises. Some of the institutions are also involved in strategies such as teacher training programmes, which are aimed at improving education at secondary school level.

Strategies to improve education and training in the sector

Education and training institutions are continuously looking at ways to improve the quality of the education they offer. Initiatives in this regard include the development of lecturing staff through short courses, involvement in research and conferences, the establishment of educational committees that perform evaluations, liaison with employers and professional bodies to keep up to date with new developments in the financial services field, and peer reviews and external examinations in order to maintain and upgrade standards. Furthermore, nearly half of the institutions that participated in the study indicated that they have international contacts and that these also play a crucial role in improving education and training standards.

A factor that militates against the improvement of educational standards is the fierce competition in terms of salaries from organisations outside the education sector, which makes it difficult for educational institutions to retain their best lecturing staff.

Views of learners on education and training

Learners were included in this study in order to obtain their views on the value of initial and further training opportunities, the strengths and weaknesses of the education and training system, training assistance and support and needs, major gaps, and problems experienced in the education and training system. The term "learner" is used to refer to employees involved in training (those registered on learnerships and those more informally involved in in-service training) as well as learners who are still studying at universities or technikons.

The learners who participated in the study were generally of the opinion that the initial education that they received was of a high standard and that it was applicable to the work situation. Once in the work situation most employees are supported by their employers to further their education and to improve their skills. Support in the work situation takes various

forms; for example, financial support through bursaries and loans, study leave, academic and practical support from senior colleagues, internal discussions of relevant issues, the use of employers' facilities, time to study and permission to attend lectures during office hours. Employees in small organisations sometimes experience difficulties in attending training because of work pressure and financial constraints of the employer. Most of the learners who are already in employment experience training needs. The areas that they identified include further training in relevant computer software, softer skills such as those involved in communication, client liaison, customer service, negotiation and facilitation, and management and human resources. Learners also indicated that they need technical information and development in their specific fields of specialisation.

Most of the learners were positive about work prospects in the sector. Their personal decisions to remain in the sector or to leave will be influenced mainly by financial compensation. Other factors that may also play a role are employment opportunities and the demand for their skills, the economic situation in the country, the security situation in the country (e.g. the level of crime and violence),

HIV/AIDS awareness and education in the sector

Almost all the public institutions (universities, technikons and technical colleges) and a third of the private training institutions offer HIV/AIDS awareness programmes to their students. Lecturers receive less attention in this regard. These programmes include the distribution of brochures, workshop presentations, videos and counselling.

Only a very small number of the learners who are already working reported that they are involved in HIV/AIDS awareness and support programmes at their firms. They did, however, express the need for such programmes.

SKILLS NEEDS OF THE SECTOR

In this study three terms were used to describe the different aspects of skills needs of the sector. The first is "skills shortages". This term refers to a situation where employers cannot find suitable candidates to appoint to specific occupations or posts in their organisations. These posts will remain vacant for prolonged periods of time and may eventually be filled with people who do not possess the necessary qualifications, skills or other attributes sought by the employers. The second term is "skills gaps" and refers to specific areas of knowledge and ability that are not sufficiently available among the existing workforce. This may be the result of insufficient education or training of workers before they enter the labour market or it may stem from changes and new demands in the work environment to which the workforce has not yet adapted. The third term is "priority area of skills development". This term refers to skills needed by members of the workforce in order for them to improve their productivity, to keep abreast with developments in the sector and/or the respective professional fields and for workers to advance their individual careers. Priority areas of skills development may include

skills gaps and efforts to compensate for skills shortages but it is a broader concept than both of these.

Skills shortages

Both the employer survey and the WSPs submitted by employers to Fasset for the year 2001/2002 indicated that employers experience skills shortages. These span a wide spectrum of occupations – some for which training periods are generally short and for which employers should be able to train staff themselves. Shortages of highly skilled professionals and specialists, however, pose real problems to the sector as the lead time to train people in these areas is long. The shortages identified in the study relate specifically to the need for more Black people with the prerequisite qualifications and to specific kinds of work experience required by employers.

The shortages that are experienced are the result of factors that occur on both the demand and supply sides of the market. On the demand side shortages result from an increase in the demand for financial services, which is linked to a growing economy and more stringent administrative, regulatory and tax requirements imposed on organisations, an increase in the demand for financial skills in other sectors of the economy, and a tendency for organisations to outsource all or some of their financial functions. Some respondents maintained that the shortages of professionals, at least in part, stem from a too low ratio of technicians to professionals and an inappropriate division of functions between technicians and professionals that lead to the under-utilisation of professional expertise.

On the supply side there are not enough students who progress up to honours level in the relevant fields, of which one is accounting. These supply constraints relate back to the number of learners who matriculate with mathematics and accounting at higher grade and the subsequent throughput of learners through the higher education system. Some of the respondents to this study were of the opinion that professional bodies contribute to the supply constraints by setting some of the professional requirements unrealistically high, without making sufficient provision for career progression that starts at lower qualification levels.

Skills gaps

Employers who participated in the employer survey were asked to identify the areas of skill that are not sufficiently present in the current workforce. At the top of their list are basic computer skills. This is followed by general accounting skills and knowledge of taxation.

Priority areas of skills development

Information on the priority areas for skills development was gleaned from the WSPs submitted to Fasset for the 2001/2002 financial year. Priority areas were ranked according to the numbers of people that employers intended to train in each of them. The top priority area was specialist financial skills in which employers planned to train some 13 000 people. The second most

important priority area was information technology followed by management and leadership skills.

THE FUTURE DEMAND FOR AND SUPPLY OF LABOUR IN THE SECTOR

The report gives a broad overview of the possible future demand for labour in and the supply of labour to the Financial and Accounting Services Sector. The sector has in recent years been an area of high economic and employment growth, and projections of the future demand for labour in the sector are based on the assumption that it will remain so in the near future.

A very crude demand projection model was developed in this study. The model takes into account possible scenarios of economic growth, employment elasticity (the percentage growth in employment for every 1 % economic growth), mortality in the sector, retirement, emigration and people leaving the sector or the labour market. Four projection scenarios were developed, ranging from a relatively pessimistic to a very optimistic scenario. All four scenarios, however, assume positive economic growth.

The demand projections indicate that under positive economic conditions a total of between 11 000 and 25 000 new employment opportunities may be created in the sector over the period 2002 to 2008. This represents growth in total employment of between 2 % and 4,1 % per annum. This growth is, however, not only dependent on conditions in the rest of the economy, but also on the availability of professionals and skilled workers as job creation in this sector is particularly dependent on their skills.

On the supply side the study shows that there is some spare capacity in the country in the form of unemployed graduates and diploma holders qualified in the fields of study mostly applicable to the Financial and Accounting Services Sector. However, these people may not possess the level of skills or the specialised skills needed by employers. It is also likely that the unemployed graduates are geographically incorrectly placed and do not have the means or ability to present themselves to the right employers.

The analyses presented in this report furthermore show that the universities and technikons make a substantive contribution to skills development in the sector and that the numbers of students who qualify in the relevant fields have grown over the past decade. The highest growth has occurred in the technikon sector. It is, however, unlikely that the growth of this sector can continue at the same pace in the longer term, because, on the one hand the market will reach a point of saturation and on the other the current facilities are approaching maximum capacity.

The emigration of people qualified for the financial services field is a cause for concern. The rate of emigration of people qualified in accounting and related fields has soared over the past couple of years. At the same time the immigration of professionals and skilled workers in this field has dropped substantially and makes no contribution to the skills base in South Africa.

No attempt was made in the report to compare the future supply of and demand for labour in the sector. Such a comparison is impossible because the sector does not draw its labour from any discrete source, but shares - along with the rest of the economy - in the total pool of labour skilled in financial and related fields. Nevertheless, the total quantitative picture sketched indicates that the output from the tertiary institutions should be sufficient to provide for the needs of the country. The problem lies, however, with the fields of specialisation and the levels at which graduates exit the higher education system. There are not enough people at post-graduate level who enter the professional learnerships.

CONCLUSIONS

Composition of the sector

An important characteristic of the sector is the existence of a large number of very small organisations. In terms of skills development, small organisations are often limited in the resources (financial as well as time) that they can make available for education and training. They are also constrained in terms of the time and energy that they can allocate to administrative procedures such as the submission of WSPs. It is thus quite possible that these organisations will remain on the periphery of skills development initiatives. This situation may be exacerbated by the fact that small organisations are geographically dispersed and are therefore less exposed to information on and for the sector. The challenge that faces Fasset is, thus, to create value for small businesses out of the skills levies and to develop communication and information strategies that will bring these organisations into the ambit of skills development initiatives and opportunities.

The Financial and Accounting Services Sector employs a highly skilled workforce of whom more than 70 % are qualified at NQF level 5 and above. Conversely, workers in need of ABET are relatively small in number. The ones that are employed in the sector are mostly at ABET level 3. Interventions to improve their qualification levels thus need to be focused at this level. The fact that most of the workers with qualifications that are at NQF level 1 are women also needs to be taken into consideration. Many of these women may have, in addition to their work, domestic and child-care responsibilities, which may limit the time and energy available for education and training.

The under-representation of Black professionals in the sector not only reflects a lack of transformation, but it may indeed stifle the growth of the sector. The sector is highly dependent on professionals in order to expand and to create employment for others. It, therefore, needs to look closely at the reasons for the slow growth in numbers of Black professionals and to find ways to remedy the situation.

Skills shortages and mismatches of skills

Most of the labour market signals that were considered (vacancies that cannot be filled, employers' and professional bodies' opinions and salary trends) indicated that there are indeed shortages of certain skills in the sector. Yet some contradictory evidence was found in the national statistics, which revealed relatively high levels of unemployment among Black graduates in the relevant fields. This is probably an indication of other problems in the labour market, such as a mismatch between the skills and experience required by employers and those that are available. It may also be indicative of problems in relation to matching potential candidates and employers.

The latter situation seems to be a real problem. It is important to take into consideration the total life situations of learners from disadvantaged communities. More often than not they come from very poor socio-economic circumstances and study with the financial assistance of relatives and friends. Most of them have very few connections with the formal labour market – let alone institutions that mainly employ highly skilled professionals. In general, these learners lack the skills, the courage and the opportunity to present themselves in person to potential employers. Their problems are often compounded by the lack of resources, such as money for transport. From the employers' point of view the total lack of work experience, as well as other limitations, makes young graduates from disadvantaged circumstances less attractive as potential employees. For this reason, one of the challenges facing the sector is to find ways to bridge gaps and to harness this untapped resource to the long-term advantage of the sector. Solutions that may be considered include practical placements with employers of learners in their senior years of study; the establishment of more non-traditional learnerships, especially with smaller businesses; and the establishment of recruitment facilities at or close to the higher education institutions. The provision of special financial assistance for learners from disadvantaged communities to continue with post-graduate studies and to attain professional qualifications also needs to be considered.

As far as skills shortages are concerned, the sector cannot be viewed in isolation. Financial and related skills are used in all sectors of the economy and from the information considered in this study it seems as if the perceived skills shortages are not only the result of growth in the demand for financial services but are, to a large extent, the result of an increase in the demand for financial skills in the public sector and in commerce and industry. Other sectors should thus also become involved in enhancing the financial skills base in South Africa.

Structuring of functions and utilisation of highly skilled professionals

Closely related to the notion of skills shortages is the question of how people with training in the financial fields are utilised. From different quarters comments were made about the less-than-optimal utilisation of skilled professionals. This problem seems to have two components to it. One component is a tendency of employers to use qualified professionals for tasks that can be fulfilled by technicians or even administrative staff, because it makes them (the

employers) feel more comfortable. The other is a tendency to employ too few technicians and administrative support staff in relation to professionals and thus tie up professional time in mundane or routine tasks.

If this situation really exists, it may contribute to shortages of skilled workers. In this study it was possible to record only the perceptions of role players. The issue may warrant further investigation.

Skills gaps and skills development priorities

The study revealed definite gaps in the skills of the current workforce, and certain areas that need continuous updating. It was interesting to note how particular themes occurred through all the different surveys.

The first and most obvious need is for training in specialist financial fields. Training needs tend to be specific to particular occupations and workplaces. The CPD opportunities provided by the professional bodies in collaboration with the institutions for higher education and innumerable private training institutions, consultancies and individuals play a very important part in the development of specialist financial skills.

The second area is the need for computer literacy and the development of computer skills across all occupational categories. The sector is faced with rapid computerisation of functions and the workforce has not kept up with these technological changes.

The third area of skills need is that of non-financial or so-called "soft" skills. This term refers to skills necessary to work with people at different levels: oral and written communication skills, presentation skills, client service orientation and skills, etc.

The last area of skills development, and one that is most important in the sector, is the area of managerial skills. The large number of small organisations in the sector means that, apart from being entrepreneurial, young professionals have to manage all aspects of their businesses, often without any formal management training. Workers in the sector are also relatively young, which means that people often have to take on managerial responsibilities before they can develop the necessary skills through experience and observation of skilled managers. The need for managerial skills is exacerbated by a rapidly changing and highly competitive global economy. Employment equity goals introduce the challenge to develop management talent among the designated groups (women and Black people).

The extent and quality of education and training

The overall impression gleaned from all the surveys is that the provision of education and training to the sector is comprehensive and generally of a very high standard. The role that the professional bodies play in maintaining these standards should not be underestimated.

The fact that the financial services of the country should be of internationally acceptable standards in order to attract investment and stimulate economic growth is undisputed and,

therefore, role players in the sector cannot afford to compromise professional standards or standards of education and training. However, the sector is faced with the realities of too few learners from the previously disadvantaged groups moving up to the higher professional qualification levels. The challenge is thus to remove all unnecessary obstacles and to maximise support to these individuals without compromising standards.

Barriers to entry to education and training

The quality of secondary school education – especially in the fields of mathematics, accounting and English – is a major constraint that causes the institutions of higher education to provide a myriad academic support programmes. It seems as if the need for these programmes will remain for a long time to come and that the tertiary education institutions need to be supported and resourced to continue with these programmes in the short to medium term.

To alleviate the situation in the longer term, interventions should be aimed at the secondary school system itself. Some of the tertiary institutions are already involved in teacher education and training – especially in the fields of mathematics and accounting. Support to continue with these interventions is something the sector should consider.

Career guidance can play a pivotal role in directing potential students with the necessary talent and interest towards careers in the financial field. Although most of the public education institutions provide some form of career guidance, these services are not specific enough to the financial services field.

CONCLUDING REMARKS

A vast amount of information was collected in this project. The most salient components of the information were analysed and presented in the body text of the report. Much of the detail, however, had to be relegated to annexures. The raw data are left with Fasset in databases that can be analysed for other purposes if necessary. The general impression gleaned from this study is that this sector has a strong history of skills development but that there are various areas that require focused attention and improvement.

1

INTRODUCTION

1.1 BACKGROUND

One of the most important challenges facing South Africa is the development of a skilled workforce that can support and enhance economic growth and improve the international competitiveness of the country. In response to this challenge, the South African Government in the late nineteen nineties introduced the National Skills Development Strategy, and a set of associated legislation of which the Skills Development Act[1] and the Skills Development Levies Act[2] are the most important.

The overall objectives of the Skills Development Act are to:

(a) 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;

(b) increase the levels of investment in education and training in the labour market and improve the return on that investment;

(c) encourage employers to

- use the workplace as an active learning environment;
- provide employees with the opportunities to acquire new skills;
- provide opportunities for new entrants to the labour market to gain work experience; and
- employ people who find it difficult to be employed;

(d) encourage workers to participate in learnerships and other learning programmes;

[1] Skills Development Act, No. 97 of 1998. Pretoria: Government Printer.
[2] Skills Development Levies Act, No. 9 of 1999. Pretoria: Government Printer.

(e) improve the employment prospects of people previously disadvantaged by unfair discrimination and redress those disadvantages through training and education;

(f) ensure the quality of education and training in and for the workplace;

(g) assist

- work seekers to find work;
- retrenched workers to re-enter the labour market;
- employers to find qualified employees; and

(h) provide and regulate employment services[3].

The structures that the Skills Development Act created to give effect to these objectives are *inter alia* the National Skills Authority (NSA), Sector Education and Training Authorities (SETAs), and the National Skills Fund (NSF).

The Skills Development Levies Act compels all employers registered with the SARS to pay Pay-As-You-Earn (PAYE) in respect of their employees or who have a turnover in excess of R250 000 per annum are compelled to pay a Skills Levy of 1 % of their payroll, the bulk of which (70 %) is directed to the SETAs for distribution in their particular sectors.

In addition to the distribution of training levies, the SETAs have the following functions and responsibilities:

- to develop Sector Skills Plans within the framework of the National Skills Development Strategy;
- to implement the Sector Skills Plans;
- to design, register, manage and promote learnerships;
- to perform education and training quality assurance (ETQA) functions through the South African Qualifications Authority (SAQA);
- to liaise with the NSA, which advises the Minister of Labour on the National Skills Development Policy and Strategy, the implementation of the Strategy and the allocation of subsidies from the National Skills Fund; and
- to liaise with the employment services of the Department of Labour.

In order to fulfil these functions, all SETAs need reliable information on the size, composition, skills distribution, skills priorities and skills needs of their respective sectors.

It is against this background that The Financial and Accounting Services SETA (Fasset) conceptualised their information needs in terms of a comprehensive research project, the aims of which are described in Section 1.2 below. A consortium consisting of The Human Sciences Research Council (HSRC) and AC Nielsen was contracted to execute the project on behalf of Fasset.

[3] Skills Development Act, No 97 of 1998, Chapter 1.

1.2 AIMS AND OBJECTIVES OF THE STUDY

The main aim of the study was to provide Fasset with a detailed profile of the sector that it serves, a description of the education and training provision to the sector, and the skills needs and requirements of the sector.

The more specific objectives were to:

a) describe the sector and its constituent sub-sectors in terms of

- the total number of employers associated with the sector;
- total turnover and salary bill;
- geographical distribution;
- employee profile including
    - employment status
    - population group
    - gender
    - age
    - qualification level
    - disability and
    - wage levels;

(b) describe the professional associations and training institutions active in the sector and their respective roles in and contributions to the development of skills in the sector;

(c) determine the current and future education and training supply to the sector;

(d) identify the current and future skills needs and skills gaps in the sector;

(e) describe the sector's involvement in projects and programmes to prevent and combat HIV/AIDS; and

(f) identify and describe any special human resources development projects in the sector e.g. ABET.

A secondary objective of the study was to develop a database of stakeholders in the sector who would be willing to participate in future studies for Fasset.

1.3 METHODOLOGY

The study comprised four surveys and the analysis of data from other sources that provided information relevant to the study. The surveys involved employers, professional bodies active in the sector, education and training institutions that contribute to skills formation in the sector, and learners.

In addition to this the WSPs and WSPIGs submitted by employers for the period April 2001 to March 2002, information from the SAPSE and the HEMIS were analysed. The Labour Force Surveys conducted by Statistics South Africa (Stats SA) also provided some useful insights into certain of the issues investigated.

1.3.1 Employer survey

Objectives

The employer survey was aimed at the establishment of a profile of the sector and the employees working in the sector, the identification of skills shortages, needs and priorities as experienced by employers, and the identification of special skills development projects, and projects aimed at the prevention of HIV/AIDS.

Sample frame

The sample of employers was drawn from an employer database kept by Fasset. The database was originally obtained from the SARS and consisted of approximately 10 000 employers who could possibly belong to the Finance and Auditing Services Sector. The database comprised all organisations that were registered for tax purposes. When registering for the Skills Levy, they are requested to describe their business activities and assign themselves a Standard Industrial Classification (SIC) code. Organisations that had not registered for the Skills Levy or who did not have a SIC code were assigned a code by the Department of Labour (DoL) on the basis of their names. In many instances the SIC codes allocated by DoL proved to be wrong.

The database also contained the names of organisations that were no longer in operation, trusts that were formed for purposes other than business (e.g. family trusts), and holding companies that were not directly involved in any business activities. Although the database had been cleaned by Fasset, it still contained the names of many organisations that were either not active or did not belong to Fasset. For these reasons, the database had many shortcomings as a sample frame, but it was the best database available for an employer survey in this particular sector. The fieldwork process was used to further clean the database and to get a more realistic picture of the sector.

Despite its shortcomings the database was useful because, apart from the SIC codes, it contained organisation information such as addresses and telephone numbers and, for more than half of the organisations, some indication of their size, i.e. the number of employees and/or the amount of Skills Levy paid.

Sample size and sampling procedure

The sector consists mainly of very small businesses – i.e. businesses with fewer than 50 employees. However, employment in the sector is concentrated in a few large organisations. The decision was made, therefore, to do a census of the organisations with 50 or more employees and to draw a 10 % sample of organisations with fewer than 50 employees (small organisations). The database of small organisations was stratified according to sub-sector (SIC

code) and employment size. Organisations were grouped into the following size categories: 1 to 5 employees, 6 to 50 employees, 51 employees and more, and employee number unknown. This resulted in a total of 64 strata. A proportionate random sample was drawn from each stratum. Provision was made for two replacements for each organisation. These replacements were used if the organisation did not exist, did not belong to Fasset, could not be traced, or refused to participate in the survey. The final sample realisation was 1 261: 1 206 organisations with 50 or fewer employees and 55 with more than 50 employees.

Data collection

A semi-structured questionnaire was developed and tested in a pilot survey comprising 35 organisations. (See Annexure A1). Large organisations (50 employees and more) were visited by the corporate fieldwork team of AC Nielsen. Those questions that could be answered in a personal interview were completed immediately. However, in most instances questionnaires were left at the respondent organisations for completion and were collected at a later stage. Data were collected from the small organisations through a combination of telephonic interviews and faxed and e-mailed questionnaires.

Weighing of data

In order to generalise the information obtained through the survey to the whole sector, the data were weighted[4]. Under normal circumstances the database used for sampling would have been regarded as the universe and the sample data would have been weighted to the total number of organisations in the database. However, given the problems associated with the database that are described in Section (a) above, adjustments had to be made before data were weighted.

During fieldwork, interviewers carefully recorded all responses related to an organisation. In many instances there was clear evidence that an organisation no longer existed, for example, the telephone number was no longer operational and no number could be found in the Telkom directory; or the person indicated on the database as the contact person informed the interviewer that the organisation was no longer operational and had deregistered. Approximately 25 % of organisations from the original database no longer existed. These organisations were disproportionately distributed across strata/categories used in the sampling process. Therefore, each category was adjusted separately by subtracting the percentage of non-existing organisations found in the original sample. The result was that the universe was assumed to include 7 213 organisations as opposed to the 9 678 organisations in the original database.

It must be noted that no adjustment was made for organisations whose details appeared on the original database but that indicated that they did not belong to Fasset. The assumption was made that for every organisation incorrectly placed on the Fasset database, there would be a

[4] By weighting sample data the assumption is made that every organisation in the sample represents a number of others that exist in the universe and that have exactly the same attributes as the one in the sample. In all statistical analysis the organisation in the sample is "replicated" in a simulation executed by the statistical package so that all values produced in this process represent the total population. The number of replications per organisation is equal to the weight assigned to it.

substitute incorrectly placed in the database of one of the other SETAs (and therefore not available to this survey, but still belonging to the Financial and Accounting Services Sector). However, by using information from only those organisations that truly belong to Fasset, the attributes of Fasset organisations were generalised to the assumed universe.

The weights assigned to each of the organisations that participated in the study were the inverse of the probability of being sampled after adjustments for non-existing organisations had been made to each sampling category.

For the purpose of establishing an employee profile, information was also collected from individual employees of each responding organisation. (See question 8 of the questionnaire in Annexure A). Individual records were assigned the weight of the organisation to which they belonged.

1.3.2 Survey of professional bodies

All the professional bodies active in the sector were surveyed in order that their role in the sector could be established. The survey focused on a profile of the professional bodies and current and future projects related to skills development and HIV/AIDS awareness in the sector.

Professional bodies that are also employers and that have registered with Fasset were requested to complete the employer questionnaire in addition to the questionnaire designed specifically for professional bodies.

Professional bodies furthermore tend to have a good overview of a sector. Therefore, this survey was used to obtain their perspectives on current and future skills needs in the sector, factors that may impact on future supply and demand of skills, and the future growth of the sector.

An interview schedule specifically developed for this purpose was used. (See Annexure A2.)

1.3.3 Survey of education and training providers

Training providers in both the private and public sectors were surveyed in order to obtain an overview of:

- institutions that provide education and training to the sector - their organisational capacity, structure and accreditation status;
- learners involved in education and training;
- factors influencing access to education and training;
- support strategies related to current and future education and training (including learnerships);
- existing initiatives to improve education and training;
- current and future projects to develop the skills base of the sector and to increase the throughput of the training institutions;

- learnerships that need to be developed;
- education and training institutions' perceptions of supply and demand issues in the sector, for example, specific factors that influence demand and supply;
- the institutions' involvement in HIV/AIDS education or prevention programmes; and
- accreditation/ETQA status.

A total of 19 private training institutions, 11 universities, 10 technikons and 10 technical colleges were interviewed. A purposive sampling procedure was used. The private training institutions visited were those most often used by employers in the sector. The universities, technikons and technical colleges were selected to be more or less representative of historically advantaged and disadvantaged institutions.

Interviews were conducted with representatives of different departments at the training institutions. In some instances, these discussions were conducted in a group and in others individual interviews were held. The interview schedule that was used appears in Annexure A3, and Annexure A4 contains a list of the institutions that participated in the study. In addition to this, a very useful workshop was held with representatives of different technikons in Gauteng in order to get an in-depth perspective on training in the sector.

1.3.4 Survey of learners

The learner intervention was essentially qualitative and was aimed at providing a learner perspective on:

- the education and training provided in the sector;
- the type of future training planned;
- skills needs and gaps;
- the quality and effectiveness of current and future education and training support;
- the need for learnerships;
- the factors promoting and inhibiting access to education and training;
- involvement in HIV/AIDS awareness projects and ABET; and
- career progression.

Learners were grouped as those preparing to enter the labour market, learners on learnerships/internships/training contracts, and other employees undergoing training. Interviews were conducted with 59 people who are currently employed but who are in some way still engaged in training. A third (19) of these interviews were with people who are busy with learnerships/internships/articles/training contracts. The rest of the interviews were conducted with employees undergoing some sort of training. Interviewees were selected from employer-organisations that participated in the employer survey and that declared themselves willing to participate in future studies. They were selected to include respondents from each

sub-sector (see Section 1.4.1). The schedule used for these interviews is attached as Annexure A5.

The viewpoints of learners who are preparing to enter the labour market were obtained through five focus groups – three at universities and two at technikons. Detailed information on the learners who were interviewed and who participated in the focus groups is given in Annexure A6.

1.3.5 Other data sources

(a) Workplace Skills Plans (WSPs)

The one set of application forms that employers submit to SETAs in order to claim back a percentage of the training levy paid in is generally known as WSPs. These forms are valuable sources of information on the training planned in each sector. At the time when this study was conducted the 2001/2002 applications had been approved and the information on the forms had been captured by Fasset. A total of 756 WSPs were analysed, mainly to obtain insight into the training priorities identified by employers, the numbers of people that they intended to train in each priority, and the skills shortages that they perceived to exist in the sector.

(b) Workplace Skills Plan Implementation Reports (WSPIGs)

The WSPIGs are a second set of application forms submitted by employers. These forms reflect actual training that took place in the sector during a particular year and provide explanations for deviations from the planned training as reflected in the WSPs. The forms submitted for 2001/2002 were analysed in order to gain some understanding of the nature and extent of employers' involvement in the training of their staff, as well as the problems they experience and the factors that prohibited implementation of their WSPs.

(c) HSRC surveys of graduate incomes

The HSRC, as part of their Graduates Research Programme, conducted surveys of the incomes of university graduates every three years. These were postal surveys that included graduates whose details were captured in the Register of Graduates - a national database of all graduates who obtained their qualifications from South African universities. The surveys conducted in 1994, 1997 and 2000 were used for this study and, although it was not possible to distinguish between graduates working in the Financial and Accounting Services Sector and graduates working elsewhere, the surveys provided useful information on remuneration levels and trends of graduates in financial occupations in general.

(d) Information from the Department of Education

All state-funded higher education institutions are obliged to provide the Department of Education with statistical information on an annual basis. For the higher education sector this information was, until 1998, captured in SAPSE. In 1999 this was replaced by HEMIS. These two sources are currently the most comprehensive sources of data on graduation trends in

South Africa. Trends in student output from universities and technikons were obtained from these systems.

(e) Labour Force Survey (LFS)

The LFS is a household survey that is conducted every six months by Stats SA. A representative sample of approximately 30 000 households is used and the survey covers a wide range of questions pertaining to the educational and labour-market activities of respondents. Apart from publishing a very basic report on the survey, Stats SA makes available to researchers the dataset for further analysis. The dataset of the September 2001 LFS was used to get certain macro information that could not be obtained through the surveys conducted as part of this study.

1.4 CLASSIFICATION SYSTEMS USED IN THE STUDY

1.4.1 Standard Industrial Classification (SIC)

The SIC is widely used in South Africa to classify organisations in terms of their economic activity. The SIC was also used in the demarcation of sectors for the purpose of implementing the Skills Development Strategy and its associated legislation. Although SIC categories are useful to classify organisations, the classification system is not perfect. Many organisations engage in more than one kind of economic activity and may, therefore, fall within more than one SIC category. As regards their affiliation with SETAs, organisations have a choice as to which SETA they want to belong to and normally associate themselves with the sector in which their main economic activities fall. The effect of this is that the sectors served by the various SETAs are not "pure" in the sense that they contain only the economic activities described in the original sector demarcation. Components of financial and auditing services are, for instance, located in other sectors such as the Banking Sector. Similarly, the Financial and Accounting Services Sector contains activities other than financial and auditing services; for example, aviation services.

Furthermore, the SIC demarcations used for the SETAs do not correspond with the sectors used by Stats SA and other agencies to collect economic and labour market information. It is therefore very difficult to compare SETA information to other data.

The Financial and Accounting Services Sector includes 16 SIC categories. Some of the economic activities described under the 16 SIC codes are very similar to one another, and in order to facilitate the meaningful analysis of the survey data, organisations belonging to Fasset were re-grouped into seven sub-sectors. The sub-sectors and SIC categories associated with each are indicated in Table 1.1. The creation of some of these sub-sectors was, in a sense, arbitrary and does not necessarily reflect a real coherence within the sub-sectors, while others represent a much more homogeneous cluster of activities.

Table 1.1: Sub-sector demarcation

Sub-sector	Original SIC category
Investment Entities and Trusts and Company Secretary Service	• Investment Entities and Trusts • Company Secretary Services
Stock Broking and Financial Markets	• Administration of Financial Markets • Security Dealing Activities • Stock Broking • Asset Portfolio Management
Development Organisations	• Development Corporations and Organisations
Accounting, Bookkeeping, Auditing and Tax Services	• Tax Services • Accounting, Bookkeeping and Auditing Activities; Tax Consultancy • Activities of Accountants and Auditors Registered in Terms of the Public Accountants and Auditors Act • Activities of Cost and Management Accountants • Bookkeeping Activities, including Relevant Data Processing and Tabulating Activities
Activities Auxiliary to Financial Intermediation	• Activities Auxiliary to Financial Intermediation
Business and Management Consulting Services	• Business and Management Consulting Services
SARS and Government Departments	• South African Revenue Service (SARS) • National Treasury (Departments of State Expenditure and Finance)

1.4.2 Standard Occupational Classification (SOC)

For the coding of occupational information the SOC was used. The SOC classifies occupations at different levels – from a very detailed level to the broadest level that consists of nine occupational categories. The broadest classification is mostly used in this report. Trainees and people on learnerships are listed as an additional category.

1.5 PRESENTATION OF RESEARCH FINDINGS

The information obtained through all the different surveys and from other data sources is presented in an integrated manner in the chapters to follow. In Chapter 2 a profile of the sector is sketched. This includes a profile of the organisations that form the sector, as well as the

employees working in them. The focus of Chapter 3 is the role of professional bodies in the sector. A short description of each professional body and its membership is also given.

The provision of training to the sector is described in Chapter 4. The chapter also deals with trends in education and training output, access to education and training and support available to students, strategies to improve education and training in the sector, the views of learners on training issues, and HIV/AIDS awareness and education in the sector.

In Chapter 5 the skills needs and priorities of the sector are analysed from different perspectives. The question of whether there are particular skills shortages in the sector is addressed and the main skills needs and priorities that were identified by different role players are delineated.

Chapter 6 deals with the future demand for and supply of labour to the sector. The results of a very simplified demand projection model are presented. The conclusions and recommendations of the report are presented in Chapter 7.

2

PROFILE OF THE SECTOR

2.1 INTRODUCTION

It is important for all the SETAs to establish through research the size and composition of their sectors and composite sub-sectors. Baseline profiles of the sectors are essential for the future monitoring of labour market trends, to assess the extent of compliance with the Skills Development Act, and to give direction to skills development strategies. Of particular importance are the population group and gender profiles of each sector, as skills development initiatives are meant to support employment equity objectives. Another important issue is the number of workers in need of ABET. In its Skills Development Strategy, Government has set itself the objective of drastically reducing illiteracy among the workforce and lifting the educational levels of the majority of workers.

In this chapter the organisations that comprise the Financial and Accounting Services Sector are described in terms of their size, the sub-sectors to which they belong and their geographic distribution. A profile is also given of employees who work in the sector. This profile includes the gender, population group, age, and educational and occupational distribution of workers. Information is also given on remuneration levels and disability.

Unfortunately SARS and some of the government departments registered with Fasset did not participate in the survey (it is estimated that SARS employs approximately 12 000 employees in the Fasset sector). For this reason this sub-sector had to be omitted from the sector profile. The responses to the qualitative-type questions from the few government departments that participated in the study were included in the rest of the analyses.

2.2 ORGANISATIONS IN THE SECTOR

It is estimated that the sector (excluding SARS and the government departments) consists of 7 210 organisations with 9 138 branches across the country. These organisations employ an estimated 91 960 employees. This represents approximately 1 % of employment in the formal sector.

Table 2.1: Distribution of organisations and employment according to organisation size

Organisation size	Organisations		Employees	
	Number	%	Number	%
1 - 5 employees	4 563	63	12 989	14
6 - 20 employees	2 160	30	20 617	22
21 - 50 employees	258	4	7 157	8
51 - 150 employees	171	2	13 930	15
More than 150 employees	57	1	37 268	41
Total	**7 210**	**100**	**91 960**	**100**

The sector consists of a large number (4 563 or 63 %) of very small organisations, i.e. organisations that employ five or fewer people. Another 30 % of the total number of organisations employ between 6 and 20 people. Organisations with more than 50 employees constitute only 3 % of organisations in the sector. However, they employ 56 % of the workforce (see Table 2.1).

2.3 TURNOVER

Just more than half (54 %) of the organisations that participated in this study were willing to disclose their annual turnover. Together these organisations represent an annual turnover of R28 billion. The total turnover of the sector is estimated to be approximately R62 billion[5].

As mentioned before, the sector consists mainly of relatively small organisations. The largest portion (44 %) of them have an annual turnover of between R200 000 and R2 million. Only 1 % of organisations reported a turnover in excess of R20 million per year. (See Table 2.2.)

Table 2.2: Annual turnover of organisations in the sector

Annual turnover	Organisations		Total annual turnover
	Number	%	
Less than R200 000	688	10	R 84,288,498
R200 000 - R500 000	1 170	16	R 413,538,259
R500 001 - R2 million	1 326	18	R 1,412,382,654
R2 million - R10 million	496	7	R 2,073,654,316
R10 million - R20 million	139	2	R 2,064,418,877
R20 million +	49	1	R 21,928,153,896
Turnover unknown	3 340	46	*R 34,259,362,634
Total	**7 210**	**100**	**R 62,235,799,134**

* Amount estimated. See Footnote 5

[5] This estimate was derived by calculating the average turnover for every size group of organisations (e.g. organisations with fewer than 5 employees, organisations with 6 – 20 employees) in every sub-sector and using those averages for the organisations that did not submit information on turnover.

2.4 SALARY BILL

The total estimated amount paid in salaries by the sector during the last financial year is R9,7 billion[6]. The average and total salary bills for each size organisation are shown in Table 2.3. On average the smallest organisations (1 to 5 employees) paid R243 213 to all their employees while organisations with more than 150 employees paid R32,4 million. The total amount paid by all small organisations was R1,1 billion while all the large organisations (with 150 or more employees) paid R1,8 billion to their staff.

Table 2.3: Average and total salary bill according to organisation size

Organisation size	Average per organisation	Total	
		Amount	%
1 - 5 employees	R 243,213	R 1,109,740,386	11
6 - 20 employees	R 840,661	R 1,816,104,979	19
21 - 50 employees	R 4,519,385	R 1,166,272,467	12
51 - 150 employees	R 21,793,887	R 3,728,498,273	39
More than 150 employees	R 32,402,720	R 1,859,916,116	19
All organisations	R 1,342,709	R 9,680,532,222	100

2.5 SUB-SECTORS

For the purpose of this study the Financial and Accounting Services Sector has been divided into seven sub-sectors. The way in which SIC codes were grouped to form a sub-sector is described in Chapter 1. The seven sub-sectors are:

- Investment Entities and Trusts and Company Secretary Services;
- Stock Broking and Financial Markets;
- Development Organisations;
- Accounting, Bookkeeping, Auditing and Tax Services;
- Activities Auxiliary to Financial Intermediation;
- Business and Management Consulting Services; and
- SARS and Government Departments.

In terms of the number of organisations and employment, the largest sub-sector is the Accounting, Bookkeeping, Auditing and Tax Services Sub-sector, which comprises almost half the total number of organisations (3 201 organisations) in the sector. This sub-sector employs 44 646 people. The smallest sub-sector is Development Organisations, which consists of 216 organisations that employ 2 163 people.

[6] Only 4 556 (63 %) of respondents provided reliable information on their salary bills. This estimate was derived by calculating the average salary bill for every size group of organisations (e.g. organisations with fewer than 5 employees, organisations with 6 – 20 employees) in every sub-sector and using those averages for the organisations that did not submit salary information.

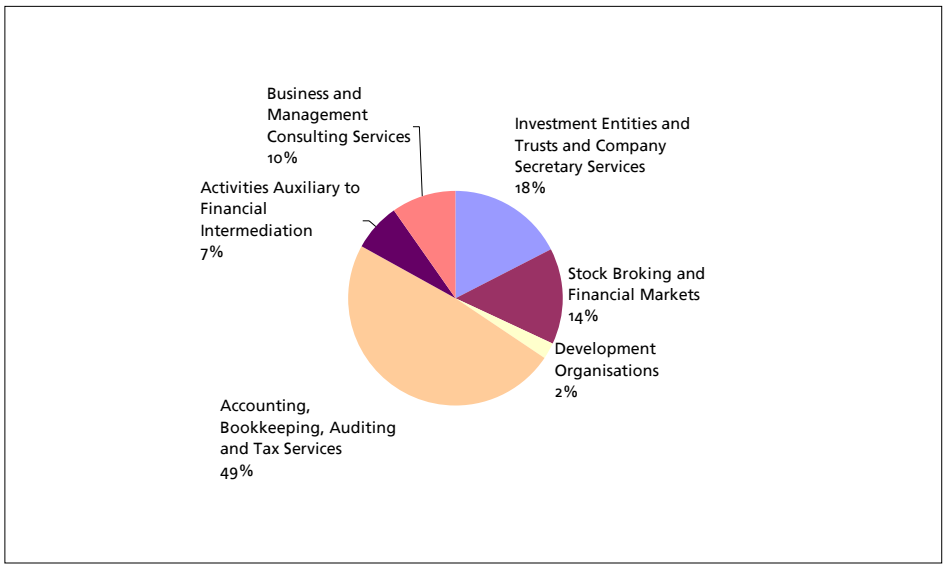
Table 2.4: Sub-sectoral composition of the Financial and Accounting Services Sector

Sub-sector	Number of organisations	%	Number of branches	%	Total employment	%
Investment Entities and Trusts and Company Secretary Services	1 436	20	1 695	19	16 129	18
Stock Broking and Financial Markets	913	13	1 199	13	13 315	14
Development Organisations	216	3	216	2	2 163	2
Accounting, Bookkeeping, Auditing and Tax Services	3 201	44	3 755	41	44 646	49
Activities Auxiliary to Financial Intermediation	1 040	14	1 778	19	6 769	7
Business and Management Consulting Services	405	6	499	5	8 939	10
Total	**7 210**	**100**	**9 141**	**100**	**91 960**	**100**

The distribution of employment across sub-sectors is illustrated in Figure 2.1. Almost half (49 %) of all employees are employed in the Accounting, Bookkeeping, Auditing and Tax Services sub-sector. The next highest number of employees is found in Investment Entities and Trusts and Company Secretary Services (18 %), followed by Stock Broking and Financial Markets (14 %), and Business and Management Consulting Services (10 %).

The second smallest sub-sector, namely Activities Auxiliary to Financial Intermediation, consists of a conglomeration of organisations such as debt collectors and financing organisations that were not able to classify themselves in any of the other categories, but that have registered with Fasset or wanted to register with or associate themselves with Fasset. This sub-sector employs 7 % of the total number of employees, while the remaining 2 % of employees are employed by the sub-sector of Development Organisations.

Figure 2.1: Employment distribution according to sub-sector



The relative contribution of each of the sub-sectors to the turnover, salaries paid, organisations and employment is summarised in Table 2.5. A detailed profile of each sub-sector can be found in Annexure B.

Table 2.5: Percentage contribution of sub-sectors to turnover, total salary bill, organisations and employment

Sub-sector	Turnover		Salary bill		Organisations		Employment	
	%	Rank	%	Rank	%	Rank	%	Rank
Investment Entities and Trusts and Company Secretary Services	37	1	10	3	20	2	18	2
Stock Broking and Financial Markets	29	2	45	1	13	4	14	3
Development Organisations	4	5	1	5	3	6	2	6
Accounting, Bookkeeping, Auditing and Tax Services	19	3	27	2	44	1	49	1
Activities Auxiliary to Financial Intermediation	7	4	7	4	14	3	7	5
Business and Management Consulting Services	4	5	10	3	6	5	10	4
Total	**100**		**100**		**100**		**100**	

2.6 GEOGRAPHICAL DISTRIBUTION

The Financial and Accounting Services Sector is concentrated in Gauteng, with 40 % of the branches of organisations and 56 % of the sector's workforce based in this province. Nineteen percent of the branches and 18 % of the employees are based in the Western Cape and 10 % in KwaZulu-Natal. The Eastern Cape and Free State each accommodate 4 % of employees while North West, Limpopo (Northern Province), Northern Cape and Mpumalanga each have 2 % of employees.

Table 2.6: Provincial distribution of organisations and employment in the sector

Province	Branches		Employment	
	N	%	N	%
Eastern Cape	629	7	3 974	4
Free State	582	6	3 782	4
Gauteng	3 648	40	51 264	56
KwaZulu-Natal	1 243	14	8 948	10
Mpumalanga	431	5	2 097	2
Northern Cape	189	2	1 756	2
Limpopo	356	4	2 231	2
North West	330	4	1721	2
Western Cape	1 738	19	16 188	18
Total	**9 145**	**100**	**91 960**	**100**

2.7 WORKER PROFILE

The profile of people who work in the sector was obtained through the employer survey (see Section 1.3.1). The data analysed in this chapter is based on information that represents approximately 86 % of the workforce currently working in the Financial and Accounting Services Sector[7]. Sub-sectors are not equally represented. Detailed information was obtained on only 72 % of employees working in the sub-sector of Investment Entities and Trusts and Company Secretary Services. Respondents in the other sub-sectors responded much better to the request for detailed information on employees and are represented as follows: Stock Broking and Financial Markets: 97 %; Development Organisations: 99 %; Accounting, Auditing, Bookkeeping and Tax Services: 83 %; Activities Auxiliary to Financial Intermediation: 97 %; and Business and Management Consulting Services: 87 %.

In this section a profile is given of the sector as a whole. Detailed profiles of sub-sectors are attached as Annexure B.

2.7.1 Gender

The gender distribution of employees in the sector can be seen in Table 2.7. There are slightly more women than men working in the sector. Of all the workers reported on in this study 44 % were men and 56 % women. The gender ratios in the Professional, Technician and Associate Professional categories are more or less equal. However, only a small proportion of managers (32 %) are women, while 83 % of Clerical and Administrative Workers are women. The table also indicates which percentage of the total workforce the genders constitute; for example, male managers make up 16 % and female managers 8 % of the total workforce.

[7] The response rate on this question was very high, given the fact that detailed information was asked on each individual employee.

Table 2.7: Gender distribution of workers according to occupational categories

Occupational category*		Male	Female	Total
Legislators, Senior Officials, Managers & Owner Managers	N	12 022	5 693	17 716
	%	68	32	100
	% of all workers	16	8	24
Professionals	N	7 260	6 739	13 999
	%	52	48	100
	% of all workers	10	9	19
Technicians & Associate Professionals	N	2 232	2 219	4 451
	%	50	50	100
	% of all workers	3	3	6
Clerks & Administrative Workers	N	3 976	18 905	22 881
	%	17	83	100
	% of all workers	5	26	31
Service & Sales Workers	N	431	424	855
	%	50	50	100
	% of all workers	1	1	1
Plant & Machine Operators	N	377	13	390
	%	97	3	100
	% of all workers	1	0	1
Labourers & Elementary Occupations	N	826	1 649	2 475
	%	33	67	100
	% of all workers	1	2	3
Trainees	N	498	565	1 064
	%	47	53	100
	% of all workers	1	1	1
Other	N	4 727	4 742	9 468
	%	50	50	100
	% of all workers	6	6	13
Total	**N**	**32 351**	**40 949**	**73 300**
	%	**44**	**56**	**100**
	% of all workers	**44**	**56**	**100**

* Occupational categories were assigned to the job titles provided by employers. These might differ from the categories assigned by employers themselves in the Workplace Skills Plans. Distinctions between Professionals and Technicians and Associate Professionals, on the one hand, and between Technicians and Associate Professionals and Clerical and Administrative Workers, on the other, are sometimes vague.

2.7.2 Population Group

Of all the workers in the sector 66 % are White, 17 % are African, 8 % are Coloured and 10 % Indian. The population group distribution in the different occupational categories reflects the

inequalities that are still part of South African society. More than 80 % of managers and owners of businesses and 70 % of professionals are White, while 93 % of labourers and people working in other elementary occupations are African or Coloured. Similarly, White managers comprise 20 % of the total workforce while African, Coloured and Indian managers constitute only 2 %, 1 % and 2 % respectively. (See Table 2.8.)

Table 2.8: Population group distribution of workers according to occupational categories

Occupational category		African	Coloured	Indian	White	Total
Legislators, Senior Officials, Managers & Owner Managers	N	1 247	719	1 417	14 332	17 716
	%	7	4	8	81	100
	% of workers	2	1	2	20	24
Professionals	N	1893	993	1 339	9 775	13 999
	%	14	7	10	70	100
	% of workers	3	1	2	13	19
Technicians & Associate	N	603	228	1 009	2 611	4 451
	%	14	5	23	59	100
	% of workers	1	0	1	4	6
Clerks & Administrative Workers	N	4 190	2 357	2 217	14 117	22 881
	%	18	10	10	62	100
	% of workers	6	3	3	19	31
Service & Sales Workers	N	181	100	42	532	855
	%	21	12	5	62	100
	% of workers	0	0	0	1	1
Plant & Machine Operators	N	302	64	6	19	390
	%	77	16	1	5	100
	% of workers	0	0	0	0	1
Labourers & Elementary Occupations	N	2 066	256	6	148	2 475
	%	83	10	0	6	100
	% of workers	3	0	0	0	3
Trainees	N	144	43	231	645	1 064
	%	14	4	22	61	100
	% of workers	0	0	0	1	1
Other	N	1 852	776	834	6 006	9 468
	%	20	8	9	63	100
	% of workers	3	1	1	8	13
Total	**N**	**12 479**	**5 536**	**7 100**	**48 185**	**73 300**
	%	**17**	**8**	**10**	**66**	**100**
	% of workers	**17**	**8**	**10**	**66**	**100**

Small and large organisations differ somewhat in terms of their employment of Black workers[8]. In organisations with 51 to 151 employees 40 % of their workers are Black while only 28 % of the workers of organisations with five or fewer employees are Black. These differences can be ascribed mainly to the employment of larger numbers of Coloured and Indian workers in the larger organisations. (See Table 2.9.)

Table 2.9: Population group distribution of workers according to organisation size

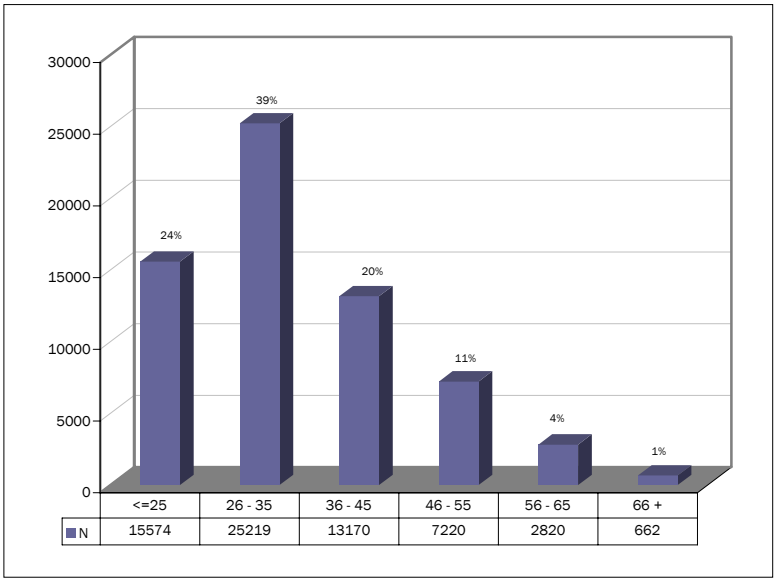
Organisation size	African		Coloured		Indian		White		Total	
	N	%	N	%	N	%	N	%	N	%
1 - 5 employees	2 235	17	577	4	978	7	9 716	72	13 506	100
6 - 20 employees	3 518	18	1 391	7	1 783	9	13 074	66	19 766	100
21 - 50 employees	1 113	16	605	9	272	4	4 835	71	6 825	100
51 - 150 employees	2 112	16	1 952	15	1 339	10	8 030	60	13 433	100
150+ employees	3 202	15	909	4	2 360	11	14 774	70	21 245	100
Total	**12 180**	**16**	**5 435**	**7**	**6 731**	**9**	**50 429**	**67**	**74 775**	**100**

2.7.3 Age

The age distribution of approximately 71 % of workers in the sector could be obtained through the employer survey. The age distribution of these workers is depicted in Figure 2.2. Workers in the sector are relatively young, with 63 % of them 35 years old or younger[9]. Only 4 % are in the age category 56 to 65. As can be expected, the average age varies for the different occupational groups. Average ages are as follows: Managers: 39; Professionals: 31; Technicians and Associate Professionals: 26; Clerks and Administrative Workers: 34; Service and Sales Workers: 31; Plant and Machine Operators: 43; Labourers and Workers in Elementary Occupations: 40; and trainees: 24. The average age of Labourers and Workers in Elementary Occupations is relatively high and will have to be considered in the planning and implementation of ABET programmes in the sector.

[8] "Black" refers to African, Coloured and Indian.
[9] According to the September 2001 Labour Force Survey 45 % of all workers were 35 years or younger.

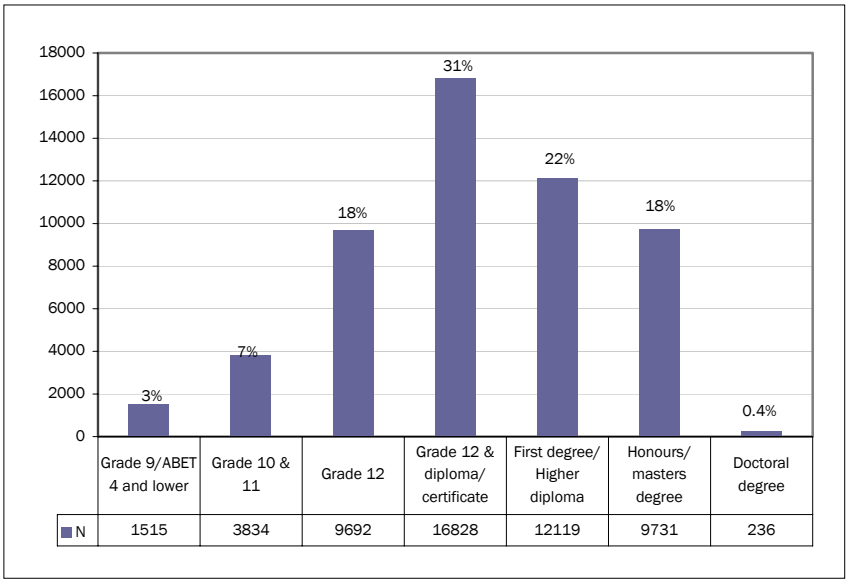
Figure 2.2: Age distribution of workers in the sector



2.7.4 Educational qualifications

Employers who participated in this study were often not able to provide information on the highest educational qualifications of their employees. Information on educational levels was obtained for only 60 % of the workers in the sector. Of those whose qualification levels were given by employers, more than 70 % have post-matric qualifications. As many as 22 % have first degrees or higher diplomas while 18 % have Honours or Master's degrees and 0,4 % doctoral degrees. (See Figure 2.3.)

Figure 2.3: Highest qualifications of workers in the sector

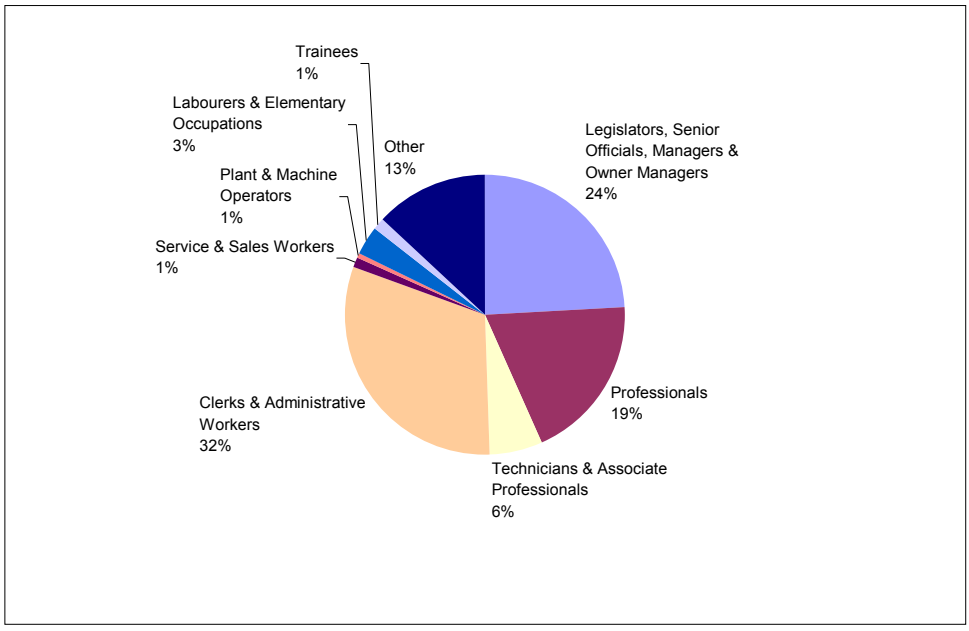


Of special interest are the workers with qualifications lower than grade 9 or ABET level 4, who may benefit from ABET. Of those whose qualifications are known, only 1 500 (2,7 %) are at these qualification levels. This figure may be somewhat higher as many employers were not able to give specific information regarding the educational qualifications of workers in elementary occupations. Most of the workers with educational levels lower than grade 9 work in clerical or administrative positions (32 %) such as receptionists, secretaries and data capture clerks, or in elementary occupations such as cleaners, gardeners and 'tea ladies' (46 %). The majority of them are African (64 %) or Coloured (21 %) and women (66 %). Only 5 % of them are younger than 25. The rest of them are distributed across the age categories as follows: 26-35 years: 26 %; 36 – 45 years: 31 %; 46 – 55 years: 24 %; and older than 55: 10 %.

2.7.5 Occupations

The occupational distribution of workers in the sector is depicted in Figure 2.4. The relatively high percentage of Legislators, Senior Officials, Managers and Owner Managers (24 %) can be ascribed to the high incidence of small and often one-person businesses in the sector. Professionals constitute 19 % of the workers in the sector and Technicians and Associate Professionals 6 %. Clerks and Administrative Workers form the largest group, namely 32 % of all workers. Occupational categories were assigned to the job titles provided by employers. These might differ from the categories assigned by employers themselves in the WSPs. It was particularly difficult to distinguish between Professionals and Technicians and Associate Professionals, on the one hand, and between Technicians and Associate Professionals and Clerical and Administrative Workers, on the other, because job titles are often misleading.

Figure 2.4: Occupational distribution of workers in the sector



2.7.6 Disability

The sector employs very few disabled people. Only 0,6 % of all employees were reported as having some disability. The kinds of disabilities specified by employers are deafness or impaired hearing (0,1 %), blindness or impaired vision (0,2 %), and paralysis (0,1 %). A further 0,2 % are disabled in some way, but employers did not give details regarding the type of disability.

2.8 REMUNERATION OF WORKERS IN THE SECTOR

The income that workers in a particular sector earn is a function of many factors, including their educational levels, their age and work experience, the number of hours that they work and the demand for and supply of the particular skills throughout the economy. In order to glean some understanding of remuneration levels in the Financial and Accounting Services Sector, three remuneration surveys conducted by the HSRC in 1994, 1997 and 2000 were analysed (see Section 1.3.5 for details of the surveys). Although these surveys were limited to university graduates and only to some of the occupations in the sector[10], they give some indication of remuneration levels and trends in the sector.

In 1994 the median[11] income of graduates employed in professional financial occupations in the private sector was only 82 % of the median income earned by all graduates working in the private sector. The median income package[12] of respondents employed in the private sector in financial occupations was R97 000; that is R154 000 in 2001 Rand values[13]. By 2000 the incomes of graduates in financial occupations were on a par with those of other graduates employed in the private sector. By that time their median income package was R220 000 or R233 000 in 2001 Rand values. The professional group that earned the most was Chartered Accountants (CAs) with a median remuneration package of R 374 000 per annum. Financial Directors earned R546 000 and Financial Managers R317 000.

In 1994 self-employed graduates in accounting and financial occupations earned R181 200. That is R287 580 in 2001 values and 87 % more than those who worked for employers in the private sector. By 2001 the gap between self-employed graduates and those in the private sector had shrunk to 12 %.

The difference between the incomes of different occupational groups is quite pronounced. University graduates in clerical and administrative occupations earned only 18 % of what

[10] In the HSRC surveys, only occupations that occurred in sufficiently large numbers were analysed separately. Others were grouped together under "other accounting and financial occupations", for example. The surveys were furthermore limited to university graduates - hence the absence of some occupations that fall in the categories Technicians and Associate Professionals and Clerks and Administrative Workers.

[11] The median is the middle value if all values are arranged from the lowest to the highest or from the highest to the lowest.

[12] Income package includes salaries and all fringe benefits, as well as employers' contributions to pension funds. It refers to before-tax income.

[13] Package values were converted to 2002 Rand values by using the consumer price index.

managers earned and 28 % of professionals' incomes. Details of the remuneration packages earned by people in financial and related occupations are given in Annexure C.

2.9 LABOUR TURNOVER IN THE SECTOR

According to the employers who participated in this study, more than 19 000 (21 %) workers in the sector left their places of work between 1 April 2001 and 31 March 2002. Not all of these were voluntary – almost half of them (46 %) were dismissed or retrenched. Another 43 % voluntarily resigned while 5 % left the employers with whom they had served their training contracts or had been placed as learners. Only 1,5 % of those who left or 0,3 % of the total workforce retired. This is the result of the youthfulness of the workforce in this sector. Mortality amounted to 4,5 % of people who left the sector. This translates into a mortality figure of 0,9 % of the total workforce. This is slightly lower than the mortality rates for Whites which is estimated to be 1,02 % per year[14].

Although not all the workers who changed employer necessarily left the sector, the attrition rate from the sector can be expected to be relatively high.

Table 2.10: Employees who left their organisations during 2001/2002

Reason for leaving	N	%	% of total employment
Completed studies	893	4.6	1.0
Were dismissed or retrenched	8 806	45.5	9.6
Resigned	8 335	43.0	9.1
Retired	297	1.5	0.3
Left to enter into training contracts	170	0.9	0.2
Mortality	873	4.5	0.9
Total	**19 374**	**100.0**	**21.1**

2.10 CONCLUSIONS

The Financial and Accounting Services Sector is small compared to most other sectors. It employs approximately 1 % of the workers in the formal sector of the South African economy. The sector consists of a large number of micro businesses. However, employment is concentrated in the few medium-sized and large organisations that form part of the sector[15]. Geographically the sector is unevenly distributed, with more than half of the workers based in Gauteng.

[14] Estimates for the period 2001 – 2006. Bureau for Market Research, A Projection of the South African Population, 1996 – 2021, University of South Africa, Pretoria, 1999.

[15] In this sector "micro businesses" refers to those businesses that employ five or fewer employees, medium-sized businesses employ between 51 and 150 employees, and large businesses employ more than 150 employees.

Employees in this sector are mostly skilled workers with post-matric qualifications. Employment is also concentrated in the more skilled occupational categories. Skills development strategies will therefore have to focus on NQF levels 5 and upwards.

Workers in need of ABET are small in number and are concentrated in ABET levels 3 and 4. Skills development interventions aimed at improving the formal qualification levels of these workers will therefore have to focus on ABET level 4 and on moving these learners into the FET band.

The profile sketched in this chapter clearly underscores the need for greater race and gender equity in the sector. All the skilled occupational categories are still largely dominated by White workers (men and women), while managerial positions are mostly held by White men.

3

THE ROLE OF PROFESSIONAL BODIES IN THE SECTOR

3.1 INTRODUCTION

The previous chapter clearly illustrates that the Financial and Accounting Services Sector is a highly professionalised sector in which various professions play a leading role. Since the beginning of the twentieth century the professions predominant in this sector have taken an active role in the development, recognition and maintenance of skills through their professional associations and regulatory bodies. With the introduction of the skills development strategy and legislation related to the strategy these professional bodies have aligned themselves and become involved with the work of the SETAs while continuing with most of their previous activities. A description of the Financial and Accounting Services Sector would be incomplete without an exposition of the membership, role and functions of the different professional bodies.

Fifteen professional bodies are closely associated with Fasset. All of them, with the exception of the South African Institute of Business Accountants (SAIBA), participated in the study and provided extensive information on their organisation. This information is summarised in this chapter and in Annexure D. The Institute of Municipal Finance Officers (IMFO) and the Board for Municipal Accountants (BMA) participated in this study although they are actually associated with the Local Government SETA (LGWSETA). For the sake of completeness their information and perspectives are included in this report.

The roles that the different professional bodies play in the Financial and Accounting Services Sector and their involvement with Fasset differ according to their size, composition, mission and objectives. Some are accredited as agent ETQAs of Fasset[16], a few are registered with Fasset as training providers, and many employ staff and are registered with Fasset as employers. Representatives of the professional bodies are also actively involved in the Fasset structures and in this way share their knowledge, skills and resources to the benefit of the whole sector.

In the first part of this chapter a short overview is given of the nature and membership/registration of each professional body. Wherever possible membership is

[16] An agent ETQA perform all ETQA functions on behalf of the ETQA.

described in terms of population group and gender in order to facilitate the assessment of progress in terms of race and gender equity in the sector. However, this was not always possible because not all professional bodies record the population group and gender of their members. The overview is followed by a description of professional bodies' registration with Fasset and their ETQA status, their special projects for the development of skills in the sector and their recognition of prior learning.

3.2 OVERVIEW OF PROFESSIONAL BODIES ACTIVE IN THE FINANCIAL AND ACCOUNTING SERVICES SECTOR

3.2.1 Association of Chartered Certified Accountants (ACCA)

The association is an international professional body that provides qualifications and examinations for those wishing to pursue a career in accountancy and related fields. The ACCA offers the qualification Chartered Certified Accountant. In the United Kingdom, Europe and in other parts of the world ACCA members are recognised for their function as auditors. However, in South Africa ACCA members are currently recognised as acting as Accounting Officers to close corporations. Recognition of competence to perform the audit or attest function awaits the outcome of the profession's transformation process[17].

ACCA is the largest global accountancy body and is represented in 160 countries. The association provides skills development and support services to its members, such as networking opportunities, briefings on topical issues, and counselling on membership, practising certificates, further qualifications and careers. It also does quality assuring of the providers of tuition and workplace training. Among the services that ACCA offers are fully computerised training courses with on-line support.

ACCA was actively involved in the South African accounting profession until 1956 when its South African branch was dissolved. The association was formally re-launched in 1994. Its exact membership figures were not disclosed to the researchers, but it is relatively small compared to SAICA and CFA (fewer than 500 members). The population group and gender distribution of the Association's membership is given in Table 3.4.

Table 3.1: Population group and gender distribution of ACCA members

Category of membership	Requirement for registration	Population group								Total
		African		Coloured		Indian		White		
		M	F	M	F	M	F	M	F	
1.ACCA/FCCA	ACCA exams and practical experience completed.	14 %	6 %	9 %	2 %	7 %	2 %	53 %	7 %	100 %

[17] Information obtained from the ACCA website: http//www//:accaglobal.com

3.2.2 Association for the Advancement of Black Accountants in South Africa (ABASA)

ABASA is a grouping of professional accountants with a watchdog role. They monitor and work towards transformation in the profession to ensure that the accounting profession represents the demographics of the country. Apart from monitoring the racial composition of various organisations, ABASA provides career information at schools, technikons and universities, and gives academic support to students from previously disadvantaged communities.

ABASA has 1 212 members of whom not all are accountants. The organisation serves its members through the dissemination of information, the provision of networking opportunities at conventions and seminars, and professional and leadership development.

3.2.3 Board for Municipal Accountants (BMA)

The BMA is a statutory organisation responsible for the registration of various categories of accountants working in municipalities.

3.2.4 Chartered Institute of Management Accountants (CIMA)

CIMA is an international institute for management accountants. It has branches in 156 countries across the world and fulfils all the functions of a professional body, such as the setting of professional standards of education and conduct, enforcement of professional behaviour through a professional code of conduct and disciplinary action against members who do not adhere to it. Members of the Institute are also represented on various forums.

In terms of skills development the Institute provides CPD and disseminates relevant information to its members. It provides opportunities for networking and the exchange of ideas at conferences and seminars.

CIMA has two grades of membership: associate and fellowship. Associate members are fully qualified (have completed all three qualification levels) and have completed the prerequisite three years of practical experience. Fellowship requires three years' experience in a senior and responsible position.

At the time this report was written the Institute had 1 193 members in South Africa and approximately 1 800 student members.

3.2.5 Institute of Administration and Commerce (IAC)

The IAC is a professional management institute and independent examining body. It is registered as a non-profit organisation. As a professional management institute, the IAC maintains a register of members and applies its code of ethics and professional conduct to them. The IAC designs and develops the curricula and syllabi for a range of preliminary certificates, certificates, higher certificates and diplomas. The Institute offers the following streams: General Management, Financial Management, Human Resources Management and Marketing

Management. A significant number of the students do one of the financial courses. Students can do a diploma with 14 subjects or a certificate with 10 subjects. At the time of this study the Institute did not provide training, but it was planning to do so in the future and was looking for suitable facilities.

The six membership categories and the numbers of members in each are explained in Table 3.6. Student members constitute by far the largest membership group. The Institute attracts relatively large numbers of Black and female members.

Table 3.2: Membership of IAC

Category of membership	Requirement for registration	Population group				
		African		*CAW		
		M	F	M	F	Total
1. Student members	Matric certificate or its equivalent IAC Preliminary Certificate, IBS Diploma or ICB Associateship/Membership Certificate	457	391	491	716	2055
2. Associate	Academic qualification and 0 to 6 years' experience required University and technikon graduates without working experience	8	1	194	30	233
3. Fellow	IAC member (diploma) for at least 5 years and senior management position for at least 5 years	2	0	36	1	39
4. Full Member	At least 6 years' relevant work experience, of which at least one must have been in a middle-management position	23	3	112	24	162
5. IAC Officer	No description provided	19	1	241	79	340
6. Pensioner	No description provided	1	0	76	1	78
Total		**510**	**396**	**1150**	**851**	**2907**

*CAW = Coloured, Asian/Indian and White. The IAC does not ask students/members to indicate their population group as this may cause offence. For the purpose of the survey, surname and place of residence were used as indicators and then split according to African and Other.

3.2.6 Institute of Certified Bookkeepers (ICB)

This professional bookkeeping institute conducts examinations for the qualifications of Accounting Clerk, Bookkeeper and Accounting Technician. Membership of the Institute is obtained by passing the required examinations and provides a particular status in the bookkeeping and accounting industry. Membership is available at three levels: student certificate (after passing the first-level examinations), associate (after passing the second- level examinations) and fellow (after passing the third-level examinations). At present the Institute has 2 519 members in all the categories (see Table 3.5).

In addition to its examination role, the Institute provides its members with support services such as meetings and seminars, a technical help desk, and professional indemnity insurance.

Table 3.3: Membership of ICB

Category of membership	Requirement for registration	Total
1. Student	16 Years of age	717
2. Certificate	Accounting I, Business Economics, Business Calculation, Office Practice	136
3. Associate	Accounting II, Management, Business Communication, Taxation	1 025
4. Fellow	Accounting III, Commercial Law, Economics or Cost Accounting, Corporate Law or Auditing.	641
Total		**2 519**

3.2.7 Institute of Commercial and Financial Accountants of South Africa (CFA)

The CFA was established in 1982, as a result of a think-tank, initiated by the South African Institute of Charted Accountants, comprising representatives of South Africa's accounting profession. A need was identified for accounting support staff in commerce and industry and for the profession to have its own professional body. The CFA was born with the aim of filling this gap in the accounting market. The CFA accepts trainees with three-year university degrees or technikon diplomas. Many accounting professionals who, for various reasons, have not qualified as CAs become members of the CFA. Membership of the Institute has grown rapidly, particularly with the recognition of its members to act as Accounting Officers in terms of the 1984 Close Corporations Act.

CFA's membership stands at approximately 5 100, making it the second largest accounting body in South Africa. CFA was admitted as a full member of the International Federation of Accountants (IFAC) in 1995. Its members are recognised as providing a wide range of services, though they do not perform the attest function.

CFA is concentrating its efforts on opening up areas that it feels unfairly exclude its members, and provides training products, such as competency-based training logbooks, professional evaluation for all new members, and a seminar programme. Mandatory Continuing Professional Education (CPE) was introduced in 1999. All members must achieve 90 hours of CPE over a three-year period. The CFA assists in this regard by offering a CPD seminar programme regularly throughout the country[18].

The membership of CFA in the different categories is shown in Table 3.3. The Institute was not in a position to give a breakdown of its membership according to population group and gender. It did, however, estimate that 20 % of members are from previously disadvantaged groups.

[18] Information obtained from CFA's website: http://www.cfa-sa.co.za

Table 3.4: Membership of CFA

Category of membership	Requirement for registration	Total
1. Practising	A recognised diploma or degree which includes: Accounting III/Financial Accounting III, Taxation (SA), Corporate Law (SA), Auditing/Internal Control and Code of Ethics/Internal Auditing II Practical experience and in-service requirements	4 050
2. Commerce and Industry (C&I)	A recognised diploma or degree which includes: Accounting III/Financial Accounting III Practical experience and in-service requirements	877
3. Retired	Retired but still retaining membership	76
4. Absentee	Overseas/ not in South Africa	119
5. Life/Honorary	Members who have provided exceptional service to the profession	9
Total		**5 131**

3.2.8 Institute of Internal Auditors South Africa (IIA SA)

This institute is affiliated to the international body, IIA Inc, and promotes the interests of its members. It is registered as a Section 21 company (not for gain), with the same type of objectives as other institutes, but with a particular focus on internal auditing. The Institute has several categories of membership, which are in the process of being revised. Table 3.7 shows current categories. To qualify for full membership a person needs to hold either the Certified Internal Auditor (CIA) designation, or have a relevant Bachelor's Degree, be a practising internal auditor, with at least one year of progressive experience in the internal auditing field, or hold a National Diploma in internal auditing with two years progressive experience. At 31 May 2002, members in all categories number 2 224. As part of their Qualifications Framework, the IIA has also developed and implemented the Internal Audit Technician (IAT) and the General Internal Auditor (GIA) designations. Members can apply to the IIA SA for evaluation of their academic qualifications and experience, the level of which will determine which designation they qualify for. The CIA designation is an international qualification which is conferred after candidates have passed a 4-part international examination. Admission to the examination is currently a relevant Honours degree and a minimum of 24 months internal auditing experience. The IAT, GIA and CIA designations are registered with SAQA, and learnerships for structured workplace training are being developed – the pilot to start in January 2003. Individuals can only be awarded designations if they are members of the IIA SA. Conversely – one may be a member of the IIA SA without choosing to have a designation.

The services rendered to members and the internal auditing profession in general encompass the provision of education and training opportunities, conferences and seminars, facilitation of international certification examinations, acting as a lobby group for individual members, for

example, provision of input into issues of public interest such as the King Report and the PFMA, and the distribution of books, communications and newsletters. The Institute is also involved in career guidance and the dissemination of career information at schools and tertiary education institutions. The purpose of career guidance is to enhance the image of the internal auditing profession and to attract students to the profession.

Table 3.5: Membership of IIA SA

Category of membership	Requirement for registration	Total
1. Full member	Any person holding: The designation CIA (Certified Internal Auditor); or A professional qualification or a relevant university Bachelor's Degree, practising internal auditing and at least one year's progressive experience; or A National Diploma in Internal Auditing or other recognised diploma, practising internal auditing and at least two years' progressive experience	1 545
2. Educational	Any person engaged in full-time tertiary education and academic teaching of internal auditing and related fields	33
3. Associate	People who cannot qualify as full members because of their qualification, experience or position within the organisation but who would contribute to the advancement and development of the purposes of the Institute.	582
4. Student	Any person engaged in full-time tertiary education and academic study of internal auditing or related fields.	46
5. Retired	Those who have retired from active employment and are members in good standing of the Institute.	9
6. Affiliated	Any member in good standing who does not or cannot belong to any of the practitioner categories of membership	6
7. Honorary	Those persons proposed and approved by the Board of Directors in recognition of some outstanding service to the profession or IIA.	3
Total		**2 224**

3.2.9 Institute of Management Consultants of South Africa (IMCSA)

The IMCSA is a professional body that aims to promote the professionalism of management consultant practitioners through certification, education and training, and the maintenance of a code of professional conduct and disciplinary procedures. The Institute focuses its activities on the professional needs of its members and these activities include meetings, seminars, conferences and workshops and other networking opportunities, engagement in discussions

with government on issues relevant to the management consulting industry, and the distribution of a monthly newsletter.

Membership of the Institute falls into three categories. Associate membership is available to people who are interested in the field of management consulting. Membership can be obtained by practitioners who are active as management consultants while the designation of certified management consultant can only be obtained by people who have the minimum experience and who pass the examination set by the Institute. Minimum amounts of time spent in practice as well as in CPE are requirements for retaining the designation of certified management consultant.

The Institute has approximately 300 members, of whom 25 % are Black. Members are distributed across three provinces: Gauteng (70 %), KwaZulu-Natal (15 %) and the Western Cape (15 %).

3.2.10 Institute of Municipal Finance Officers (IMFO)

IMFO represents the municipal accountants' profession. Although the Institute is registered with and active in the LGWSETA, its activities are included in this discussion in order to complete the picture of professional bodies that are active in the development of financial service professionals.

Membership of IMFO spans five categories and includes 1 124 municipal accountants (see Table 3.9). The activities of the Institute include the organisation of education and training opportunities for its members, the distribution of information on legislative and other changes in accounting practice and guidelines for the implementation of these, the publication of handbooks and journals, and the representation of the profession on various matters.

Table 3.6: Membership of IMFO

Level	Qualification	Practical	Membership
Chartered Municipal Accountant ***CMA (IMFO)***	Obtained Associate Membership Completed a related Honours degree as approved by the Institute	Passed an Admission Assessment as prescribed by the Institute	
The Grandfather terms for Existing Associate Members to be admitted as Chartered Municipal Accountants The applicant must be admitted as an Associate Member before 31 December 2002 AND The applicant must submit a portfolio of evidence as prescribed by the Institute.			
Associate ***AIMFO*** continued …	Completed a relevant qualification – First Degree or equivalent on NQF 6, as approved by the Institute AND Passed Financial Accounting I and II AND Passed Local Government/Municipal Accounting III AND	Completed the IMFO practical training programme	481

Level	Qualification	Practical	Membership
	Passed 6 other relevant compulsory subjects as approved by the Institute ***OR*** Completed the Advanced level Learnership in Local Government Finance ***OR*** A Chartered Accountant (SAICA) with one year full-time service in the Financial Department of a Municipality ***OR*** A Chartered Accountant (SAICA) with two years External Experience of the Finances of a Municipality ***OR*** A Chartered Accountant (SAICA) with one year External Experience of the Finances of a Municipality and passed Local Government/Municipal Accounting III		
Licentiate ***LIMFO***	Completed 2 years of a relevant post Grade 12 qualification as approved by the Institute AND Completed Financial Accounting I and II AND Completed 6 other relevant compulsory subjects as approved by the Institute ***OR*** Completed the Basic level Learnership in Local Government Finance plus 60 credits of the Intermediate level Learnership in Local Government Finance.	Completed 50 % of the IMFO practical training programme	118
Junior ***JIMFO***	Passed Grade 12 AND Passed the Induction Course AND Passed Gr 12 Accounting/Passed Any Basic Accounting Course/Studying Accounting I ***OR*** Registered for Basic level Learnership in Local Government Finance	Registered for IMFO practical training or the Basic Level Learnership in Local Government Finance	447
Registered Student	Studying in Local Government Finance at a tertiary institution approved by the Institute	None	
Affiliate Membership **Affiliate (IMFO)**	The Institute Council may approach persons in prominent positions to become Affiliate members. The Institute Council must unanimously approve their admission. Affiliate membership may be granted to persons who do not qualify to be admitted in terms of the prescribed membership requirements and who are: • Currently holding a prominent position in SALGA or		

continued …

Level	Qualification	Practical	Membership
	• Currently holding a prominent position in Department of Finance or • Currently holding a prominent position in the Office of the Auditor-General or • Currently holding a prominent position in the Department of Provincial and Local Government or • Currently holding a prominent position in a related private company or • Currently holding a prominent position in a related institute or • Currently holding a prominent position in a SETA or • Currently holding a Municipal Councillor responsible for Finance • Currently holding a prominent position in a tertiary institution • Currently holding a prominent position at a relevant bank or • A prominent person as approved by the Institute Council		

3.2.11 Institute of Public Finance Accountants (IPFA)

IPFA is the professional body that provides certification, training and support to accounting practitioners in the public sector. Its membership encompasses various categories, including financial officers, accounting technicians, accounts administrators and student members.

Membership in all categories amounts to 1 204, and most of the members are in the accounting technician category.

Table 3.7: Membership of IPFA

Category of membership	Requirement for registration	Total
1. Financial Officers	Post-graduate qualification and management experience; assessment	7
2. Accounting Technicians	B Degree with Accounting II or National Diploma and four years' financial experience	593
3. Accounts Administrators	Matric or equivalent and two years' experience in financial environment	282
4. Affiliate	Members who are not employed in the Public Sector	25
5. Specialist	Specialist (post graduate) qualification in fields other than accounting	1
6. Student	Student studying in the financial field	32
7. Untiered	Members who have not yet been assessed and placed any of the other categories	264
Total		**1 204**

3.2.12 Public Accountants' and Auditors' Board (PAAB)

PAAB is the statutory regulator for the auditing profession in South Africa and was established in terms of the Public Accountants and Auditors Act (Act 80 of 1991). All auditors and accountants who perform the attest function must be registered.

The Board, which is appointed by the Minister of Finance, has the responsibility to administer and establish rules and regulations, and control and monitor procedures and requirements relating to:

- entry into public practice and the registration of public accountants and auditors ("public practice" refers to the practice of a person who performs the functions of an accountant or auditor and for that purpose holds himself or herself out as an accountant or auditor and places his or her services at the disposal of the public for reward);
- academic education and practical training of trainee accountants;
- professional standards of conduct;
- reporting to the appropriate authorities matters that are felt to be in the public interest;
- the protection of registered accountants and auditors who carry out their duties fearlessly and in good faith[19]; and
- assessment.

At the time of this study there were 4 067 accountants and auditors registered with the PAAB, most of whom (82 %) were White men. Only 7 % were Black.

[19] The Central Working Group of the FAESA project, Report on the Future of Accounting Education in South Africa, PAAB, 1994.

Table 3.8: Registration with the PAAB as at July 2002

Category of registration	*Requirement for registration		Population group								Total
			African		Coloured		Indian		White		
			M	F	M	F	M	F	M	F	
Registered Accountants and Auditor (RAA) members.	Passed the prescribed examinations and served under a training contract for the prescribed period.	N	46	11	13	3	208	13	3 343	430	4 067
		%	1.1	0.3	0.3	0.1	5.1	0.3	82.2	10.6	100.0

3.2.13 South African Institute of Chartered Accountants (SAICA)

SAICA is a professional body whose function it is to service the needs of its members and associates, as well as to create and maintain standards within the profession. SAICA's mission is to promote, protect and maintain the interests of members and associates and enhance the integrity, relevance and standing of the institute and its members and associates for the benefit of the members, associates and the community. SAICA is the custodian of the CA(SA)[20], AGA(SA)[21] and AAT(SA)[22] designations, and a person who wishes to use these designations, has to be a member or associate of SAICA. The value of the designations is maintained and developed by SAICA and by the capabilities and competencies of the members and associates on an ongoing basis.

More specifically, the activities of SAICA include those listed below.

Accountancy Development

- SAICA strives to ensure that members of the accounting profession are adequately educated and trained in the field of accountancy so as to meet market demands at different levels of qualification.
- It ensures that its education and training standards are internationally benchmarked and recognised.
- It accredits and monitors organisations in commerce and industry, the public sector and public practice that offer appropriate training for purposes of qualifying as CA(SA), AGA(SA) and AAT(SA).

[20] To use the designation Chartered Accountant (CA(SA)) a person requires a tertiary qualification at honours level in Accounting, obtained at an accredited university or technikon. In addition to this qualification the person must complete a 3-year learnership with an accredited workplace training provider, including a specialism course in either Financial Management or Auditing and must successfully complete parts 1 and 2 of the qualifying exams of SAICA. The person must also be registered with SAICA.

[21] The designation Associate General Accountant (AGA(SA)) requires a tertiary qualification in Accounting, obtained at an accredited university or technikon. In addition to this qualification the person must complete a 3-year learnership with an accredited workplace training provider, and must successfully the qualifying exam of SAICA. The person must also be registered with SAICA.

[22] The requirements for the designation Associate Accounting Technician (AAT(SA)) are: a Diploma in Accounting obtained at an accredited Tertiary Institution, a 2-year learnership within an accredited workplace training provider, the successful completion of the Competency Examination specified by SAICA and registration with SAICA.

- Career awareness programmes are run at schools and universities to ensure the suitability of entrants into the profession.
- Equity development programmes are implemented to support and facilitate the training of accountants from a broad spectrum of society.
- SAICA promotes research in accounting and related disciplines by sponsoring the SA Journal of Accounting Research.

Seminars and Events

- CPE is offered through conferences, seminars, refresher courses and lectures.
- Networking opportunities are provided through committees, functions, and provincial and regional association interactions.

Publications

- Publications, include a bi-weekly electronic newsletter, *Communiqué*, a monthly publication entitled *Techtalk on technical matters*, a monthly journal (Accountancy SA), the SAICA Members Handbook and *Integritax*, a newsletter that deals with tax matters.

Legal and Ethical

- SAICA enforces the Code of Professional Conduct.
- It provides a legal and ethical advisory service to members;
- It also facilitates and drafts legislation in areas relevant to the profession.

Marketing

- SAICA engages in various activities to stimulate interest in the profession and to increase the number of entrants in order to address the shortage of accountants.

Technical

- The Institute develops auditing standards and facilitates the development of accounting standards to assist South Africa's developing economy to keep pace with the leading economies of the world.
- It provides a technical advisory service to members.
- It is involved, on the international front, in matching South African and international technical standards.

At the time of the study SAICA had 22 337 members distributed across the three membership categories as follows: CA(SA) 20 325, AGA 1 703, and AAT 309. Of these members 91 % were White.

Table 3.9: Membership of SAICA as at 30 April 2002

Category of membership		Population group										Total
		African		Coloured		Indian		White		Unknown		
		M	F	M	F	M	F	M	F	M	F	
1. CA(SA)	N	194	79	129	67	752	193	15 803	3 036	52	20	20 325
	%	1.0	0.4	0.6	0.3	3.7	0.9	77.8	14.9	0.3	0.1	100.0
2. AGA	N	106	33	41	20	178	46	908	357	8	6	1 703
	%	6.2	1.9	2.4	1.2	10.5	2.7	53.3	21.0	0.5	0.4	100.0
3. AAT	N	14	6	9	6	50	15	98	110	1	0	309
	%	4.5	1.9	2.9	1.9	16.2	4.9	31.7	35.6	0.3	0.0	100.0
Total	N	**314**	**118**	**179**	**93**	**980**	**254**	**16 809**	**3 503**	**61**	**26**	**22 337**
	%	**1.4**	**0.5**	**0.8**	**0.4**	**4.4**	**1.1**	**75.3**	**15.7**	**0.3**	**0.1**	**100.0**

3.2.14 South African Institute of Chartered Secretaries and Administrators (ICSA)

ICSA is an international professional body that champions best practice in the areas of corporate governance and administration. ICSA is the professional body for company secretaries and corporate administrators. Members occupy senior positions in the private and public business sectors or act as professional consultants. They have practical competence in accounting, company secretaryship, taxation and corporate governance, general management and business administration.

ICSA includes the Institute of Business Studies (IBS) and the Chartered Institute of Business Management (CIBM). IBS offers a bridging course for disadvantaged students who have not completed Matric. The Institute recognises the IBS Diploma as equivalent to Matric. The course provides essential business skills such as an introduction to accounting, business calculations, business English, and law.

ICSA membership comprises three categories that are linked to the level of qualification offered by the Institute: graduate member (at NQF level 6), associate (NQF level 7) and fellow (NQF level 8). Current South African membership in all three categories is 3 249.

Apart from their role as an education and examination body, the Institute provides its members with technical advice on local and international legislative and regulatory requirements and developments, newsletters and information on developments in the particular professional field, group discussions and networking opportunities, and standards and guidelines with regard to professional and ethical conduct.

3.2.15 South African Institute of Financial Markets (SAIFM)

The SAIFM is a professional body that aims at the professionalisation of practitioners involved in the financial markets and ensuring a world-class financial sector. Apart from developing a

code of conduct for its members, the Institute develops the curricula, distributes the training materials and administers the examinations of a few qualifications that comply with the Johannesburg Securities Exchange's minimum requirements for practitioners performing certain functions. The qualifications offered by the Institute are the Registered Persons Exam (RPE), the Senior Dealer Financial Exam, the Financial Derivatives Rules Exam and the Agricultural Products Division Exam. As is the case with most of the other professional bodies the SAIFM also provides information and continuing education opportunities to its members.

Three categories of membership of the Institute are available: Associate membership is available to all persons registered for RPE. Full membership is obtained once the RPE is passed. Fellowship of the Institute is a prestigious award dependent on a host of minimum requirements and recognisable contributions to the financial markets. Prospective fellows of the Institute also have to be nominated by an existing fellow.

At the time this report was written, the Institute had 300 members.

3.2.16 Southern African Institute of Government Auditors (SAIGA)

SAIGA is the professional body for auditors in government service. One of its main activities is registration of government auditors for which a four-year degree and four years of relevant practical experience are prerequisites. The Institute also strives to advance accountability in auditing and provides CPE for its members. It publishes three journals.

The Institute has a core body of Registered Government Auditors (RGA). The total membership, including affiliation through corporate membership is approximately 6 000.

3.3 REGISTRATION WITH FASSET

Most of the professional bodies are registered with Fasset as employers (see Table 3.10), except ABASA, BMA, IMFO and IMCSA. ABASA is not registered, because, according to them their staff are voluntary workers. IMCSA has no employees because it outsources its office management. BMA is a Statutory Regulatory Body and IMFO is registered with the LGWSETA.

SAICA, ACCA, CFA, CIMA, ICSA and ICB indicated that they have learnerships registered at Fasset. SAIGA, in co-operation with the office of the Office of the Auditor-General is currently developing a RGA Learnership to be registered with Fasset in the near future.

The IIA SA has, at the request of the Banking sector, developed and is in the process of implementing their first learnership with the Banking SETA (BANKSETA), who has funded the process. The IIA SA is also negotiating the need for a learnership with SARS, which it intends to register with Fasset.

SAIGA and IPFA were the only professional bodies that indicated that they are registered as training providers.

Table 3.10: Registration of professional bodies with Fasset

Name	Employer	Learnerships	Training provider
ABASA	No	No	No
ACCA	Yes	Yes	No
BMA	No	No	No
CFA	Yes	Yes	No
CIMA	Yes	Yes	No
IAC	Yes	No	No
ICB	Yes	Yes	No
ICSA	Yes	Yes	No
IIA SA	Yes	No	No
IMC	No	No	No
IMFO	No	No	No
IPFA	Yes	No	Yes
PAAB	Yes	No	No
SAICA	Yes	Yes	No
SAIFM	Yes	No	No
SAIGA	Yes	No	Yes

3.4 ETQA STATUS

CFA, SAICA and ICSA are agent ETQAs for Fasset while ACCA is conditionally accredited as an agent ETQA. ICB is still applying, while CIMA plans to apply as an agent ETQA in future. SAIGA, being a training provider, has not applied for accreditation as an ETQA. IIA SA still has to apply. IAC is registered as an examining body.

3.5 SPECIAL PROJECTS TO ENHANCE THE SKILLS BASE OF THE SECTOR

Apart from their normal activities, some of the professional bodies indicated that they are busy with special projects to enhance the skills base of the sector and four are in the planning stages of such projects. The main projects are training, especially in the public sector, learnerships, bursaries and special courses for Black candidates who failed SAICA's qualifying examination or PAAB's Public Practice Examination. Details of these special projects are provided in Annexure D3.

3.6 RECOGNITION OF PRIOR LEARNING

The recognition of prior learning (RPL) is an important mechanism to incorporate informal and workplace learning into the formal qualification structure and to facilitate the movement of learners through qualification hierarchies. Although RPL is an inherent component of the NQF, in many spheres it has as yet received very little attention.

In this study the professional bodies were asked to explain the provisions they make for RPL or how they dealt with the issue. For some of them, for example SAICA, ICB and IAC, RPL is still being investigated. SAICA is in the process of preparing a policy document on RPL. The document will concentrate on the recognition of practical experience in terms of training requirements. It is SAICA's view that the recognition of prior learning in terms of academic qualifications should be dealt with at the universities. Three of the professional bodies - PAAB, SAIFM and BMO - indicated that RPL was not applicable to them. The other professional bodies recognise prior learning in various ways.

3.6.1 CFA

A person with previous experience can operate as an accounting technician or bookkeeper, but to qualify for CFA membership the individual needs a tertiary qualification and experience.

3.6.2 ACCA

ACCA grants exemptions from certain examinations to people who hold relevant prior qualifications and it recognises relevant workplace training completed prior to registration with ACCA. The Certified Accounting Technician (CAT) Level A exams and demonstration tests (which can be downloaded from the accaglobal website) may be used as RPL tools in that they can assess the ability of candidates to cope with the learning material prescribed for the qualification. If the actual examination disks are used (as opposed to the demonstration test) and the examinations are successfully completed, the candidate may start the learning process with a number of credits.

Candidates that join as ACCA students with relevant prior qualifications may receive complete exemption from the CAT examinations, or exemption from a maximum of nine of the ACCA professional qualification examinations. Those that complete the CAT examinations are exempted from Part 1 of the ACCA professional qualification (first three examination papers) and may join that stream at the beginning of Part 2.

3.6.3 ABASA

ABASA assists technikon students who wish to convert their qualifications to degrees. It offers bursaries to technikon students to enable them to convert their qualifications to CTA (Certificate in the Theory of Accounting).

3.6.4 CIMA

CIMA gives exemption for practical experience that can be verified and for relevant tertiary qualifications.

3.6.5 ICSA

ICSA recognises the prior learning of learners who wish to join the profession and they offer RPL within the three institutes concerned. However, much more work needs to be done in terms of RPL for non-academic portfolios.

3.6.6 IIA SA

IIA SA evaluates previous experience in awarding designations. It has a qualifications framework registered with SAQA.

3.6.7 IMC

IMC has an accreditation process that investigates current competency. IMC carries out interviews and assesses portfolio work and references submitted by applicants. IMC indicated that they cannot be very harsh with people because membership is not mandatory. However, people must comply with the established standards, which vary according to the membership they are applying for.

3.6.8 IMFO

IMFO recognises practical training given by other relevant professional bodies, for example CFA and SAICA, without further assessment. It recognises experience in other sectors but retains the prerogative to conduct an assessment.

3.7 TRAINING

Only two of the professional bodies, SAIGA and IPFA, indicated that they are operating as training providers. However, most of the professional bodies accredit the training provided by established training institutions. Furthermore, many of them contract training institutions or individual trainers to provide CPE to their members. The nature and extent of this level of involvement is illustrated in Annexure D. The Annexure also gives an overview of the training providers active in the sector.

3.8 LOCAL AND INTERNATIONAL LINKAGES

Apart from their involvement with training institutions the professional bodies participate in the creation of linkages between different components of the financial professions, the professions and government and the professions and other role players in the Financial and Accounting Services Sector.

Another important role that the professional bodies play in the sector is to establish and maintain international linkages and to ensure that education and training in South Africa are of an internationally comparable and acceptable standard. The ways in which these linkages are established vary. As indicated in the descriptions of professional bodies in Section 3.2, some of

them are, in fact, the South African arms of international professional bodies. Others establish linkages through membership of international bodies. In other instances the South African membership (and the accompanying qualification/designation) is recognised through bilateral agreements.

3.9 CONCLUSIONS

From the information presented in this chapter it is clear that the professional bodies play a central role in the development of skills for the Financial and Accounting Services Sector. Their contributions to skills development include the setting of educational standards, accreditation of training institutions, the development of curricula, the provision and distribution of learning materials, setting of examinations, assessment of practical experience, organisation of conferences, seminars and workshops, and the distribution of new knowledge and information through the publication of journals and newsletters. Most of their activities are aimed at enhancing the quality of education and training as well as at guarding the standards of professional practice.

The professional bodies to a large extent complement each other, but there is also a certain element of competition for membership and status between them.

Only a few of the professional bodies see themselves as training institutions. However, their engagement and close relationships with training institutions were evident from the information collected in this study, and it is clear that these bodies are instrumental in the development and maintenance of very high and, in many cases, internationally recognised standards of education and training. These bodies also play a key role in the development and promotion of ethical behaviour among their members and most of them are actively involved in informing their members of the host of legislative requirements applicable to financial services in the country.

The membership profiles of the professional bodies to a large extent reflect the human resources position of the sector. As already indicated in the previous chapter, the lack of Black people in the finance-related professions is reason for concern. Although many of the special human resources development projects are aimed at addressing this problem, progress seems slow.

The recognition of prior learning is an issue that still needs to be thoroughly investigated. With the exception of one or two, none of the professional bodies have yet developed any practical mechanisms to deal with this matter.

4

TRAINING SUPPLY TO THE SECTOR

4.1 INTRODUCTION

The very nature of the services rendered by the Financial and Accounting Services Sector requires a well-qualified and, in many instances, a highly specialised workforce. Skills development is thus of paramount importance to the sector.

As indicated in Chapter 2 of this report more than 70 % of workers in the sector have post-matric qualifications. This means that the main source of skills development in and for the sector is the formal education provided by HET institutions. (This includes all the universities, technikons and registered private higher education institutions.) FET institutions (technical and private colleges) also contribute to skills development in the sector. Their role is twofold: to provide the HET institutions with a sufficient number of learners with the prerequisite subjects such as mathematics and accounting and to train support staff for the sector. The education and training provided by HET and FET institutions are augmented by formal education and CPD provided by professional bodies; and in-service training provided by employers and the public and private training providers contracted by employers.

In this chapter the education and training available to the sector are described and, where possible, indications are given of the extent to which role players are involved in skills development. The quality of the education and training, the problems experienced in relation to education and training, and possible solutions to these problems are analysed from the perspectives of training providers, professional bodies, and learners.

4.2 OVERVIEW OF EDUCATION AND TRAINING PROVISION IN THE SECTOR

4.2.1 Public education and training

Institutionally, public higher education is located in universities and technikons. There are currently 21 public universities and 15 technikons in South Africa. The programmes of these institutions fall mainly within the HET band of the NQF, and provide a broad and diverse range of learning that includes general formative development, occupational and professional

development, and advanced academic development. The higher education band includes levels 5 to 8 on the NQF.

The technikons and universities are distributed throughout the different provinces in the country, with six universities (including the main campuses of UNISA and VISTA) and five technikons (including Technikon SA's main campus) in Gauteng Province; three universities and two technikons in the Western Cape; four universities and three technikons in the Eastern Cape; one university and one technikon in the Free State; three universities and three technikons in KwaZulu-Natal; two universities and one technikon in North West Province; and two universities in the Limpopo Province.

All the universities, except Medunsa, provide training in the broad area of business, commerce and management sciences. (See Annexure E1 for a list of courses offered by the training institutions that participated in the study[23].) The fields of study most relevant to the sector are: accounting, cost and management accounting, financial accounting, business and financial management, auditing, financial information systems, and taxation. Business schools based at some of the universities offer post-graduate programmes in business administration.

All the technikons offer training in business, commerce and management sciences. The specific specialisations offered at technikons are cost and management accounting, financial accounting, internal auditing, financial information systems, and financial management. Some of the technikons also offer training towards the CIS qualification.

Technical colleges supply further education programmes (FET) at NQF levels 2 to 4. The fields of study are similar to those offered at technikons.

4.2.2 Private education and training

There were 111 private higher education institutions registered with the Department of Education as of 9 September 2002. These institutions offer mostly certificates and diplomas that fall within levels 5 and 6 on the NQF. Twenty of the currently registered private institutions provide training relevant to the Financial and Accounting Services Sector. (See Annexure E2 for a list of these institutions and the courses that they offer.)

Private further education and training institutions are currently not obliged to register with the Department of Education. There is, therefore, not a similar register of FET institutions.

[23] The following universities and technikons participated in the study: UNISA, University of Natal, Vista University, University of The Witwatersrand, University of the Western Cape, University of the North, Potchefstroom University for Christian Higher Education, University of Cape Town, University of Port Elizabeth, University of the Free State, University of North West, Peninsula Technikon, Technikon Freestate, Durban Institute of Technology (Technikon Natal), Mangosuthu Technikon, Technikon Pretoria, North West Technikon, Technikon SA, Border Technikon, Eastern Cape Technikon andTechnikon Witwatersrand.

4.3 STUDENT OUTPUT FROM UNIVERSITIES AND TECHNIKONS[24]

4.3.1 Universities

The number of students who graduated in the period 1991 to 2000 from universities in the fields of business, commerce and management sciences, and economics is indicated in Table 4.1 below. A total of 50 000 students obtained a first Bachelor's degree (three-year degree) during this period. On average, student output at this qualification level increased by 3 % per year. At the level of Professional Bachelor's (four-year degrees) and Honours degrees the total number of graduates was almost 34 000 over the ten-year period and on average the number of students increased by 7 % per year. Master's degrees amounted to 9 000 over the ten-year period and graduate numbers at this level increased by 10 % per year. Only 395 people received doctoral degrees. Student numbers at this level remained the same over the period. A relatively large proportion of students at first and Professional Bachelor's degree and at Honours level majored in accounting. The relatively large numbers of students who completed Master's degrees in business economics and other business, commerce and management sciences include graduates from the business schools. More detail with regard to graduation trends is given in Annexure F.

Table 4.1: Student output from universities: Business, Commerce and Management Sciences and Economics: 1991 to 2000

Field of study	First Bachelor's Degree		Professional Bachelor's and Honours		Master's Degree		Doctoral Degree	
	Total	Average annual growth	Total	Average annual growth	Total	Average annual growth	Total	Average annual growth
Accounting	19 380		21 385		734		54	
Banking and Finance	1 388		458		26		2	
Business Data Systems	586		405		47		5	
Business Economics, etc	11 345		5 833		3 914		167	
Quantitative Methods	459		111		51		3	
All other Business, Commerce and Management Sciences	6 289		3 093		3 654		34	
Economics	10 537		2 472		740		130	
All fields of study	**49 983**	**3 %**	**33 757**	**7 %**	**9 166**	**10 %**	**395**	**0 %**

[24] Information presented in this section was obtained from Table 2.13 of the Department of Education's SAPSE and HEMIS databases. In this table undergraduate students are allocated to study fields according to their majors. If the student graduated with a major in accounting and one in business economics each field will receive 0.5 student. Thus, the numbers in the specific fields are not an exact headcount of individuals with that major. However, the totals closely approximate a headcount because most students would graduate with all their majors in the broad field of finance, commerce and management sciences. Analysis is limited to student output because at the time of writing this report student enrolment figures for 1999, 2000 and 2001 were not available.

Table 4.2 illustrates how the gender mix of students changed over time between 1991 and 1999. In the early nineties students at all levels were mostly men. By the end of the decade women comprised half of the graduates who completed first Bachelor's degrees and 43 % of those who obtained Professional Bachelor's or Honours degrees. Although women's share of Master's degrees slightly increased over the period, it remained fairly low (23 %). The numbers of people who completed doctoral degrees are relatively small. It is, therefore, difficult to clearly identify trends in the gender composition of graduates.

Table 4.2 : Gender distribution of university graduates: Business, Commerce and Management Sciences and Economics (1991 to 1999)

Qualification level	Gender	Year								
		91	92	93	94	95	96	97	98	99
		Percentage								
First Bachelor's Degree	Male	63	61	61	60	60	58	55	55	51
	Female	37	39	39	40	40	42	45	45	49
Professional Bachelor's or Honours Degree	Male	73	69	66	66	65	64	63	60	57
	Female	27	31	34	34	35	36	37	40	43
Post-Graduate Certificate	Male								51	58
	Female								49	42
Master's Degree	Male	84	87	85	84	77	81	75	77	77
	Female	16	13	15	16	23	19	25	23	23
Doctoral Degree	Male	83	82	90	84	74	91	85	64	57
	Female	17	18	10	16	26	9	15	36	43

As long as the racial inequalities exist in our society the population group distribution of graduates will remain important. Table 4.3 shows how this distribution changed from 1991 to 2000. In 1991 only 7 % of students who completed first Bachelor's degrees were African while 84 % were White. By 2000 30 % of graduates at this level were African and only 52 % White. The shares of the other two population groups remained more or less the same.

The increased contribution of African students can be seen at all levels, except for doctoral degrees. Progress at this level can, however, be expected as the pool of African people with Honours and later Master's degrees grows.

Table 4.3: Population group of university graduates: Business, Commerce and Management Sciences and Economics (1991 to 2000)

Qualification level	Population group	Year									
		91	92	93	94	95	96	97	98	99	00
		Percentage									
First Bachelor's Degree	African	7	8	10	11	14	17	24	26	33	30
	Coloured	4	3	4	3	5	5	5	6	5	5
	Indian	5	6	7	9	9	8	7	7	6	13
	White	84	82	78	78	72	70	64	61	56	52
Professional Bachelor's or Honours degree	African	6	7	8	7	10	10	11	11	18	25
	Coloured	2	3	3	2	3	3	3	3	11	4
	Indian	5	5	6	5	6	7	7	8	7	10
	White	87	86	84	85	81	81	79	78	63	61
Post-Graduate Certificate	African								32	17	27
	Coloured								7	5	5
	Indian								9	10	14
	White								52	68	54
Master's Degree	African	2	3	3	3	9	7	13	15	19	20
	Coloured	0	1	1	1	1	1	1	2	2	5
	Indian	2	3	4	4	4	4	5	6	5	8
	White	95	94	92	92	86	88	81	76	73	68
Doctoral Degree	African	2	0	3	0	0	0	6	6	10	3
	Coloured	0	0	0	0	0	0	0	4	5	0
	Indian	2	4	3	2	3	0	9	5	0	6
	White	96	96	95	98	97	100	85	86	86	91

The relative contribution of the different universities to skills development in the field of finance, commerce and management sciences is reflected in Table 4.4. It is interesting to note how many students, especially at Honours level, graduated from the University of South Africa (UNISA), which is a distance learning institution. This probably means that these students worked and studied at the same time. (This may, of course, be the case with many of the students who studied at residential universities too.)

Apart from UNISA the largest output is from the Universities of Pretoria and the Witwatersrand, Rand Afrikaans University (RAU) and the University of Natal. The largest numbers of Master's level students are from universities with business schools attached to them, namely UNISA, the Universities of Stellenbosch, Cape Town, the Witwatersrand and Potchefstroom.

Table 4.4: Student output at universities according to institution: Total number of graduates Business, Commerce and Management Sciences and Economics (1991 to 2000)

University	First Bachelor's Degrees		Professional Bachelor's and Honours Degrees		Master's Degrees		Doctoral Degrees	
	N	%	N	%	N	%	N	%
University of Cape Town	3 084	6	2 657	8	1 108	12	10	3
University of Durban Westville	1 484	3	388	1	260	3	5	1
University of Fort Hare	396	1	137	0	0	0	0	0
University of Natal	4 251	9	1 133	3	81	1	11	3
University of The North	783	2	77	0	0	0	0	0
University of The Free State	1 884	4	958	3	59	1	14	4
University of Port Elizabeth	1 489	3	628	2	15	0	11	3
Potchefstroom University	2 411	5	881	3	1 070	12	71	18
University of Pretoria	6 613	13	2 673	8	971	11	86	22
Rand Afrikaans University	4 492	9	2 378	7	692	8	52	13
Rhodes University	1 184	2	173	1	15	0	3	1
UNISA	7 847	16	15 693	46	2 414	26	61	15
University of Stellenbosch	3 747	7	2 619	8	1 064	12	25	6
University of the Western Cape	1 757	4	430	1	7	0	0	0
University of the Witwatersrand	4 738	9	1 651	5	1 377	15	14	4
University of Zululand	372	1	28	0	0	0	0	0
Vista University	2 823	6	820	2	37	0	33	8
University of Transkei	413	1	404	1	0	0	0	0
University of Venda	214	0	32	0	0	0	0	0
Total	**49 983**	**100**	**33 757**	**100**	**9 168**	**100**	**396**	**100**

4.3.2 Technikons

The contribution of technikons lies mainly at the level of National Diplomas, Higher Diplomas and BTech Degrees. In the ten-year period from 1991 to 2000 more than 41 000 National Diplomas in the fields relevant to this study were awarded by South African technikons. The total number of Higher Diplomas and BTech Degrees was nearly 7 000. Technikons'

contribution at the Master's diploma or degree level was very small – only 135 graduates over the total period.

The growth in the number of students who graduated over the ten-year period provides evidence of the growth in institutional capacity that took place at technikons. The average annual growth in National Diplomas was 9 %, while output in Higher Diplomas and BTech Degrees increased on average by 21 % per year.

Table 4.5: Student output from technikons: Business, Commerce and Management Sciences and Economics (1991 to 2000)

Field of study	National Diplomas		Higher Diplomas & BTech Degrees		Master's Diplomas and Degrees	
	T	%	T	%	T	%
Accounting	10 189		1 309		7	
Banking and Finance	411		85		0	
Business Data Systems	331		67		1	
Business Economics, etc	2 548		855		15	
Quantitative Methods (including Operations Research/Management)	447		122		3	
All other Business, Commerce and Management Sciences	26 086		4 075		109	
Economics	1 868		241		0	
All fields of study	**41 360**	**9**	**6 753**	**21**	**135**	**53**

T = Total number of students who graduated from 1991 to 2000
% = Average annual growth rate

Table 4.6 below shows a relative increase in female graduates at both National Diploma and Higher Diploma and BTech Degree levels.

Table 4.6: Gender distribution of technikon graduates: Business, Commerce and Management Sciences and Economics (1991 to 1999)

Qualification Level	Gender	Year (%)								
		91	92	93	94	95	96	97	98	99
National Diplomas	Male	51	49	48	51	51	49	48	45	45
	Female	49	51	52	49	49	51	52	55	55
Higher Diplomas and BTech Degrees	Male	70	75	68	71	63	66	68	58	68
	Female	30	25	32	29	37	34	32	42	32
Master's Diplomas and Degrees	Male	53	25	48	86	80	64	78	76	70
	Female	47	75	52	14	20	36	22	24	30

From Table 4.7 it is clear that in the last decade a dramatic shift occurred in the population groups served by technikons. At National Diploma level African graduates increased from 4 % to 69 %, and at Higher Diploma and BTech level from 3 % to 44 %.

Table 4.7: Population group of technikon graduates: Business, Commerce and Management Sciences and Economics (1991 to 1999)

Qualification Level	Population group	Year (%)								
		91	92	93	94	95	96	97	98	99
National Diplomas	African	4	12	14	18	22	38	49	57	69
	Coloured	8	6	7	7	7	5	4	7	8
	Indian	6	6	6	5	6	5	5	4	4
	White	82	76	73	70	65	52	42	32	19
Higher Diplomas and BTech Degrees	African	3	4	4	8	8	21	24	36	44
	Coloured	10	5	10	7	7	5	6	11	11
	Indian	5	2	4	3	2	6	7	6	7
	White	82	89	82	82	83	68	63	47	38
Master's Diplomas and Degrees	African	0	0	0	0	0	7	7	9	0
	Coloured	0	0	0	14	0	0	0	5	0
	Indian	0	0	6	0	0	0	0	0	0
	White	100	100	94	86	100	93	93	86	100

The numbers of students who graduated from the different technikons and the relative contributions of the different institutions to student output are illustrated in Table 4.8. As with universities, the largest contribution is made by the distance learning institution: Technikon SA. Fourteen percent of the students who graduated between 1991 and 2000 studied at this technikon. This is followed by Pretoria Technikon (12 %) and Cape and Witwatersrand Technikons with 11 % each.

Table 4.8: Student output at technikons according to institution: Total number of graduates Business, Commerce and Management Sciences and Economics (1991 to 2000)

Technikon	National Diplomas		Higher Diplomas and BTech Degrees		Master's Diplomas and Degrees	
	N	%	N	%	N	%
Cape Technikon	4 653	11	1 021	15	17	13
Technikon Northern Gauteng	2 376	5	109	2	0	0
Mangosuthu Technikon	1 229	3	1	0	0	0
ML Sultan Technikon	2 839	7	303	4	1	0
Natal Technikon	2 282	5	326	5	5	4
Free State Technikon	2 637	6	325	5	16	12
Peninsula Technikon	2 678	6	453	7	0	0
Port Elizabeth Technikon	3 417	8	943	14	57	42
Pretoria Technikon	5 277	12	701	10	12	9
Technikon SA	6 079	14	1 505	22	4	3
Vaal Triangle Technikon	2 647	6	225	3	6	4
Witwatersrand Technikon	4 678	11	1 013	15	17	13
Border Technikon	430	1	20	0	0	0
Technikon North West	691	2	0	0	0	0
Eastern Cape Technikon	1417	3	6	0	0	0
Total	**43 330**	**100**	**6 950**	**100**	**134**	**100**

4.4 EMPLOYERS' CONTRIBUTION TO SKILLS DEVELOPMENT IN THE SECTOR

The role that employers play in the upgrading of skills in the sector is evident from the WSPIGs that they submitted to Fasset for the year 2001/2002. At the time of writing this report a total of 685 WSPIGs had been approved by Fasset and had been captured onto their electronic data system[25]. According to these reports the organisations that claimed back a portion of their skills development levies had spent R114 million on training and had offered approximately 20 000 training interventions[26]. They also reported that they had trained almost 34 000 people – more or less their total workforces. Although the implementation of the NQF is still in an early stage, employers tried to indicate the NQF levels of the training interventions that they had offered. Almost half of the training interventions (48 %) were at NQF levels 5 and 6, while 7 % were at level 7. The five areas of skills priorities on which most money was spent and in which most people were trained are:

- specialist financial skills;
- management and leadership development;

[25] More grant applications had been submitted, but some were referred back to the organisations for clarification while others had not yet been processed.
[26] A training intervention is a training course or training opportunity attended by one or more employees.

- client service;
- information technology; and
- support and administrative skills.

The beneficiaries of training provided by employers were concentrated in the four most skilled classes of workers. The fact that most of the beneficiaries of training were White men is just a reflection of the demographic profile of the sector.

Table 4.9: Beneficiaries of workplace training in 2001/2002

Occupational category		African		Coloured		Indian		White		Total
		M	F	M	F	M	F	M	F	
Legislators, Senior Officials, Managers & Owner Managers	N	465	138	96	44	380	178	3 924	1 625	6 850
	%	6.8	2.0	1.4	0.6	5.5	2.6	57.3	23.7	100.0
	% of total	1.4	0.4	0.3	0.1	1.1	0.5	11.6	4.8	20.3
Professionals	N	1107	909	231	176	499	309	3 518	2 027	8 776
	%	12.6	10.4	2.6	2.0	5.7	3.5	40.1	23.1	100.0
	% of total	3.3	2.7	0.7	0.5	1.5	0.9	10.4	6.0	26.0
Technicians & Associate Professionals*	N	963	789	239	314	695	720	4 155	3 576	11 451
	%	8.4	6.9	2.1	2.7	6.1	6.3	36.3	31.2	100.0
	% of total	2.9	2.3	0.7	0.9	2.1	2.1	12.3	10.6	34.0
Clerical & Administrative Workers	N	584	803	204	636	122	437	543	2 440	5 769
	%	10.1	13.9	3.5	11.0	2.1	7.6	9.4	42.3	100.0
	% of total	1.7	2.4	0.6	1.9	0.4	1.3	1.6	7.2	17.1
Service & Sales Workers	N	233	128	25	30	7	26	55	69	573
	%	40.7	22.3	4.4	5.2	1.2	4.5	9.6	12.0	100.0
	% of total	0.7	0.4	0.1	0.1	0.0	0.1	0.2	0.2	1.7
Skilled Agricultural & Fishery Workers	N	2	0	3	1	0	0	0	2	8
	%	25.0	0.0	37.5	12.5	0.0	0.0	0.0	25.0	100.0
	% of total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Workers, Craft & Related Trades	N	7	0	2	0	1	1	9	3	23
	%	30.4	0.0	8.7	0.0	4.3	4.3	39.1	13.0	100.0
	% of total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Plant & Machine Operators & Assemblers	N	49	1	6	0	2	0	0	2	60
	%	81.7	1.7	10.0	0.0	3.3	0.0	0.0	3.3	100.0
	% of total	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Labourers & Elementary Occupations	N	75	53	32	27	3	6	3	19	218
	%	34.4	24.3	14.7	12.4	1.4	2.8	1.4	8.7	100.0
	% of total	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.1	0.6
Total	**N**	**3 485**	**2 821**	**838**	**1 228**	**1 709**	**1 677**	**12 207**	**9 763**	**33 728**
	%	**10.3**	**8.4**	**2.5**	**3.6**	**5.1**	**5.0**	**36.2**	**28.9**	**100.0**
	% of total	**10.3**	**8.4**	**2.5**	**3.6**	**5.1**	**5.0**	**36.2**	**28.9**	**100.0**

*Category includes trainees

The total picture sketched by the WSPIGs is that employers are actively involved in the provision of training and development opportunities to their staff. This may not always be sufficient, measured against the training needs of workers, but it is an indication of their willingness to support skills development for their own benefit and that of the sector.

From the information presented in the WSPIGs and from the employer survey it was clear that employers use a vast number of training institutions to fulfil their specific training needs. The higher education institutions and the professional bodies play a significant role in the provision of in-service training and CPD. A large proportion of in-service training is also provided in-house by employers themselves.

Another way in which employers contribute to skills development in the sector is by making bursaries available. In the employer survey, 10 % of employers indicated that they have bursary schemes. Eight percent of them give bursaries to employees, 4 % to outside candidates and 1 % to the children of employees. This is an area that may develop slightly in future as 9 % of those who do not have bursary schemes at present indicated that they feel a need for instituting such schemes.

A small number of employers (2 %) indicated that they are involved in the provision of ABET. Only a few of them gave any details of these programmes. Most of the employers who gave details indicated that they sponsored programmes that were aimed at disadvantaged people in their communities. Only two said that their ABET programmes were aimed at their own employees. The Year 2 WSPIGs sketched a similar picture about the sector's involvement in ABET. According to these documents only 60 people out of a total of 34 000 received ABET in the year 2001/2002.

In recent years organisations became more and more involved in the application of national and international quality standards for human resources development. A few standards are available, for example *Investors in People* and *ISO 9000*. In the employer survey respondents were asked whether applied or were certified to enterprise-based people development standards. As many as 12 % of employers answered in the affirmative. From the details that they gave, it was however clear that they did not understand what was meant with this question. Most of them referred to the education and training standards set by the professional bodies in the sector.

4.5 PROFESSIONAL BODIES' CONTRIBUTION TO SKILLS DEVELOPMENT

The role of the professional bodies in education and training in and for the sector has been discussed in some detail in the previous chapter. Only two of the professional bodies, SAIGA and IPFA, are directly involved in the provision of training. Most of the professional bodies accredit the training provided by established training institutions. They also use a range of public training institutions, such as universities, technikons, and private training institutions, to provide training towards formal qualifications to their members and prospective members.

Many of the professional bodies contract training institutions or individual trainers to provide CPE to their members. These training opportunities take the form of short courses, workshops and seminars. Regular publications, such as journals and newsletters and *ad hoc* publications on their websites, are additional means through which professional bodies strive to keep their members informed of new developments in the relevant professional fields.

Accredited training providers are distributed throughout all the provinces in South Africa, and skills development opportunities are thus widely available – in some instances even in remote rural areas. Detailed information on training through professional bodies is presented in Annexure D. The annexure also gives an overview of the training providers who are active in the sector.

4.6 FACTORS AFFECTING ACCESS TO EDUCATION AND TRAINING

An important point of focus of this study was access to education and training. In South Africa, with its history of exclusion of people from educational and work opportunities, it is necessary to monitor constantly the extent to which opportunities are open to potential candidates and the factors that inhibit their participation in education and training. In the survey of training providers, respondents were asked to comment on the accessibility of training and to identify factors that prohibit access of potential learners.

4.6.1 Training institutions' control over learner intake

Nearly a third of the training institutions that participated in the study indicated that they place restrictions on the number of learners who are allowed to enrol. The major reason for this was limited facilities. The lack of computers seems to be the biggest problem in this regard. Limited classroom space and teaching staff were also mentioned as reasons for restricting the numbers of learners.

Many of the institutions use some type of screening technique or process to select learners. Apart from the usual academic requirements, this includes psychometric testing, entry exams, and personal interviews. One institution mentioned that they recognise prior learning in the selection process – thus opening up training opportunities for learners, without the required entry qualifications, but with relevant work experience or other qualifications.

The control over learner enrolment numbers and the accompanying selection procedures obviously limit access to education, especially of prospective learners from disadvantaged backgrounds. More than half of the institutions that took part in the survey, however, stated that they offer bridging or remedial programmes to learners who do not meet the initial requirements for admission. The bridging courses are mostly designed to upgrade the learners' mathematical skills, and to prepare them for a degree programme in the business field. Some institutions also address basic writing and communication skills in their programmes. In certain instances the bridging courses not only facilitate entry into the formal education

programmes but also enable learners to obtain a qualification. The University of Natal, for example, reported that the faculty of business and management sciences runs an alternative access programme for learners who do not meet the entry criteria. This programme is called *The Advanced Diploma in Business Studies* and the duration is one year. Learners who successfully complete the course are admitted to the faculty.

Another way of controlling access would have been to set population group or gender targets for admission. However, almost all the respondent institutions reported that they do not set any specific targets when admitting learners. Only one of the universities indicated that the faculty attempts to achieve a 50:50 ratio with regard to gender, and aims to reflect the local demographics in respect of population group

4.6.2 Financial constraints faced by learners

The poor socio-economic circumstances of learners are a major constraint that limits the access of many potential learners, especially those from the disadvantaged population groups. Respondents from the educational institutions, the professional bodies, and learners themselves identified this as one of the most important of the factors that limit the supply of skilled human resources to the sector. Financial problems not only prevent learners with potential from presenting themselves at the training institutions, but also contribute to high dropout rates and prolonged periods of study. Training institutions, for example, reported that students often only register for one or two courses, instead of the total number required in a particular academic year, because they cannot pay for the full course. Financial constraints may also prevent graduates from continuing with post-graduate studies and from acquiring professional registrations. Training institutions try to address the problem to the best of their ability. Nearly half of the private colleges that participated in the study indicated that they offer bursaries or grants to learners who want to pursue training in the relevant fields. Almost all the universities and technikons who participated offer financial assistance to learners. About half of the technical colleges who responded also reported that they are in the position to offer financial assistance in some form. Financial assistance is largely aimed at previously disadvantaged learners. Annexure G provides the names of the training institutions, the courses for which bursaries are offered, the reasons why each bursary is offered, as well as the target groups.

4.6.3 Poor quality of school education

The poor quality of school education was cited by almost all the respondents from training institutions as a major constraint in the development of skills for the sector. One aspect of the problem is the relatively small numbers of students who matriculate with mathematics and accounting as subjects. Most of those who do pass matric have low symbols. Training institutions also stated that even students who have passed matric with relatively high symbols do not seem to have the expected level of knowledge of the subjects.

Another aspect of the problem of insufficient school education is the lack of English language proficiency among learners. English is a second or third language for most learners and all

tuition takes place in English. Tertiary institutions thus rely heavily on primary and secondary education to develop English language skills to the level where learners can comfortably use English as the medium through which to master subject-related learning material. At this stage this is not happening and tertiary institutions do not only have to close the gaps in the mathematics and accounting fields, but must simultaneously assist learners in developing the necessary language skills.

At the heart of the problem of poor school education is the quality of teachers.

4.6.4 Absence of career guidance at school level

The absence of career guidance at school level is another factor that inhibits access to education and training in the financial services field. This factor was also mentioned by the majority of training institutions and professional bodies. Learners in the focus groups confirmed the absence of career guidance, and indicated that even at university level they still experience a need to know more about training opportunities and the job market for learners in the financial field.

Respondents in general felt that school leavers have very little knowledge about careers in the financial services field. The majority of school children never have the opportunity to see financial specialists at work. They also have very little exposure to the business world and have no role models to inspire and motivate them to choose careers in this field. Some of the respondents mentioned that the financial services field is often perceived as "boring", partly as a result of the way in which subjects such as accounting and business economics are taught at school.

The study revealed that the tertiary institutions themselves are doing much to overcome this problem, to improve prospective learners' knowledge of the field and to increase the numbers of students who apply for study in this field. Almost all the institutions, whether private colleges, technikons, universities or technical colleges, indicated that they offer some form of career guidance or information to prospective learners. Only two private colleges, the University of the North, and the University of North West, replied in the negative to this question. Most of the universities and technikons reported that they offer a full guidance and counselling service. This service usually includes:

- psychometric testing;
- assistance to learners in choosing study fields and doing career planning; and
- individual counselling if needed.

Most of the institutions also use liaison officers to undertake visits to schools in order to inform learners of all the study fields and study opportunities available. Annual open days are held and information is further distributed by means of brochures, booklets and newspaper advertising. Electronic career-guidance systems are available at some institutions for use by prospective learners. Learners who are already enrolled for courses in the field and who might

encounter problems, also have access to the student counselling services. Some of the institutions indicated that they run peer or guardian projects. A senior learner or a guardian lecturer will assist the learner if he/she struggles with specific subjects. A few institutions also invite the various professional bodies in the field to speak to their learners. Representatives of these bodies then provide learners with information on the sector as well as on possible work opportunities.

4.6.5 Limited computer equipment

All respondents emphasised the importance of computer literacy and computer training at tertiary level. Most training institutions, however, suffer from a lack of resources and cannot provide learners with the necessary opportunities to master computer skills. This impacts on the skills (or lack of them) with which learners leave the tertiary institutions as well as the numbers of graduates that institutions are able to deliver.

4.6.6 Geographic distribution of training institutions

Despite the relatively wide distribution of training institutions and the presence of strong distance education institutions, respondents still felt that the distances that some learners have to travel inhibit access to education and training. This problem is obviously linked to the poor socio-economic situations of the majority of learners. The concentration of the sector's organisations in certain urban areas also limits the access that learners form rural areas have to practical training opportunities.

4.6.7 The role of professional bodies in limiting access to education and training

The entry requirements and educational standards set by the professional bodies are seen by some of the education and training institutions as factors that limit access to education and training in the financial services field. This issue is discussed in Chapter 5 of the report.

4.7 SUPPORT PROGRAMMES TO OVERCOME PROBLEMS OF ACCESS AND ACHIEVEMENT

Almost all of the institutions that took part in the study stated that they are involved in specific strategies to decrease dropout rates and to assist learners to succeed in their training. The major academic support strategies include the following:

- providing learners with additional practical assignments and tutorials;
- appointing learner advisors or facilitators who can help learners with problems – usually learners who have achieved good academic results are employed and trained to assist other learners;
- providing extra lessons if necessary;
- trying to keep classes small;

- providing more time for one-on-one consultation where necessary;
- teaching effective study skills to learners; and
- using a practical teaching approach – one of the institutions mentioned that they use a simulation office where learners can spend at least two hours per week in a simulated business environment.

One of the training providers mentioned that they are seriously looking into the possibility of giving some kind of recognition to students who have failed their first year so that these learners can at least get some qualification or credit for the subjects that they have passed.

The University of the Witwatersrand mentioned, for example, that it has a graduate recruitment programme to assist learners to get access to job opportunities. This is a valuable service, bearing in mind that lack of access to job opportunities was one of the major complaints by learners who were part of the focus groups at universities and technikons. These learners indicated that no support is offered to them to find jobs after completion of their studies. They communicated the urgent need for such a service or some sort of assistance in order to get access to the job market.

The support programmes mentioned thus far are aimed at learners who are already enrolled at tertiary institutions. The institutions are, however, also involved with the upgrading of teacher skills at secondary school level. The University of Potchefstroom, for example, brought their Sediba project to the attention of the interviewer. This project specifically aims at improving the mathematical skills of teachers in previous disadvantaged schools.

4.8 STRATEGIES TO IMPROVE EDUCATION AND TRAINING IN THE SECTOR

From the study it transpired that most of the training providers are committed to strategies to improve the training and education in the sector. The following initiatives occur throughout the education sector:

- the regular development of lecturing staff through short courses, involvement in research, and conferences;
- the establishment of educational committees that perform evaluations and offer prizes for good lecturing;
- liaison with the private sector, professional bodies and other organisations to keep up to date with new developments in the financial sector – courses should be aligned according to their needs;
- the application of initiatives such as peer reviews and external examining in order to maintain and upgrade standards.

Nearly half of the training institutions that were part of the sample reported that they have contact with international organisations. (See Annexure H.) According to them, this contact serves the purpose of identifying training courses needed in the sector, enhancing joint

academic research initiatives, establishing staff development and staff exchange programmes, and establishing international standards through external examination.

Contact is also sought and maintained with private sector employers. The main aims of establishing these contacts are to identify skills or educational gaps for which to design appropriate short courses, to establish internships in order to give learners some practical experience – learners work for these employers for a number of hours during their formal training – and to enhance the possibilities for employment opportunities for learners. Many of the training providers indicated that they also have regular contact with professional bodies to identify training courses needed in the sector.

An issue that was raised by various respondents is the need to offer competitive salaries to lecturers in this field in order to be able to recruit the best talent into the training institutions. At the moment, training institutions find it difficult to compete with the private sector.

Most of the training providers that were part of the sample indicated that they are committing themselves to current and future special projects in order to develop the skills base of the sector. These projects usually target the previously disadvantaged groups, as well as accounting teachers. The projects are mostly aimed at:

- improving the specific technical skills in the different fields;
- increasing the number of learners graduating in the field;
- creating an awareness of the role of professionals in the financial field and the potential of working in this sector to prospective learners;
- enhancing the teaching skills of accounting teachers;
- enabling more Black learners to study in the field; and
- improving productivity in the financial sector. (See Annexure I for information on the target groups, the nature of the projects, the duration, the partners, and the impact of the projects.)

Naturally, the improvement of education and training in the sector is dependent on financial resources. In a situation where the regular state subsidies are very limited, training institutions are obliged to look at special (additional) government funding and local and international donors not only to support special projects, but also to improve the education offered through the normal curricula. Training providers were, therefore, asked about the extent and nature of the additional support that they receive. It seemed as if the respondents were reluctant to answer these questions. The reluctance probably relates to the fierce competition between training institutions for this type of support. The information that was given by a few of the respondents is reflected in Annexure J.

4.9 VIEWS OF LEARNERS ON EDUCATION AND TRAINING

A part of this study focused on learners and aimed at obtaining their perspectives on the value of initial training and further training opportunities; strengths and weaknesses of the education and training system; training assistance and support, and needs, major gaps and problems regarding education and training. The learner groups and methodology used to obtain their views is described in Chapter 1. In this section, the term "learner" is used to refer to employees who were interviewed and who were in some way involved in education and training. Some of them were registered on learnerships (or, in the old terminology, as "articled clerks"), while others were more informally involved in training; for example, they participated in in-service training. The term is also used to refer to learners who are currently studying at a university or technikon and who participated in one of the focus group interviews.

4.9.1 Views on the value of initial training and further training opportunities

Learners were first asked about the initial education and training that they were receiving or had been receiving before entering the labour market. The general view of all the learners who are already working was that their theoretical training was of a high standard. This view was supported by the learners still at university or technikon. It was, however, pointed out by the learners at the universities and technikons that there is a definite gap between theory and practice and that more practical work during formal training is needed.

The learners on learnerships held the view that their theoretical training was mostly applicable and did prepare them for the learnerships. Some also mentioned that the learnerships build on the theoretical preparation and help them to adapt more easily to the work situation. Approximately half of these learners mentioned that they have in-house mentors, while some of the others indicated that they receive assistance from fellow workers or lecturers. The in-service training that learners on learnerships receive over and above mentorship normally takes the form of seminars and workshops. Most of this training covers topics such as auditing, accounting and taxation. Learners on learnerships also pointed out that they learn a great deal from senior colleagues with more experience.

Twelve out of the 19 learners on learnerships and half of the other workers reported that their employers have not yet sent them on external training. Those who had been exposed to external training indicated that the seminars that they had attended were popular and valuable. In general the learners' views on their practical (on-the-job) training were positive and they indicated that through their practical training they had accumulated applicable knowledge and experience. The learners in general felt that the practical experience gained through the variety of training methods sufficiently equipped them to pursue a career in the field.

A few of the learners who were interviewed mentioned that they sometimes find it difficult to apply the theoretical material presented in training. According to them not all training content is always practical and applicable. Another limitation experienced in the practical training is

that time constraints prevent mentors and seniors from being always available when learners need support.

For learners working in the Accounting, Bookkeeping and Auditing, and Tax Consultancy fields, the sources of internal training are workshops on relevant topics, for example: updated tax law training, and updated courses in accounting and auditing standards. In some instances senior employees are sent for training, after which they train the junior employees working at the companies. External training mostly includes workshops and seminars at reputable institutions. Most of the learners felt that these seminars are very good because learners can usually apply what they have learned theoretically. It was mentioned that a further strength of this type of training is that it usually covers a wide scope in the field of accounting management. The learners indicated that Fasset's training and seminars for the accounting sub-sector are very clear and to-the-point.

Respondents working in the field that encompasses activities auxiliary to financial intermediation (for example, the activities of debt collectors) reported that internal training included seminars, workshops, and training presented by senior personnel in their organisations. This might include, for example, training with regard to debt-collecting systems that they often use in practice. External training also mainly takes the form of seminars and focuses on the auditing and accounting aspects of their work.

Employees at large companies in the Business and Management Consultancy Sub-sector primarily receive in-house training after completion of formal studies. This includes *inter alia*:

- company-orientation training;
- formal orientation of the consultant environment;
- consulting skills;
- interviewing skills;
- presentation skills – effective business writing and business presentations;
- computer training courses;
- delivering client value;
- strategic management;
- project management and
- developing human performance.

The respondents stated that one of the strengths of the training at the large consulting companies is that the orientation period provides employees with access to all the systems, and that the training is headed by prominent managers and leaders in the company. In this way, training provides the opportunity to get to know these people and interact with them. It also facilitates interaction between colleagues. The content of the orientation training is usually vital and it is mostly presented at the appropriate time. Although some respondents felt that the training content is not always relevant at a specific point in their careers, others were of the

opinion that most of the training topics are pertinent to their work requirements and their personal expectations.

Employees from the Investment Entities and Trusts Sub-sector, reported that insurance companies usually provide the training and support that they need. According to them this training, which is normally presented in-house in their own companies, covers the changes in trustee legislation and is usually presented by a senior person in the company or by an attorney. The strong point of this training is that it is specific to the products that they are dealing with. The training provides knowledge and it gives enough background to do the work. However, the respondents brought to the attention of the interviewer the fact that the training would be more general, in the future, because course materials are going to be standardised. It is foreseen that future training will cover the common points of life policy and investment planning and that employees in this field will only have to attend one course to get accreditation instead of numerous courses (as is currently the case).

One of the respondents working in the securities field reported that good basic training is provided in order to obtain general knowledge of local and international markets and products. The respondent specifically mentioned the value of training courses in soft skills, such as business presentation skills. Employees at development corporations and organisations highlighted the fact that lecturers offering training in this field are usually from reputable organisations and are experts in their field. They present hands-on practical training that can be applied in practice. The feeling is, however, that the training is not frequent enough. Employees in the Stock broking field also reported that their training is very practical, that it includes tangible examples, and that their knowledge is tested afterwards.

Mentorship clearly plays a central role in the provision of training in organisations in all the sub-sectors.

4.9.2 Views on training assistance and support

Most of the learners on learnerships that were part of the sample indicated that their employers supported them financially. With regard to study leave all the respondents stated that their employers did provide study leave – usually one day for preparation and one day on which to write the exam. Some of the learners indicated that they receive academic and practical support from their senior colleagues. Other support includes internal reviews and discussions on relevant issues regarding the training, use of facilities, time to study, and permission to attend lectures during office hours.

Some of the other respondents reported that their employers provide financial support for academic training. This support usually takes the form of bursaries or loans. Some employers however, compensate the learners only after they have passed their examinations. In general, employers do provide study leave. Only two respondents indicated that their employers do not provide study leave. The conditions of study leave vary from company to company. It is interesting to note that only one of the respondents, working at a business management

consultancy, reported that his company provides a counsellor who assists with career development of the employees. For the first three months after appointment this company also provides a coach whose responsibility it is to provide personal support to new employees. One other respondent mentioned that his company provides consulting support when needed.

The learners who were part of the focus groups categorically stated that they receive good assistance with academic and financial problems during their training years, but not with identifying job opportunities and placement. Some suggested that the training institutions should, for example, make available names, addresses, and telephone numbers of organisations where they can apply for jobs.

4.9.3 Views on current needs, major gaps, and problems regarding education and training in the sector

Two thirds of the learners at companies who were interviewed said that they do experience some training needs. Some mentioned that they need updated training in relevant computer software in order to fulfil their duties successfully. A few mentioned the need for training in softer skills, such as communication skills, client liaison skills, customer service skills, negotiation skills, facilitation skills, general management skills, and human resources skills. Apart from the more generic training needs that were identified, learners also need technical information and development in their specific fields.

A few of the learners commented that work is mostly determined by projects, and that if the company needs an employee to be involved in a project there is often no time to train that employee in advance.

Employees at small companies seem to have specific problems, such as staff capacity (which limits the time available for training) and the availability of funds for training. One of the respondents also pointed out that there are many unscrupulous and inferior (so called "fly-by-night") training providers and that employees in small firms have to distinguish between them and good training providers, which is not always an easy task. Another point that was raised is that not all presenters (even within reputable training providers) are skilled enough to lecture on the particular material.

Another problem area referred to by a few of the learners outside the main centres is the distances that they have to travel to attend seminars. The last problem that was pointed out by learners who are working is the absence of recognition of prior learning. This refers specifically to the recognition of learning that took place informally through work experience.

Of the 19 people who were busy with learnerships and who were interviewed, 12 indicated that they experienced no gaps or problems in their learnerships. The others mentioned that computer work should be integrated with training, training should be more practical, and learnerships should be more versatile, i.e. they should cover a wider spectrum of work activities.

The learners at technikons and universities stressed the fact that they lack good computer training. They requested that computer training be made available throughout their training period in order to enable them to keep up to date with progress in technology and with relevant software (e.g. PASTEL). They also mentioned that it would help them to integrate their theoretical work with practice if they could do some practical work in companies during their education.

4.9.4 Views of learners on the future

Almost all the learners on learnerships indicated that they thought that their job prospects were very good. Some of them indicated that they would be in a good position to become self-employed after completion of their learnerships. One of these learners stressed the fact that without a post-graduate qualification their work prospects would not have been so favourable.

More than a third of the respondents said that they did not foresee any changes in the sector in the future. Those who indicated that changes might take place mentioned that they foresaw that more professionals would enter the sector and that the current skills shortages would be alleviated. They also foresaw that there would be an increase in the numbers of Black professionals in the sector. The skills requirement would also change – a high demand for broader generic skills was foreseen. In general the learners were aware of the need for lifelong learning and their responsibility to keep abreast with new developments in their respective fields. It was also mentioned that more small consulting firms would emerge and that legislative changes would alter the scope of work and skills required in the sector.

Some interesting answers emerged on a question about the main factors that might influence the respondents' own future decisions with regard to employment in the sector. One of the main factors that would keep them in the sector is financial compensation. They also referred to employment opportunities; the need for certain skills in the sector; the condition of the national economy; security-related factors (for example, violence and crime); personal factors, such as family responsibilities; and job satisfaction. Six of the 19 trainees mentioned that they were considering emigration, while three of the other respondents indicated that they had plans to emigrate.

4.10 HIV/AIDS AWARENESS AND EDUCATION IN THE SECTOR

With the exception of two, all the universities and technikons that were part of the sample indicated that they have HIV/AIDS awareness and support programmes for learners. Most of them also have awareness and support programmes for lecturers. Almost all the technical colleges reported that they have awareness and support programmes for learners with regard to HIV/AIDS, but only half of them indicated the availability of such programmes for lecturers. Only a third of the private institutions pointed out that they make learners aware of HIV/AIDS and run support programmes, while they acknowledged that even less is done for lecturers.

Most of the HIV/AIDS programmes at these institutions focus on awareness and support through the distribution of brochures, workshop presentations, videos, and counselling. Peer educators are also trained to provide information and to support learners and lecturers. Other valuable projects that were mentioned focus on the following issues:

- training members of families to take care of their loved ones who are infected with HIV/AIDS;
- conducting studies of the effects of HIV/AIDS in the different study fields;
- enhancing and strengthening the broader societal response to HIV/AIDS;
- facilitating curriculum changes in order to incorporate material on HIV/AIDS; and
- putting in place relevant and effective institutional policies on HIV/AIDS.

(See Annexure K for information on the different programmes.)

Only a very small number of the learners who are already working reported that they are currently involved in HIV/AIDS awareness and support programmes at their firms. The majority of the learners not only expressed the need for awareness programmes, but also the need for support groups and counselling services in this regard.

The absence of HIV/AIDS programmes in the workplace was confirmed by the employer survey. Less than 4 % of the employers reported that they provided HIV/AIDS awareness training to their employees.

4.11 CONCLUSIONS

This chapter clearly illustrates that the Financial and Accounting Services Sector is actively involved in the education and training of its workforce. Because of the professional nature of the work performed in the sector, most of the responsibility for pre-entry training falls on the higher education institutions, while the professions involved in the sector guard the education and training standards through their professional associations. Secondary schools and other institutions that provide education in the FET band play a pivotal role in supplying the higher education institutions with learners who have the prerequisite subjects such as mathematics and accounting, in the development of language proficiency among learners who enter higher education, and in training administrative and support staff for the sector. CPD is provided by employers and professional bodies in close collaboration with the higher education institutions.

The most important factors that inhibit access to training in the sector seem to be financial constraints, lack of good mathematical education at school level, the lack of English proficiency among the learners, lack of facilities such as computers, and the lack of proper career guidance at school. Training providers try to address these factors by way of appropriate strategies. Bursaries and grants are offered to learners who experience financial constraints. Bridging programmes are offered to learners who do not meet the necessary academic requirements. By holding open days at the training institutions, visiting schools to inform learners of the study

opportunities in the field, and distributing brochures containing the necessary information, training providers try to address the lack of career guidance at school. The lack of facilities such as computers seems to remain a constant problem.

The overall view of the learners was that the theoretical training offered is of a high standard. However, it was pointed out that there is a definite gap between theory and practice. Apart from very specific technical training requirements in the different sub-sectors, it seems that the major needs regarding training in the sector relate to computer skills, soft skills such as communication skills, client liaison skills, and customer service skills. The lack of management skills was also mentioned. The most conspicuous problems that were mentioned relate to the busy schedules of employees and small employers who do not have staff capacity or the funds to train people.

Most of the learners indicated that they have good employment opportunities in the sector. It is noticed that many of the learners are aware of the fact that they will be engaged in life-long learning in order to keep up to date with technical and other skills that are required for them to be progressive and successful in the sector.

The question whether the education and training provision described in this chapter is sufficient to provide for the needs of the labour market is the subject of discussion in the next chapter.

5

SKILLS NEEDS OF THE SECTOR

5.1 INTRODUCTION

The main objective of the National Skills Development Strategy and its associated legislation is the development of a skilled workforce that can support and stimulate the growth of the South African economy. At a micro level each SETA is responsible for identifying critical skills needs, i.e. skills that are in short supply, skills that are crucial for the functioning and growth of that particular sector, priority areas of skills development, and for channelling resources into those areas.

This chapter deals with skills shortages, critical skills needs and skills priorities as identified in all the surveys that formed part of this study, as well as those reflected in the WSPs that employers submitted to Fasset for the financial year 2001/2002.

The first question that is dealt with is whether there are specific skills shortages in the sector. The term "skills shortages" is often used to refer to situations that exist on two distinct but interrelated levels. In the first instance it refers to occupations or posts for which employers cannot find suitably qualified persons. In such a situation the post will remain unfilled for a prolonged period of time or will eventually be filled by a person who does not necessarily possess the required qualifications, skills or other attributes - such as a particular population group or gender – that the employer was looking for. On the second level the term is used to refer to specific areas of knowledge and ability that are not sufficiently available among the existing workforce. Skills deficiencies that exist on this level are also referred to as "skills gaps". Skills gaps may be the result of insufficient education and training at entry level, or may stem from rapid changes and new demands in the work environment to which the workforce has not yet adapted. Both these situations call for skills development interventions, although the target groups and strategies may differ.

Another term that is used in this chapter is "priority area of skills development". This refers to skills needed by the existing workforce in order to improve their productivity, to keep abreast with developments in the sector and/or the respective professional fields, and for workers to advance in their individual careers. Priority areas of skills development may include skills gaps and efforts to compensate for skills shortages but is clearly a broader concept than both of these.

5.2 SKILLS SHORTAGES

5.2.1 Nature and extent of skills shortages

Skills shortages are best identified by looking at so-called "hard-to-fill" vacancies and by asking employers directly about problems that they experience when trying to recruit people. Confirmation by many employers that they find it hard to recruit people for certain positions or find people with particular attributes may lead to the conclusion that there is a general shortage of those skills in the sector. Similar patterns in different sectors may lead to the conclusion that there is a general shortage of the particular skills in the labour market. Such evidence is normally supported by other indicators, such as a rise in remuneration of people with the required qualifications/attributes above the normal inflation rate, as well as very low unemployment rates among them.

In the employer survey, respondents were asked whether they had tried to recruit new workers in the year preceding the survey and, if so, whether they had experienced any problems in finding the skills that they were looking for. A third of the organisations had tried to appoint new workers. However, attempts to recruit differed significantly for the different size organisations. Only 19 % of small organisations (1 – 5 employees) had tried to recruit. This increased to 51 % for organisations with 6 – 20 employees, 75 % for organisations with 21 – 50 employees, and 90 % for those with 51 - 150 employees. All the organisations that had more than 150 employees had tried to recruit employees. (See Table 5.1.)

Table 5.1: Number of organisations that had tried to recruit new employees

Organisation size	Yes		No		Total	
	Number	%	Number	%	Number	%
1 - 5 employees	858	19	3 705	81	4 563	100
6 - 20 employees	1 102	51	1 059	49	2 160	100
21 - 50 employees	192	75	66	25	258	100
51 - 150 employees	157	90	17	10	174	100
150+ employees	57	100	0	0	57	100
Total	**2 366**	**33**	**4 847**	**67**	**7 213**	**100**

Only a third of those who did try to recruit (10 % of all organisations) experienced problems finding suitable candidates. A similar question formed part of the WSPs that employers had to submit to the SETA for the year 2001/2002. Only 9 % of employers who submitted WSPs responded to this question. The positions reported in the employer survey and the WSPs and the number of vacancies affected are shown in Annexure L. The total number of vacancies reported in the WSPs constitutes only 1 % of total employment reported in these documents while the vacancies reported in the employer survey comprise 3 % of total employment in the sector.

The vacancies that were reported occur in a large variety of occupations. It is interesting to note that many occur in occupational categories that do not require long periods of specialised training, administrative and clerical positions for example. It should be possible for employers to train people for these positions and, theoretically speaking, the vacancies should not really exist for prolonged periods of time. The training of professionals and managers is more complex and employers have much less control over the development of people to fill vacancies in these occupational categories.

From both the WSPs and the employer survey it was clear that the perceived shortages were related to very special skills sought by employers. The reason for unfilled vacancies most often mentioned by employers was the lack of people with the prerequisite work experience (not necessarily the right qualifications). A few mentioned that people who did meet the requirements demanded salaries that were too high. Another few companies mentioned that as small organisations they could not attract skilled people or that skilled people did not want to work in rural areas or in small towns.

From the data it was also clear that the lack of qualified Black people is experienced as a problem – especially in the higher-level occupations. Many (especially large) employers mentioned that they were unable to meet their employment equity targets because of the unavailability of suitably qualified Black staff.

Respondents from the professional bodies confirmed that there was a shortage of accounting skills across all levels, from bookkeepers to chartered accountants (CAs). They also confirmed that there was a need for Black, especially African, accountants at low-, middle- and senior-skills levels, registered accountants and auditors and CAs.

The internal auditing profession requires previously disadvantaged people who have experience. It also experiences a shortage of IT audit specialists, forensic specialists and high-level accountants who are capable of lateral thinking. The need for chartered financial analysts and statisticians was also mentioned.

The notion of a shortage of highly skilled professionals, especially CAs, did not go completely unchallenged. Some respondents felt that employers tended to overestimate the skills required for certain functions and to employ CAs to do work that less qualified people could do. They stated that this is not only true of employers in the Financial and Accounting Services Sector, but also in commerce and industry.

Although it may be true that the demand for highly qualified financial specialists, especially CAs, is artificially inflated by the value that employers attach to the particular qualification, the fact that financial professionals are highly valued in the corporate market is reflected in remuneration trends. The remuneration packages earned by accounting and financial graduates in the private sector showed a real increase (over and above inflation) of 8,5 % per annum in the period 1994 to 2000. The highest increase was experienced by CAs, namely 9,8 % per annum. In the same period, the remuneration packages earned by self-employed financial

professionals declined in real terms by 1,5 % per annum. The incomes of self-employed CAs increased by 1,8 % per year. (See Annexure M.)

The situation with regard to suitably qualified candidates from the previously disadvantaged groups needs to be carefully assessed. An analysis of the September 2001 LFS reveals that there are an estimated 10 000 unemployed African graduates who have first degrees or post-graduate degrees or diplomas in business, commerce and management studies. The unemployment rate of African graduates in this field of study is 25 % while that of White graduates is 2,1 %. Most of the unemployed graduates (70 %) have never worked before, which means that they probably lack the experience that employers are looking for. In the course of this study some respondents also argued that Black students tended to prefer the "softer" disciplines in business, commerce and management studies, such as human resources management. Unfortunately the LFS does not give detailed information with regard to the fields of study of unemployed graduates. However, the SAPSE and HEMIS information shows a marked increase in the number of Black university graduates with accounting as major. It is thus possible that some of the unemployed graduates do possess qualifications in accounting.

The fact that many of the Black students graduated at the so-called "historically disadvantaged institutions (HDIs)" may also play a role in this situation. Employers may regard the education provided by these institutions as of inferior quality and may, therefore, be reluctant to employ students from these institutions[27].

In summary, the study provides clear evidence of the existence of skills shortages in the Financial and Accounting Services Sector. Although employers identified "hard-to-fill vacancies" in all occupational categories, the critical skills shortages are actually found at the upper end of the market, i.e. CAs, specialist researchers and analysts and specific kinds of managers are in short supply.

5.2.2 Reasons for skills shortages

A shortage of skills is naturally the result of a mismatch between the demand for and supply of the skills in question. The reasons for shortages are, therefore, normally linked to both the demand and the supply sides of the market. The most important factors that appear to have boosted the demand for highly skilled financial professionals and managers are outlined below.

An increase in the demand for financial services

Although the financial services rendered by the Financial and Accounting Services Sector encompass various disciplines such as accounting and auditing, cost and management accounting and management consulting, the demand for all of them is directly related to the level of economic activity in the country. Over the past couple of years South Africa has seen positive economic growth, which means that the demand for financial services has increased.

[27] An HSRC study on the first employment experiences of university graduates found that students from HDIs take much longer to find employment than students from other institutions. Moleke, P. and Albertyn, L. ***First Employment Experiences of Graduates***, HSRC, 1999.

Of particular importance is the growth in the number of small and medium-sized enterprises because they tend to rely more on external services than large companies do.

The demand for financial services is furthermore affected by the changes in administrative and tax requirements that have been introduced on a continuous basis through new legislation. The introduction of the Skills Levy is one example of legislation that has added a new dimension to financial services required by all organisations.

The need for organisations to adapt to an increasingly competitive global environment leads to an increase in the demand for management consulting services, while the adaptation to new technologies and work processes contributes to the demand for cost and management accounting services.

Increase in the demand for financial skills in other sectors of the economy

Recent years have seen an increased need for financial accountability in both government and the private sector. The introduction of the Public Finance Management Act has had a profound effect on the demand for financial services in the public sector. The King Reports and international incidents in 2002 (such as the Enron/Andersen incident) have not only highlighted the need for greater professionalism and ethical behaviour on the part of financial professionals and managers, but have also prompted managements to look for better qualified financial experts. The trend to employ more CAs in commerce and industry emanates at least in part from these developments.

Oursourcing of financial services

A general trend across the economy is for organisations to redefine and focus on their core business activities and to outsource the rest. The underlying assumption is that a better (more specialised) and cheaper service can be obtained in this manner. Financial services or certain components of financial services are often seen as non-core business activities and are contracted out to specialised accounting firms, which increases the demand for financial services.

Under-utilisation of highly skilled staff

An issue that was raised by representatives from both the professional bodies and training institutions is the ratio between highly skilled professionals, for example CAs and accounting technicians, and other accounting support staff. Ideally, for each professional there should be a number of technicians and other well-trained support staff to maximise the productivity of the professional. In the absence of a sufficient number of technicians and administrative staff, professionals may engage in routine administrative activities and, in this way, further shrink the pool of professional expertise available to the sector.

The under-utilisation of professional expertise is in part the result of shortages of workers at lower levels of skill. It is, however, also related to the fact that the sector consists of so many very small organisations, which may be very careful when it comes to employing support staff.

Skills shortages will obviously not occur if the supply of appropriately skilled workers can keep up with the increased demand. However, in South Africa a number of factors contribute to stifle supply.

Insufficient student output

Despite the increase in the number of students who qualify with first degrees in financial and management sciences, output from universities in the specific subject areas required by the sector (e.g. accounting) does not seem to be sufficient to the needs of the financial services market. Student output is, in the first place, limited by the student intake of institutions of higher education and, in the second place, by the slow throughput and high dropout rates. The reasons for these are discussed in Chapter 4. The result of insufficient output from the educational institutions is an inadequate pool of students that could pursue further professional qualifications.

Role of professional bodies in controlling supply

As in any other professional environment, the professional associations and boards play a central role in regulating the supply of skills to the market. This is mainly done by the setting of standards for education and training, the accreditation of training institutions, the determining of requirements for particular designations, and by the administering of entry examinations. The control that professional bodies have over the labour market is strengthened if certain functions are reserved through legislation for professionals in possession of specified qualifications or designations.

Respondents who commented on the role of the professional bodies in regulating the supply of skills to the Financial and Accounting Services Sector were divided in their opinions about the standards that the professional bodies currently uphold. Some maintained that standards are generally realistic and that they should not be altered in order to increase the supply of people who have the designation of CA, for example. Other respondents felt that some of the current requirements are unnecessarily high. It was also mentioned that some of the professional bodies smooth the progress of candidates to higher professional levels by creating different membership levels, while other bodies are not making sufficient provision for career progression.

5.3 SKILLS REQUIRED BY THE CURRENT WORKFORCE

This section focuses on specific areas of skill that are not sufficiently present in the current workforce. In the employer survey respondents were asked to name those skills that were particularly in short supply among their own workforce. The skills and the number of organisations that identified them are listed in Table 5.2.

At the top of the list are basic computer skills, followed by general accounting skills and knowledge of taxation.

Table 5.2: Skills gaps identified by employers

Skills required	Number of organisations	% of organisations
Management and leadership skills		
Management skills/leadership skills	257	3.6
Human resources management skills	96	1.3
Workflow and imaging skills	10	0.1
Organisational development/office management skills	33	0.5
Specialist financial skills		
Accounting skills	735	10.2
Taxation including VAT and capital gains tax	463	6.4
Bookkeeping	310	4.3
Auditing skills	283	3.9
Legal knowledge and skills including commercial and statutory law	162	2.2
Insurance	90	1.3
Financial and mathematical skills	224	3.1
Investment and micro-lending training	73	1.0
Information technology skills		
Computer skills e.g. word processing and spread sheets	1 194	16.6
Specialist information technology skills	101	1.4
Communication, customer care and marketing skills		
Communication skills	157	2.2
Marketing skills	118	1.6
Public relations skills	77	1.1
Presentation skills	8	0.1
Client service skills	3	0.0
Support and administration skills		
Administration skills	256	3.6
Secretarial	89	1.2
Business economics skills	49	0.7
Clerical skills	39	0.5
Reception skills	49	0.7
Personal development		
People skills	94	1.3
Education/basic adult education	86	1.2
Non-industry skills		
Technical skills e.g. engineering	52	0.7
Community development	11	0.1
Gardening skills	8	0.1
Painting skills	8	0.1

Respondents from the professional bodies confirmed the need for financial skills across a broad spectrum of workers in the sector. However, their comments mostly focused on the segments of the sector that they served. For example, the SAIFM respondent said that organisations involved in financial markets experience a shortage of financial and mathematical skills. There is also a skills shortage in terms of knowledge of finance, financial market instruments, and financial markets analyses, trading knowledge, and computer knowledge and skills.

The management consulting profession identified the need for practitioners to know what constitutes ethical behaviour and the need for a combination of managerial expertise, industry knowledge, technical knowledge and an understanding of management issues.

In the public sector, there is a need for the following skills:

- literacy and numeracy skills;
- basic accounting skills, especially for new people who enter the organisation at a low level;
- accounting support skills (for example, those needed by accounting technicians);
- auditing skills;
- financial management skills;
- municipal budgeting and costing experience;
- experience and training in credit control and debt management;
- risk assessment skills;
- computer literacy;
- exposure to local government politics and community dynamics; and
- management skills for newly appointed chief financial officers.

The skills that the professional bodies rated as the ones most in demand are summarised in Table 5.3. The table is somewhat of a hybrid of the two definitions of skills shortages. It is nevertheless informative and is therefore presented as the respondents formulated skills needs.

Apart from the broad base of financial skills required, the need for managerial skills is quite evident.

Table 5.3: Respondents from professional bodies' perspective on skills in demand in the sector

	Skills most in demand in sector			
Body	**First**	**Second**	**Third**	**Fourth**
ABASA	Financial management	Public sector finance	Banking sector finance	Auditing
ACCA	Performance management/audit	Risk management	General management skills	Traditional accountancy skills
BMA	Municipal accounting and financial experience and qualifications	Local government budgeting and costing experience and qualifications	Credit control and debt management in municipal environment	Computer literacy at high level Community and political dynamics of local government
CFA	Accounting officer	Taxation	General accounting functions	Financial consulting
CIMA	NQF 5 and 6 (matric)	Practical experience		
IAC	Financial management skills	Interpersonal skills for accountants	General management skills	
ICB	Bookkeeping skills	Accounting technicians	Accounting officers	
ICSA	English communication skills (speaking, reading and especially writing)	Service and work ethics	An awareness and understanding of commercial and economic fundamentals	Planning, organising, time-management and self-management skills. The ability to accept responsibility for own actions
IIA	Internal auditing (now legislated by the PFMA)	IT audit specialists	High level consulting which adds value	Previously disadvantaged candidates with CIA qualifications and experience Quality in all areas is at a premium
IMC	Analytical skills	Reporting (writing) skills	Presentation skills	Industry skills Depth
IMFO	Basic accounting skills of newcomers (low level)	Management skills of newly appointed Chief Financial Officers		
IPFA	Financial management	Accounting technicians	Basic Accounting skills	Literacy and numeracy
PAAB	Registered accountants and auditors (RAAs) that perform the attest function	RAAs must stay up to date with auditing standards and auditing pronouncements		
SAICA	African chartered accountants	Financial management	Management	Information technology
SAIFM	Financial and mathematical skills	Chartered financial analysts	Statisticians	South African Futures Exchange (SAFEX) qualification
SAIGA	Auditing skills	Control evaluation	Risk assessment	Report writing Control self assessment

5.4 SKILLS PRIORITIES

In the previous section an exposition was given of the skills that are in short supply in the sector. Another perspective on the issue of skills needs is gleaned from the training priorities set by employers. These training priorities are described in the annual WSPs and WSPIG applications submitted by employers to Fasset and represent those areas in which they had trained their staff. Although there are areas that overlap, the training priorities do not necessarily correspond with the areas of skills shortages described in the previous section because they include areas in which regular updating of knowledge is required.

In the WSPIG submissions employers indicated the skills priority areas as well as the numbers of people that they had trained in each priority area. The areas identified in the 2001/2002 grant submissions are shown in Table 5.4. According to this table specialist financial skills were the most important training priority and employers had trained some 21 000 people in these skills. Most of the people who had received training are Technicians and Associate Professionals. Other areas in which large numbers of people were trained include management and leadership skills, marketing, communication and general customer care, information technology and administrative and support skills.

Table 5.4: Skills priorities of employers in the sector and number[28] of people[29] trained in 2001/2002

Skills priority	Legislators, Senior officials, Managers & Owner Managers	Professionals	Technicians & Associated Professionals	Clerical & Administrative Workers	Service & Sales Workers	Skilled Workers, Craft & Related Trades	Plant & Machine Operators and Assemblers	Labourers & Elementary Occupations	Total
Management and leadership skills									
Management and leadership skills (general)	2 534	2 456	2 008	1 156	20	.	.	8	8 182
Business management skills	39	25	38	12	7	.	.	.	121
Skills in the handling of labour relations	1	.	3	6	.	.	.	.	10
Human resources management skills	21	10	2	1	.	.	.	.	34
Project management skills	.	7	43	.	.	.	.	.	50
Strategic planning	2	41	.	.	.	.	.	.	43
Change management	6	17	19	24	.	.	.	.	66
Total	**2 603**	**2 556**	**2 113**	**1 199**	**27**	**0**	**0**	**8**	**8 506**

continued …

[28] A person was counted each time he/she attended a training intervention in a particular priority area. This means that people who attended more than one training intervention were double counted.

[29] The occupational category "Skilled Agricultural and Fishery Workers" did not occur in the data and is therefore omitted from the table.

Skills priority	Legislators, Senior officials, Managers & Owner Managers	Professionals	Technicians & Associated Professionals	Clerical & Administrative Workers	Service & Sales Workers	Skilled Workers, Craft & Related Trades	Plant & Machine Operators and Assemblers	Labourers & Elementary Occupations	Total
Financial skills									
Specialised financial skills (general)	2 458	3 647	7 815	2 310	146	2	4	15	16 397
Accounting and auditing skills	127	147	2 303	76	.	.	.	.	2 653
Company financial management skills	.	1	.	.	.	.	.	.	1
Tax knowledge and tax consulting skills	85	51	64	17	.	.	.	.	217
Knowledge of financial products and investments	3	43	29	43	.	.	.	.	118
Knowledge of commercial law/legislative requirements	257	343	.	.	.	.	.	.	600
Insurance administration	.	.	.	1	.	.	.	.	1
Stock broking skills/requirements	1	2	.	2	.	.	.	.	5
Risk management	30	86	31	167	148	.	.	.	462
Legal skills	21	6	13	1	15	.	.	.	56
Basic financial skills	1	.	.	3	.	.	.	.	4
Debt collecting	.	.	.	101	.	.	.	.	101
Total	**2 983**	**4 326**	**10 255**	**2 721**	**309**	**2**	**4**	**15**	**20 615**
Management consulting skills	**77**	**1 133**	**4**	**22**	**2**	**.**	**.**	**.**	**1 238**
Information technology skills									
Computer literacy and computer skills	1 090	1 924	3 826	2 937	67	6	9	37	9 896
Proficiency in the utilisation of specialised auditing software	.	2	.	.	.	.	.	.	2
Specialised information technology skills	1	15	11	1	.	.	.	.	28
E-commerce	.	21	6	.	.	.	.	.	27
Total	1 091	1 962	3 843	2 938	67	6	9	37	9 953
Marketing and communication skills	.	.	.	.	.	.	.	.	.
Marketing and sales skills and general customer care and customer service skills	2 825	2 767	1 487	2 221	719	.	2	47	10 068
Communication skills	124	42	559	8	.	.	.	.	733
Total	**2 949**	**2 809**	**2 046**	**2 229**	**719**	**0**	**2**	**47**	**10 801**
Administrative and support skills	**554**	**1 014**	**3 359**	**3 849**	**225**	**3**	**6**	**29**	**9 039**
Training and related skills									
Training skills	.	3	.	2	.	.	.	.	5
Assessment skills	.	.	.	2	.	.	.	1	3
Total	**0**	**3**	**0**	**4**	**0**	**0**	**0**	**1**	**8**

continued …

Skills priority	Legislators, Senior officials, Managers & Owner Managers	Professionals	Technicians & Associated Professionals	Clerical & Administrative Workers	Service & Sales Workers	Skilled Workers, Craft & Related Trades	Plant & Machine Operators and Assemblers	Labourers & Elementary Occupations	Total
Personal development									
Personal development and life skills	76	158	217	474	31	2	.	13	971
Motivational training	2	.	.	18	.	.	.	.	20
Diversity awareness/management	50	512	1 654	52	26	1	11	48	2 354
Interpersonal skills	5	37	.	18	.	.	.	.	60
ABET	.	.	1	16	20	4	1	18	60
HIV/AIDS awareness	37	192	832	339	.	.	.	0	1 400
Total	**170**	**899**	**2 704**	**917**	**77**	**7**	**12**	**79**	**4 865**
Non-industry skills									
Aviation	.	6	26	.	.	.	.	.	32
Property development and property management	.	.	1	27	.	.	.	1	29
Catering	.	.	.	.	1	.	.	.	1
Forklift training	.	.	.	.	.	.	.	31	31
Total	**0**	**6**	**27**	**27**	**1**	**0**	**0**	**32**	**93**
Unspecified	**1 113**	**858**	**1235**	**506**	**31**	**7**	**19**	**28**	**3 797**
Total	**11 540**	**15 566**	**25 586**	**14 412**	**1 458**	**25**	**52**	**276**	**68 915**

5.5 CONCLUSIONS

One of the first questions posed in this chapter was whether there is a shortage of skills in the Financial and Accounting Services Sector. The chapter makes a distinction between skills shortages (insufficient numbers of people available to fill certain positions in the sector) and skills gaps (the absence or insufficient development of skills among the current work force). Respondents who participated in the different surveys, as well as employers who submitted WSPs to Fasset, confirmed that there is a shortage of highly skilled professionals and technicians and associate professionals in all the financial disciplines employed in the sector. It is, however, clear that the problem of skills shortages is complex: It relates to the way in which work functions are defined and the qualifications required through statutory regulations and informally by employers to perform those functions, as well as the standards set by professional bodies. The notion that fully qualified professionals are used to perform functions that could be handled by less qualified personnel warrants some investigation.

Another issue, closely related to the one above, is the need to find the optimal relationship between fully qualified professionals, on the one hand, and technicians and other support staff, on the other. Obviously, technicians and associate professionals, as well as administrative staff,

need to be properly trained in order to release professionals from unnecessary tasks. However, their training periods are shorter and in the short to medium term skills shortages can be partly addressed by focusing on training at this level.

The inadequate supply of skilled workers is another multi-faceted problem and is discussed in detail in Chapter 4. Suffice it to say here that the creation of career paths and educational opportunities that will enable workers to move up the qualification hierarchies is of the utmost importance if skills shortages are to be addressed in the longer term.

The three broad areas of skills needs that are the most relevant to the sector are specialist financial skills, computer literacy skills, and management and leadership skills. Specialist financial skills encompass the total spectrum of functions performed in the sector. Computer literacy is important for all levels of staff as more and more functions become computerised. The need for management and leadership skills is, amongst other things, related to the youthfulness of the workforce, described in Chapter 2 and pressures imposed by Employment Equity legislation. Management skills can no longer be learned through experience and example as workers move into managerial positions very quickly.

6

THE FUTURE DEMAND FOR AND SUPPLY OF LABOUR TO THE SECTOR

6.1 INTRODUCTION

In order to facilitate skills planning in their respective sectors, SETAs need to do some projections of the future demand for and supply of skills in their sectors. As indicated in Chapter 5 of this report, the demand for skills can be conceptualised on two different levels. On the first level it refers to the numbers of people who will be required, and on the second level it refers to the specific knowledge and abilities that workers in the sector should possess. This chapter deals with the numbers of workers that will be needed in the Financial and Accounting Services Sector over the next five to six years and the numbers of graduates expected to be produced by the educational institutions.

The demand figures presented in this chapter are the result of a fairly crude modelling of the labour market serviced by Fasset. The modelling and forecasting of the future demand for labour are largely dependent on the availability of reliable time series data. However, such data were not available for this exercise for a number of reasons:

- The demarcation of the Financial and Accounting Services Sector does not correspond with the sectoral demarcations used by Stats SA in the collection of economic data.
- The way in which Stats SA collects labour market statistics changed dramatically in the last half of the nineties, with the result that old time series were discontinued and new ones are too short to show trends over time.
- SETAs' own databases and information systems are still in their infancy stages and are not yet useful for modelling purposes.

The model, therefore, relies to a large extent on cross-sectional data obtained from the employer survey. It also uses a number of assumptions that are explained below. The labour demand forecasts can only be expected to be accurate to the extent to which the assumptions are borne out. At best these forecasts provide only a very broad indication of what can be expected in future and should, therefore, be interpreted and used with great care. As a result of the limited availability of data, forecasts at sub-sectoral level were not possible.

The analysis of the supply of labour focuses on the supply of university and technikon graduates. Lower level occupations require shorter training periods and are trained in workplaces and/or through the vast number of short training courses available on the market.

It must be noted that the analysis presented in this chapter is not an attempt to compare the future supply of and demand for labour in the Financial and Accounting Services Sector. Such a comparison is impossible because the sector does not draw its labour from any discrete source, but shares along with the rest of the economy in the total pool of labour skilled in financial and related fields.

6.2 THE DEMAND FOR LABOUR IN THE SECTOR

6.2.1 Conceptual framework and assumptions

The demand for labour in a sector is defined as the total number of people expected to be employed in the sector in a specific year. Of particular importance for skills development is the number of positions that need to be filled; i.e. the number of people that need to be recruited into or trained for the sector. Positions that need to be filled are the result of two processes. These processes constitute: expansion of the sector because of a growth in the demand for its services or a growth in the output of the sector (new demand), and attrition of staff through retirement, movement of people into other sectors or out of the labour market, emigration and mortality (replacement demand)[30].

For the purpose of this study four demand scenarios are presented: the scenarios range from conservative to most optimistic.

(a) Base employment

In most labour demand studies the total number of positions available at a specific time is taken as the sum of people employed plus reported vacancies. On the basis of the findings of the employer survey the total employment in the sector is estimated at 91 000. The number of vacancies that existed over a prolonged period of time was 3 % of total employment. Given the number of people that left their places of work during the year preceding the employer survey (those who were retrenched excluded), it seems realistic to add another 1 % of short-term vacancies. The total number of positions in the sector in 2002 is thus taken as 94 640.

(b) Growth of the sector

As indicated in the introduction to this chapter, there is no economic data available for the Financial and Accounting Services Sector as demarcated for the purposes of the implementation of the Skills Development Act. The Finance, Real Estate and Business Services Sector, which

[30] In supply and demand models that are designed to establish the skills gap in a sector by comparing supply and demand, the attrition of workers is sometimes calculated on the supply side of the equation. In this model attrition is used on the demand side to calculate replacement demand. The model is not an attempt to establish the skills gap but rather to indicate the replacement needs and possible growth trends that may translate into the need to train or re-train people for the sector.

includes most components of the Financial and Accounting Services Sector, grew on average by 5,3 % over the period 1994 to 2001. That is approximately 2,5 percentage points more than the average annual growth experienced in the whole economy. A pessimistic scenario would, therefore, be to assume a slower growth rate than that experienced in the past number of years, while an optimistic scenario would assume that the previous rate of growth could be sustained at the same level over the next five years. The two growth figures used in the two scenarios are, therefore, 3 % and 5,3 % respectively.

(c) Employment elasticity

The Financial and Accounting Services Sector consists of components that are relatively labour intensive as well as ones that are less labour intensive. In a study conducted by the HSRC on the demand for labour, the employment elasticity for the Business Services Sector was estimated to be 0,78. That means that for every 1 % growth in output, employment would grow by 0,78 %. This elasticity figure is relatively high. However, from the surveys that were conducted as part of the current study it appears that there are certain technological changes taking place in the sector, such as the computerisation of certain functions, that may slow down growth in employment. For the purposes of this model two employment elasticity figures are thus used: the one an optimistic 0,78 and the other a more modest figure of 0,65.

(d) Mortality

Expected mortality in the sector was estimated by using the age, gender and population group distributions of the workforce observed in the employer survey. The survivor ratios projected by the Bureau for Market Research[31] in its population projections were applied to these distributions. The result was a mortality rate of 0,6 % per annum. This is lower than the 0,9 % death rate for the year 2001/2002 reported in the employer survey. The mortality rate was, therefore, taken as the mid-point between these two, namely: 0,75.

(e) Retirement

An estimate of retirement is based on the assumption that workers will retire at the age of 60. The number who would retire was, therefore, taken as all workers who would reach retirement age in each projection year. This calculation was based on the age distribution of workers observed in the employer survey.

(f) Emigration

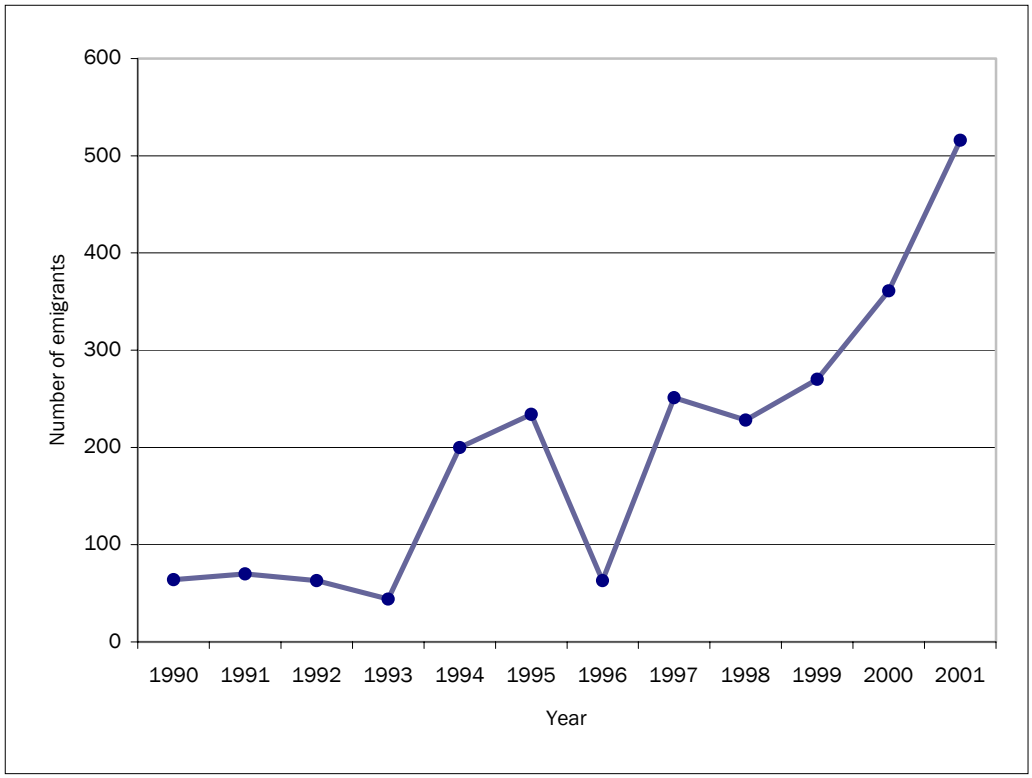
One source of information on emigration is the official emigration figures published by Stats SA. These figures are obtained at the airports, where people declare their reasons for departure from the country. Only people who state that they are emigrating are counted. It is generally accepted that the official emigration figures do not reflect the full extent of emigration because many people choose not to declare that they are leaving the country permanently. Nevertheless, these figures give some indication of emigration trends. The number of people in

[31] Bureau of Market Research, ***A Projection of the South African Population, 1996 to 2021***, University of South Africa, Pretoria, 1999

the occupational category "accountant and related occupations" who declared that they were emigrating soared from the beginning of the nineties. In 1990 only 64 people left the country. By 2001 this figure had climbed to 516. (See Figure 6.1.) Although not all people in these occupations would necessarily come from the Financial and Accounting Services Sector, the employer survey revealed that the sector is losing a large number of its workers to emigration. Employers reported that in the year preceding the employer survey some 500 people (0,5 % of the workforce) left their service in order to establish themselves elsewhere in the world.

Although it may be optimistic to think that emigration figures will level off, for the purpose of the model emigration was taken as 0,5 % per year over the projection period.

Figure6.1: Emigration of accountants and related occupations: 1990 to 2001



Source: Statistics South Africa, Tourism and Migration, PO351, various issues from 1990 to 2001

(g) People leaving the sector or the labour market

People leaving the sector to find employment in other sectors of the economy or who stop working altogether (for example to become homemakers) is the greatest factor to contribute to replacement demand. Information about these trends is, however, non-existent and one can

only speculate about the magnitude of this form of "wastage" from the sector. In the absence of data a speculative figure of 5 % is used[32].

6.2.2 Scenarios used in forecasts

Four scenarios were developed for the purpose of this study. This was done by varying only two variables, namely: the economic growth rates and employment elasticity – in other words, the factors that affect new growth in demand. Attrition from the sector was held constant and was calculated as described in the previous section.

The permutations used in the four scenarios are as follows:

Scenario	Economic growth of sector	Employment elasticity
A	3 %	0,65
B	3 %	0,78
C	5,2 %	0,65
D	5,2 %	0,78

6.2.3 Results of the model

The results of the model are shown in Table 6.1 below. Scenario A renders an annual growth rate in the number of positions to be filled of 2 %. The growth rates emanating from the other three scenarios are 2,3 %, 3,4 % and 4,1 % respectively. The number of *new* employment opportunities created over the six-year period varies as follows:

Scenario A: 11 627

Scenario B: 14 089

Scenario C: 20 890

Scenario D: 25 497

It must be emphasised that all four scenarios are based on the assumption that relatively high positive average growth rates will be experienced over the projection period. Lower growth in the sector or a marked decline in the growth of the total economy will obviously change the situation completely.

The demand scenarios also assume no constraints on the supply side. It must be remembered that employment creation in this particular sector is highly dependent on the availability of skilled professionals. They are the people who start up small practices and businesses and by doing so create employment for others. Growth may be stifled by their absence.

[32] This figure is suggested by the Department of Labour in its ***Sector Skills Plan Guide*** issued to all the SETAs, p.31. (Date unknown.)

Table 6.1: Labour demand projections: 2002 to 2008

Scenario A	2002	2003	2004	2005	2006	2007	2008
Total employment	94 640	96 485	98 367	100 285	102 241	104 234	106 267
New positions to be filled		1 845	1 881	1 918	1 956	1 994	2 033
Positions that need replacement		6 899	7 033	7 170	7 310	7 453	7 598
Total positions to be filled		8 744	8 915	9 089	9 266	9 446	9 631
Percentage annual growth in positions to be filled			2.0	2.0	1.9	1.9	1.9
Scenario B							
Total projected employment	94 640	96 855	99 121	101 440	103 814	106 243	108 729
New positions to be filled		2 215	2 266	2 319	2 374	2 429	2 486
Positions that need replacement		6 925	7 087	7 253	7 423	7 596	7 774
Total positions to be filled		9 140	9 354	9 572	9 796	10 026	10 260
Percentage annual growth in positions to be filled			2.3	2.3	2.3	2.3	2.3
Scenario C							
Total projected employment	94 640	97 839	101 146	104 565	108 099	111 753	115 530
New positions to be filled		3 199	3 307	3 419	3 534	3 654	3 777
Positions that need replacement		6 995	7 232	7 476	7 729	7 990	8 260
Total positions to be filled		10 194	10 539	10 895	11 263	11 644	12 038
Percentage annual growth in positions to be filled			3.4	3.4	3.4	3.4	3.4
Scenario D							
Total projected employment	94 640	98 479	102 473	106 629	110 954	115 454	120 137
New positions to be filled		3 839	3 994	4 156	4 325	4 500	4 683
Positions that need replacement		7 041	7 327	7 624	7 933	8 255	8 590
Total positions to be filled		10 880	11 321	11 780	12 258	12 755	13 273
Percentage annual growth in positions to be filled			4.1	4.1	4.1	4.1	4.1

6.3 THE SUPPLY OF LABOUR TO THE SECTOR

In analysing the supply of labour to the Financial and Accounting Services Sector, the following sources of supply need to be considered: the current economically active population with relevant qualifications; student output from the institutions of higher education; and

immigration. Although the movement of people from other sectors into the Financial and Accounting Services Sector is a huge source of supply, there is no information available on this source and it is, therefore, impossible to quantify it in any way. The performance of higher education institutions is closely linked to the quality of education at secondary school level. This issue is, therefore, also addressed in this section.

With the data that are at present available in South Africa it is very difficult to identify trends in the acquisition of qualifications and to predict the future supply of labour in specific categories accurately. The analysis presented in this section is, therefore, only aimed at giving a very broad perspective on supply trends and the implications that these trends may have for the Financial and Accounting Services Sector.

6.3.1 The current workforce

The LFS conducted in September 2001 is the most up –to date source of information on the qualification levels and economic status of the South African workforce. According to this survey there are approximately 1,9 million economically active[33] people in South Africa with post-matric qualifications. Of these 397 000 (21 %) have qualifications in the field of business, commerce and management studies. More than half of the people qualified in this field of study (56 %) have post-matric diplomas or certificates, while 29 % have degrees and 15 % have post-graduate diplomas or degrees.

Of the 397 000 potential workers in this field, 75 000 (19 %) were unemployed at the time of the survey. This is slightly higher than the unemployment rate observed among all people with post-matric qualifications, namely 17 %. The unemployment rate differs markedly for people at different qualification levels. For those with only a post-matric diploma or certificate the unemployment rate was 27 %. However, the unemployment rate dropped to 8 % and 9 % respectively for those with a degree or a post-graduate qualification. (See Table 6.2.)

From the information presented in Table 6.2 it is clear that the circumstances of African graduates differ to a large extent from those of the other three population groups. At all qualification levels their unemployment rates are much higher. At the level of post-matric diplomas and certificates the unemployment rate for African diplomates is as high as 50 % compared to the overall unemployment rate in this educational category of 27 %. African graduates with a first degree have an unemployment rate of 24 % compared to a 3 % unemployment rate among White graduates with this level of qualification. Even at post-graduate level the unemployment rate for Africans is 33 %.

[33] The expanded definition of unemployment was used to determine the economically active population. This means that work seekers who have not actively looked for employment shortly before the survey, but who were available for work (generally known as discouraged work seekers) were regarded as economically active. In the strict or official definition of unemployment these workers would have been regarded as not economically active.

Table 6.2: The economically active workforce with post-Grade 12 qualifications in business, commerce and management studies

Highest qualification	Population group	Employed		Unemployed		Total
		N	%	N	%	
Diploma/Certificate With Grade 12/Std 10	African	56 305	50	55 220	50	111 525
	Coloured	17 444	92	1 416	8	18 860
	Indian	10 724	92	970	8	11 694
	White	76 184	96	2 892	4	79 076
	Unknown	1 375	100			1 375
	Total	162 031	73	60 499	27	222 530
Degree	African	18 547	76	5 866	24	24 413
	Coloured	4 028	100			4 028
	Indian	14 680	91	1 490	9	16 170
	White	66 127	97	1 924	3	68 050
	Unknown	2 100	100			2 100
	Total	105 482	92	9 280	8	114 762
Post-graduate Degree or Diploma	African	8 402	67	4 114	33	12 516
	Coloured	4 222	100			4 222
	Indian	4 473	91	455	9	4 928
	White	36 630	98	649	2	37 279
	Unknown	1 116	100			1 116
	Total	54 842	91	5 218	9	60 061

Source: Calculated from the September 2001 Labour Force Survey

These figures show that there is definitely some spare capacity of people who are already educated to some level and who should be available for work in the Financial and Accounting Services Sector. Unfortunately, macro analyses such as this do not reveal much detail about the exact skills available among the unemployed. What this analysis does reveal, however, is that there is either a mismatch between the skills that are available in the market and those needed by employers and/or that the current mechanisms available to match employees with available job opportunities are not effective. Ineffective job placement services may in part account for the existence of such a large number of qualified unemployed people alongside the so-called "skill shortages".

The rest of this chapter looks at the formation of skills in the higher education system.

6.3.2 Matriculation results in mathematics and accounting

For most of the study fields relevant to the Financial and Accounting Services Sector, mathematics at Grade 12 level is a requirement. In South Africa this is, however, a serious problem, the magnitude of which is reflected in Table 6.3 below. In 1999 just more than half of Grade 12 learners took mathematics as subject but only 43,4 % of those who sat for the year-end

examination in mathematics passed. In 2000 the pass rate rose slightly to 45,1 %. As can be seen from the table, the problem is more serious in certain of the provinces than in others. In the Limpopo province the pass rate was just under 30 % in 1999 and dropped to 25,4 % in 2000. In Mpumalanga the pass rates were 34,5 % and 36,5 % for 1999 and 2000 respectively, and in the Free State the pass rate was 35,3 % in 1999, rising to 41,1 % in 2000. The effect of the poor performance in mathematics is that the pool of potential candidates for tertiary education in the financial and related fields is restricted.

Table 6.3: Grade 12 results in Mathematics: 1999 and 2000

Province	1999			2000		
	Pass	Fail	% Passes	Pass	Fail	% Passes
Eastern Cape	18 821	23 398	44.6	20 835	21 912	48.7
Free State	6 217	11 393	35.3	6 938	9 950	41.1
Gauteng	24 229	21 018	53.5	25 510	19 289	56.9
KwaZulu-Natal	27 649	36 007	43.4	29 448	34 627	46.0
Mpumalanga	6 449	12 217	34.5	7 798	13 571	36.5
Northern Cape	1 909	1 152	62.4	2 019	891	69.4
Limpopo	14 391	34 295	29.6	11 841	34 810	25.4
North West Province	7 848	12 501	38.6	9 278	13 317	41.1
Western Cape	14 712	7 098	67.5	14 475	7 508	65.8

Source: Research Institute for Education Planning (RIEP), Education and Manpower Development, 1999 and 2000 editions.

Another subject that affects tertiary enrolments in the financial and related fields is accounting. In 1999 only 19 % of Grade 12 learners took accounting as a subject. Pass rates were, however, better than the mathematics pass rates. Of all the learners who wrote the year-end examination, 65 % passed in 1999 and 70 % passed in 2000. (See Table 6.4.)

Table 6.4: Grade 12 results in Accounting: 1999 and 2000

Province	1999			2000		
	Pass	Fail	% Passes	Pass	Fail	% Passes
Eastern Cape	7 826	6 653	54.1	8 823	6 272	58.4
Free State	6 636	3 216	67.4	7 109	2 459	74.3
Gauteng	18 350	6 676	73.3	20 403	5 148	79.9
KwaZulu-Natal	20 213	9 858	67.2	22 515	9 452	70.4
Mpumalanga	3 884	6 131	38.8	6 125	5 705	51.8
Northern Cape	1 959	212	90.2	2 203	227	90.7
Limpopo	9 406	10 026	48.4	12 259	9 110	57.4
North West Province	4 601	2 200	67.7	6 318	2 095	75.1
Western Cape	10 863	1 161	90.3	10 711	1 469	87.9

Source: Research Institute for Education Planning (RIEP), Education and Manpower Development, 1999 and 2000 editions.

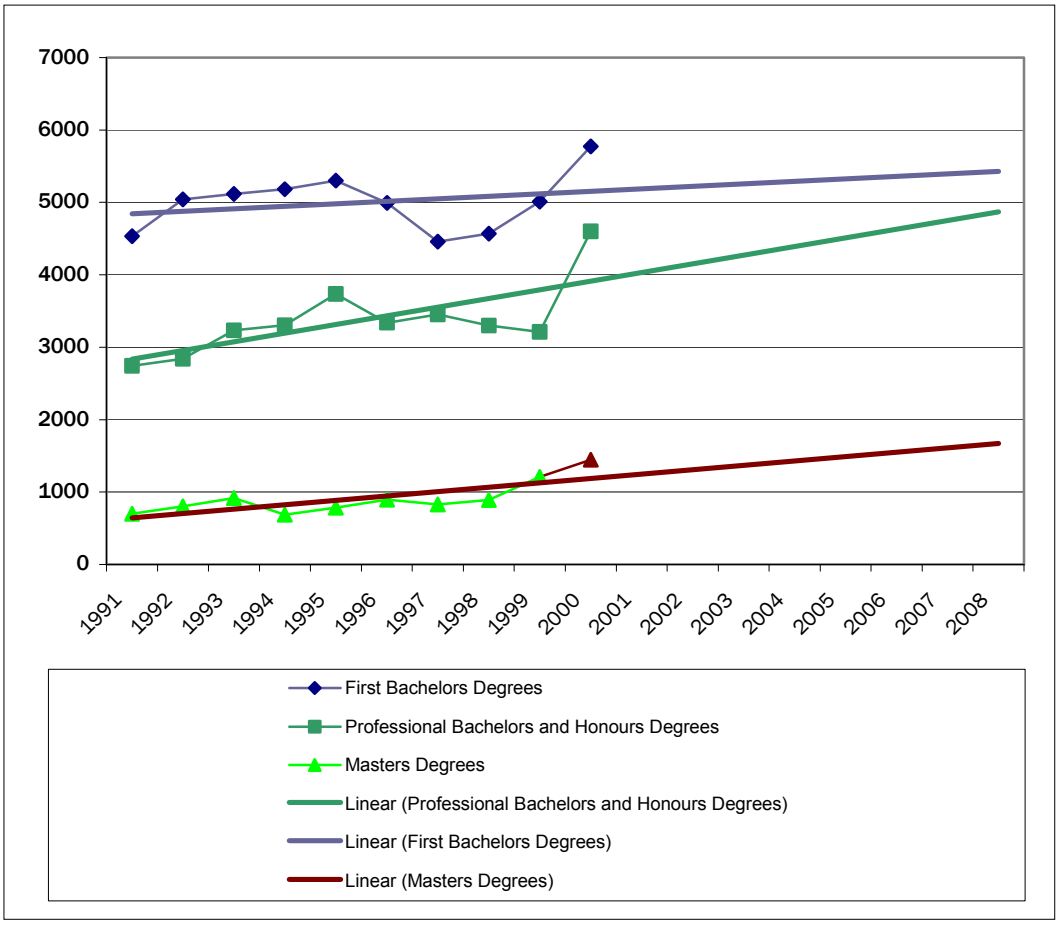
The problems with mathematics and accounting education at school level are not only related to the numbers of learners who pass and who become available for tertiary education. The problems also relate to the actual knowledge and background that learners have when they pass. These problems have been discussed in Chapter 4 of this report.

6.3.3 Trends in output from universities and technikons

The trends in student output in the relevant fields from universities over the period 1991 to 2000 are shown in Figure 6.2 below. At the level of first degrees the number of graduates varies markedly over the particular time period and it was, therefore, difficult to discern a specific trend. Nevertheless, if one uses a linear regression line through the data to project future trends, it seems as if a slight increase in numbers can be expected over the next six years.

At the professional Bachelor's and Honours degree level the increase was larger and the projection lines show that, if previous trends continue into the future, the pool of people with qualifications at these levels will grow quite rapidly.

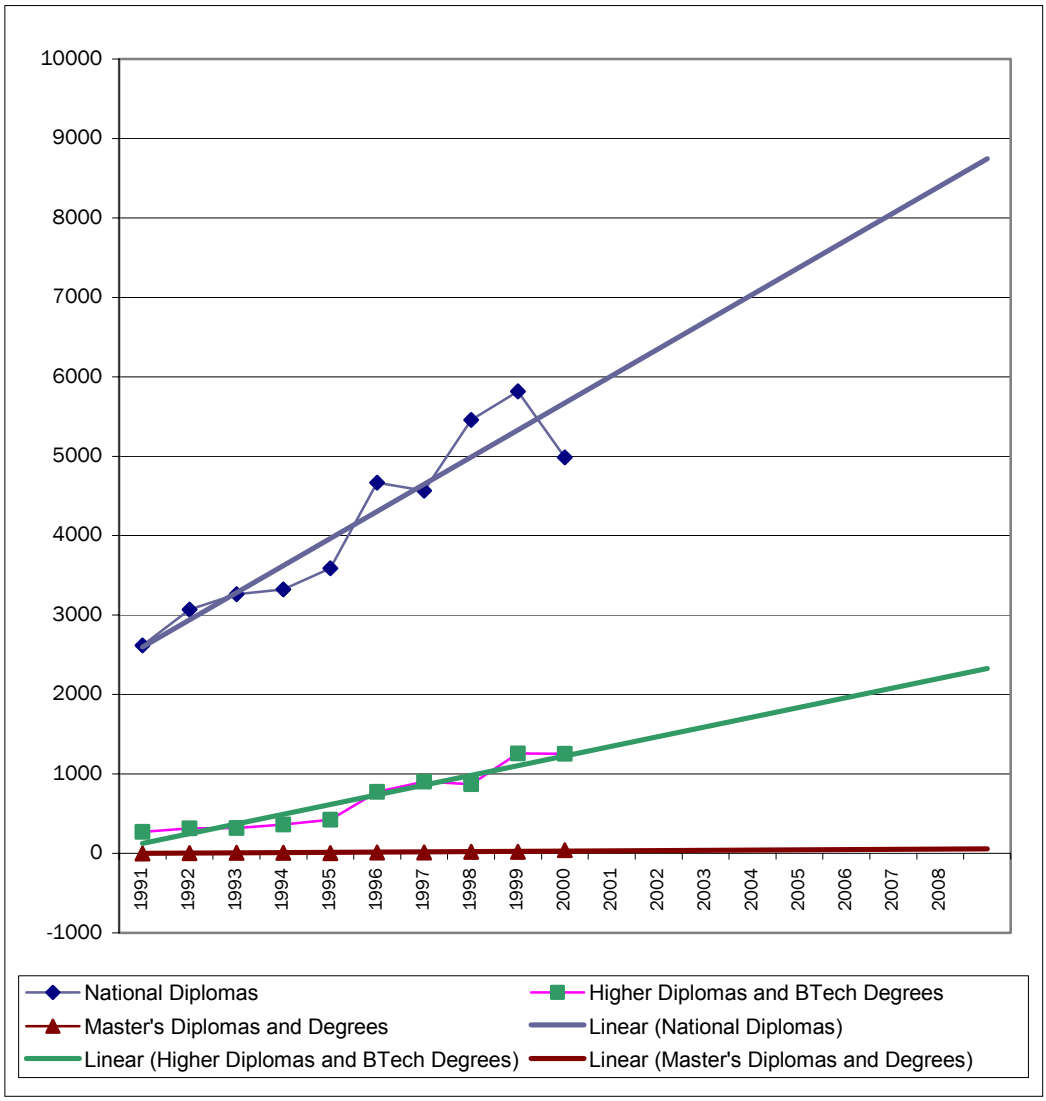
Figure 6.2: Trends in student output from universities: Business, Commerce and Management Sciences and Economics (1991 to 2008)



The number of National Diplomas, Higher Diplomas and BTech Degrees awarded by technikons grew rapidly during the previous decade. The linear regression lines drawn through the data show what will happen if these trends continue up to 2008. By that time the numbers of National Diplomas awarded each year will be close to 9 000 and the numbers of Higher Diplomas and BTech Degrees awarded will be more than 2 000 per year. It is, however, unlikely that growth of the technikon sector will continue at the same rate. Limitations on resources will probably lead to graduate figures levelling off to some extent.

At this stage the effect that the planned transformation of the higher education sector will have on the output from universities and technikons is unclear. The amalgamation of institutions may also contribute towards curbing the growth in student numbers at certain levels.

Figure 6.3: Trends in student output from technikons: Business, Commerce and Management Sciences and Economics (1991 to 2008)

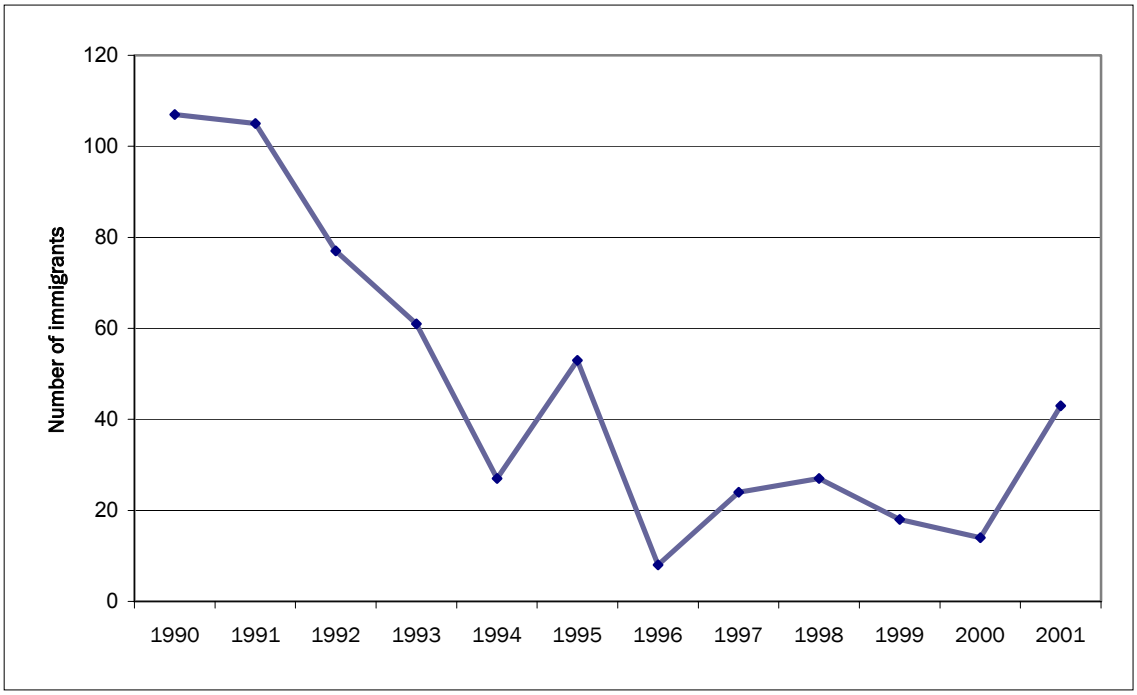


6.3.4 Immigration

The final source of skills to the Financial and Accounting Services Sector to be considered in this report is the immigration of foreign professionals and skilled workers. While it is relatively easy for people to leave the country without the authorities knowing that they are emigrating, it is more difficult for professionals and skilled workers to locate themselves permanently in South Africa and to find formal employment here without being recorded in the official statistics. The immigration figures, therefore, give a fair indication of the extent to which skills become available through this source.

In the time period 1990 to 2001, only 564 accountants and workers in related occupations were reported as immigrating to South Africa. This is about as many as have left the country in any one of the recent years. Thus, at this stage, immigration does not contribute significantly to the pool of skills in the financial services field.

Figure 6.4: Immigration of accountants and related occupations: 1990 to 2001



6.4 CONCLUSIONS

The analysis presented in this chapter gives a broad overview of the possible future demand for labour in and the supply of labour to the Financial and Accounting Services Sector. The sector has in recent years been an area of high economic and employment growth, and projections of the future demand for labour in the sector are based on the assumption that this will remain so in the near future.

The very crude demand projection model used in this study indicates that under positive economic conditions a total of between 11 000 and 25 000 new employment opportunities may be created in the sector over the period 2002 to 2008. This represents growth in total employment of between 2 % and 4,1 % per annum. This growth is, however, not only dependent on conditions in the rest of the economy, but also on the availability of professionals and skilled workers as job creation in this sector is particularly dependent on their skills.

On the supply side it is clear that there is spare capacity in the country in the form of unemployed graduates and diplomates qualified in the fields of study mostly applicable to the Financial and Accounting Services Sector. However, these people may not possess the level of skills or the specialised skills needed by employers. It is also likely that the unemployed graduates are geographically incorrectly placed and do not have the means or ability to present themselves to the right employers.

The analyses presented in this chapter also show that the universities and technikons make a substantive contribution to skills development in the sector and that the numbers of students who qualify in the relevant fields have grown over the past decade. The highest growth has occurred in the technikon sector. It is, however, unlikely that the growth of this sector can continue at the same pace in the longer term.

The emigration of people qualified for the financial services field is a cause for concern. The emigration of people qualified in accounting and related fields has soared over the past couple of years. At the same time the immigration of professionals and skilled workers in this field has dropped substantially and renders no contribution to the skills base in South Africa.

No attempt was made in this chapter to compare the demand for skills in the sector with the supply of skills. Such a comparison was impossible because the sector does not draw skills from a discrete source, but shares in the total pool of people with financial and related skills. Nevertheless, the overall quantitative picture reflected in this chapter suggests that the education and training capacity of the higher education system and the throughput of graduates through this system are sufficient to provide for the country's needs for financial and related skills. The shortages that seem to exist are mostly related to the levels of skill, the specific subjects required and most importantly to the lack of experience and specialisation in the financial services field. The challenge is, therefore, to harness the present capacity and to focus skills development on the specialist areas of skills needs identified in Chapter 5 of this report.

7

CONCLUSIONS

The main objective of this study was to provide Fasset with: a baseline profile of the Financial and Accounting Services Sector, an assessment of the education and training available to the sector, and the education and training needs experienced in the sector. From the profile sketched in the report and the viewpoints and opinions expressed by the variety of role players who participated in the study, a number of cross-cutting issues emerged that need to be summarised and elucidated. Some thoughts on the implication of these issues for skills planning in the sector are also shared.

7.1 COMPOSITION OF THE SECTOR

7.1.1 Predominance of small organisations

A characteristic of the sector that needs some reflection is the existence of a large number of very small organisations. More than 60 % of the organisations in the sector are micro businesses that employ five people or fewer. Another 30 % employ between six and 20 people. The skills development situations within these small organisations are very different from the skills development situations of large organisations. Small organisations are often limited in the resources (financial as well as time) that they can make available for education and training. They are also constrained in terms of the time and energy that they can allocate to administrative procedures such as the submission of WSPs. Chances are thus good that the skills levy will be just another tax added to the already high tax burden of the small businesses. This is a highly undesirable situation if one considers that most of the employment growth that will take place in the sector will be through the growth of existing small organisations and the establishment of new ones.

In addition, small organisations are geographically dispersed and may, therefore, be less exposed to information on and for the sector. The result is that they are excluded from skills development activities to which the larger organisations have greater access. Small organisations are also more vulnerable when it comes to the actions of unscrupulous training

providers and have very little bargaining power when it comes to the negotiation of training opportunities that specifically fulfil their needs.

The challenge that faces Fasset is, thus, to create value for small businesses out of the skills levies and to develop communication and information strategies that will bring these organisations into the ambit of skills development initiatives and opportunities. The way in which this is done will obviously have to be developed, as far as possible, in close co-operation with the small businesses themselves. One option that may be considered is the appointment of communal or shared skills development facilitators, whose role it will be to assist employers to participate in the skills development strategy. Assistance can be given to small businesses in claiming back their levies, but also in identifying training needs and arranging training opportunities in a particular field and region. Other roles may include liaison with Fasset or any other role players on behalf of the employers and, most importantly, the establishment of learnerships in small businesses.

7.1.2 Education levels of the workforce

The Financial and Accounting Services Sector employs a highly skilled workforce of whom more than 70 % are qualified at NQF level 5 and above. This means that the institutions of higher education are the most important source from which new workers are recruited into the sector. The training needs experienced in terms of specialist financial skills are also at higher education level.

Workers in need of ABET are relatively small in number and are mostly at ABET level 3. Interventions to improve their qualification levels thus need to be focused at this level. The fact that most of the workers with qualifications that are at NQF level 1 are women also needs to be taken into consideration. Many of these women may have, in addition to their work, domestic and child care responsibilities, which may limit the time and energy available for education and training. At this stage there are very few ABET programmes available in the sector. This may be in part the result of the fact that workers in need of ABET are thinly dispersed among organisations.

7.1.3 Race, gender and age composition of the sector

The workers employed in the Financial and Accounting Services Sector are mainly White (66 % of the total workforce); 81 % of managers and 70 % of professionals are from this population group. The absence of professionals from the previously disadvantaged groups is most evident in the professional registrations and membership of the professional bodies active in the sector. Only 7 % of the accountants registered with the PAAB and 7 % of the CAs who are members of SAICA are Black.

The absence of Black professionals not only reflects the lack of transformation of the sector, but also may indeed stifle the growth of the sector. The sector is highly dependent on professionals in order to expand and to create employment for others. It, therefore, needs to look closely at

the reasons for the slow growth in numbers of Black professionals and to find ways to remedy the situation.

The relative youthfulness of the sector suggests that many employees get their initial training and experience in this sector and then move into commerce and industry. The sector is therefore a provider of skills to the rest of the economy.

7.2 SKILLS SHORTAGES AND MISMATCHES OF SKILLS

The question of whether there are skills shortages in the sector was posed to many different role players and was viewed from different angles. Most of the labour market signals that were considered indicated that there are indeed shortages of certain skills in the sector. Approximately 10 % of the employers who participated in the employer survey and 9 % of those who submitted WSPs to Fasset confirmed that they had vacancies that they found hard to fill. They specifically complained about the shortage of Black candidates with the prerequisite skills. Representatives of professional bodies and education and training institutions confirmed the existence of certain skills shortages. Salaries that rise rapidly above inflation are another indicator of skills shortages.

Yet some contradictory evidence was found in the national statistics, which revealed relatively high levels of unemployment among Black graduates in the relevant fields. This is probably an indication of other problems in the labour market, such as a mismatch between the skills and experience required by employers and those that are available. It may also be indicative of problems in relation to matching potential candidates and employers.

The latter situation seems to be a real problem. Learners at the institutions of higher education who participated in this study very clearly expressed their need to be brought into contact with potential employers. It is important to take into consideration the total life situations of learners from disadvantaged communities. More often than not they come from very poor socio-economic circumstances and study with the financial assistance of relatives and friends. Most of them have very few connections with the formal labour market – let alone institutions that mainly employ highly skilled professionals. In general these learners lack the skills, the courage and the opportunity to present themselves in person to potential employers. Their problems are often compounded by the lack of resources, such as money for transport. From the employers' point of view the total lack of work experience as well as the other limitations surrounding them make young graduates from disadvantaged circumstances less attractive as potential employees. For this reason, one of the challenges facing the sector is to find ways to bridge these gaps and to harness this untapped resource to the long-term advantage of the sector. Solutions that may be considered include practical placements with employers of learners in their senior years of study; the establishment of more non-traditional learnerships, especially with smaller businesses; and the establishment of recruitment facilities at or close to the higher education institutions. The provision of special financial assistance for learners from

disadvantaged communities to continue with post-graduate studies and to attain professional qualifications also needs to be considered.

Most of the higher education institutions, some of the professional bodies and a few of the employers in the sector are involved in special projects to enhance and build the skills base of the sector. These projects already provide a very good foundation from which to continue skills development efforts aimed at eradicating skills shortages.

As far as skills shortages are concerned, the Financial and Accounting Services Sector cannot be viewed in isolation. Financial and related skills are used in all sectors of the economy and from the information considered in this study it seems as if the perceived skills shortages are not only the result of growth in the demand for financial services but are to a large extent the result of an increase in the demand for financial skills in the public sector and in commerce and industry. Other sectors should thus also become involved in enhancing the financial skills base in South Africa.

7.3 STRUCTURING OF FUNCTIONS AND UTILISATION OF HIGHLY SKILLED PROFESSIONALS

Closely related to the notion of skills shortages is the question of how people with training in the financial fields are utilised. From different quarters comments were made about the less than optimal utilisation of skilled professionals. This problem seems to have two components to it. One component is a tendency of employers to use qualified professionals for tasks that can be fulfilled by technicians or even administrative staff, because it makes them (the employers) feel more comfortable. The other is a tendency to employ too few technicians and administrative support staff in relation to professionals and thus tie up professional time in mundane or routine tasks.

If this situation really exists, it may contribute to shortages of skilled workers. In this study it was only possible to record the perceptions of role players. The issue may warrant further investigation.

7.4 SKILLS GAPS AND SKILLS PRIORITIES

Apart from insufficient numbers of people available in the labour market, the study revealed definite gaps in the skills of the current workforce, and certain areas that need continuous updating. It was interesting to note how particular themes occurred through all the different surveys.

The first and most obvious need is for training in specialist financial fields. Training needs tend to be specific to particular occupations and work places and are too numerous to repeat here. Suffice to say that the CPD opportunities provided by the professional bodies in collaboration

with the institutions for higher education and innumerable private training institutions, consultancies and individuals play a very important part in skills development in the sector.

The second area is the need for computer literacy. The Financial and Accounting Services Sector is faced with rapid computerisation of functions and the workforce clearly did not keep up with these technological changes. The learner survey and the survey of education and training providers show that the problem already starts at pre-entry level. The computer training that learners get in their preparatory training is completely insufficient and in some cases even non-existent. This again relates to lack of resources within the training institutions.

The third area of skills need is that of non-financial or so-called "soft" skills. This refers to skills necessary to work with people at different levels: oral and written communication skills, presentation skills, client service orientation and skills, etc.

The last area of skills development, and one that is most important in the sector, is the area of managerial skills. The large number of small organisations in the sector means that, apart from being entrepreneurial, young professionals have to manage all aspects of their businesses, often without any formal management training. Workers in the sector are also relatively young, which means that people often have to take on managerial responsibilities before they can develop the necessary skills through experience and observation of skilled managers. The need for managerial skills is exacerbated by a rapidly changing and highly competitive global economy.

A particular challenge facing the sector is to develop management talent among the designated groups (women and Black people). At the moment, 81 % of the managers in the sector are White and most of them are men.

7.5 THE EXTENT AND QUALITY OF EDUCATION AND TRAINING PROVISION

The overall impression gleaned from all the surveys is that the provision of education and training to the Financial and Accounting Services Sector is comprehensive and generally of a very high standard. The role that the professional bodies play in maintaining these standards should not be underestimated.

The fact that the financial services of the country should be of internationally acceptable standards in order to attract investment and stimulate economic growth is undisputed and, therefore, the sector cannot afford to compromise professional standards or standards of education and training. However, the sector is faced with the realities of too few learners from the previously disadvantaged groups moving up to the higher professional qualification levels. The challenge is thus to remove all unnecessary obstacles and to maximise support to these individuals in order to alleviate the problem in the short to medium term.

7.6 BARRIERS TO ACCESS TO EDUCATION AND TRAINING

The study identified various barriers that limit entry to education and training in the financial services field. The most important of these seem to be financial barriers, the quality of secondary school education, and the lack of career guidance.

7.6.1 Financial barriers

The lack of financial resources is a major factor that prevents many potential graduates from enrolling at institutions of higher education. It also plays an important role in causing dropouts from the system and prolonged study periods. From the study it was clear that the universities, technikons and private training institutions do everything that they can to provide financial assistance to learners. A few employers also make contributions in this regard by means of bursaries to learners outside their employ and to the children of their employees. Despite all these interventions huge areas of need still remain. It seems as if financial assistance to learners is a relatively easy way for employers and other role players to contribute to the enlargement of the pool of skilled people available to the sector.

7.6.2 School education

The quality of secondary school education – especially in the fields of mathematics, accounting and English – is a major constraint that was mentioned by all the training institutions that took part in this study. The effect of this is that the institutions of higher education are involved in a myriad of academic support programmes. It seems as if the need for these programmes will remain with us for a long time to come and that the tertiary education institutions need to be supported and resourced to continue with these programmes in the short to medium term.

To alleviate the situation in the longer term, interventions should be aimed at the secondary school system itself. Some of the tertiary institutions are already involved in teacher education and training – especially in the fields of mathematics and accounting. Support to continue with these interventions is something the sector should consider.

7.6.3 Career guidance

The last barrier to access is the lack of knowledge among school leavers of the financial services field as a general career option and of the specific specialisations available in the field. Some respondents also suggested that the field is generally perceived as boring and, therefore, that it does not attract the talent that it would attract if school leavers knew the real nature and importance of the work.

From the surveys conducted as part of the study, it transpired that almost all of the tertiary institutions provide some kind of career guidance. However, this tends to be a very general service that does not specifically market the financial services field. Career guidance services are also limited in their scope and geographical coverage. The general marketing of the field to

potential learners is thus an area that needs to be considered as part of a skills development strategy.

To conclude: this study looked comprehensively at skills development in and for the Financial and Accounting Services Sector. Although the general impression is that this sector has a strong history of skills development, various areas that require focused attention and improvement were uncovered. Fasset, as custodian of skills development in the sector, should thus develop innovative strategies to give effect to the objectives of the Skills Development Act in the sector.