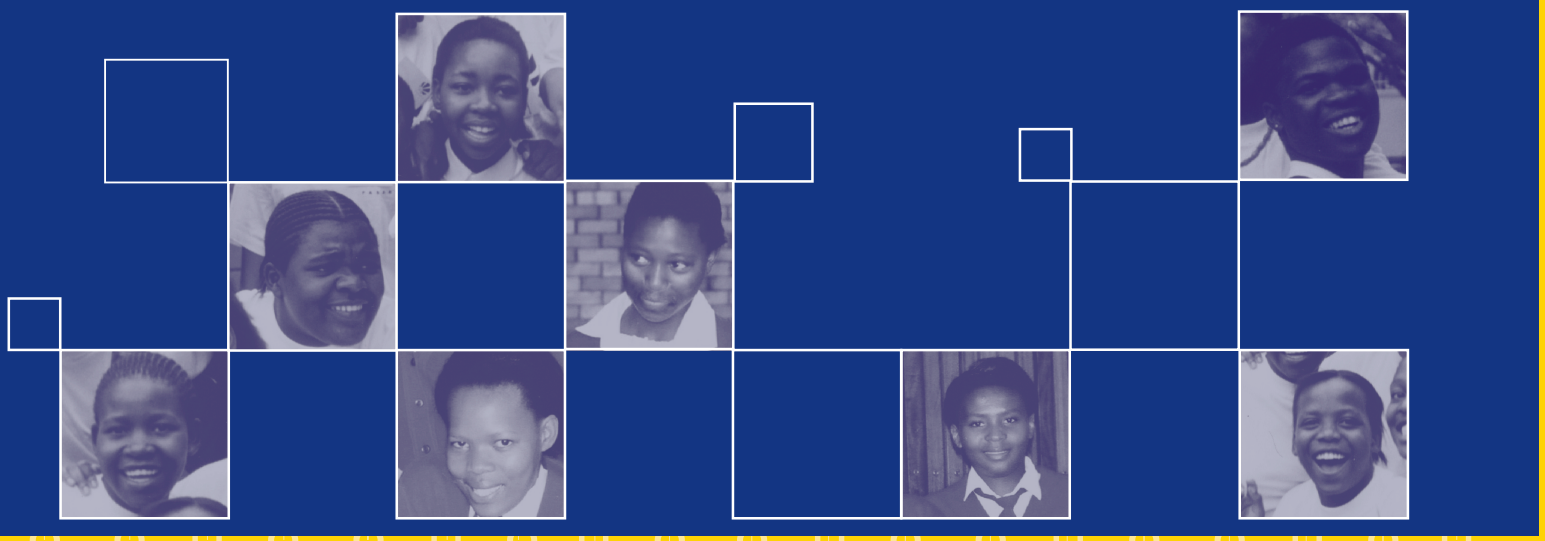


FASSET

Sector Profile



Contents

	Page
Foreword	2
Introduction	3
Organisations in the Sector	3
Sub-sectors	4
Geographical Distribution	5
Occupational Composition of the Sector	6
Gender	7
Population Group	7
Age	8
Educational Qualifications	9
The Role of Professional Bodies in the Sector	10
Education and Training in and for the Sector	10
Skills Development Priorities of the Sector	11
Challenges Facing the Sector	12
The Way Forward	13
Acronyms	13
Vision and Mission	14

Foreword

In October 2002, the Human Sciences Research Council (HSRC) completed in-depth research into the Financial and Accounting Services Sector Education and Training Authority's (Fasset's) sector in order to obtain an accurate and up-to-date profile of the needs, trends, skills shortages and even obstacles to skills development within the sector. "Midway" through the Sector Education and Training Authority's (Seta's) five-year tenure seemed an opportune time to review developments within this dynamic and important sector.

In-depth research into the sector was last conducted in 2000 when Fasset completed its first Sector Skills Plan (SSP) submission. The research findings obtained through the HSRC research will inform Fasset's SSP to be submitted to the Department of Labour (DoL) in 2005.

Business intelligence is pivotal to competitiveness within the global economy: strategic, relevant and up-to-date information enables companies and even sectors to attain a position of leadership. Fasset, in collaboration with its stakeholders, will use the research findings to ensure that appropriate strategies are implemented to secure the sector's ongoing success and competitiveness.

Stakeholders within Fasset's sector are extremely cognisant of the fact that the sector plays a pivotal role in the "good functioning" and growth of the other economic sectors and the South African economy as a whole. The sector and Fasset are committed to ensuring that skills within this sector remain at "the cutting edge". The sector accounts for approximately 1% of the employment within the formal sector in South Africa and annual turnover is estimated at some R62 billion.

In some instances, the research confirmed what the sector "suspected", in other instances; "new needs" surfaced.

The research confirmed that representivity remains a key challenge for the sector. Currently, some 65% of workers within the sector are White, 17% are African, 8% are Coloured and 10% are Indian. More than 80% of managers and owners of businesses and 70% of professionals are White, while some 93% of labourers and people working in other elementary occupations are African or Coloured. Intensive efforts are clearly required to transform the sector.

The research also revealed that despite the efforts of role players, such as professional institutes and larger employers, to improve access for previously disadvantaged communities to the sector, financial constraints, a lack of good Mathematics and Accounting education at school level, poor levels of proficiency in the English language, a lack of computer facilities within educational institutions and inadequate career guidance at school level continue to inhibit access to the sector. Furthermore, a serious shortage of Black candidates in specialised areas such as accounting, auditing, economics and statistics was identified. Skills shortages in these areas may not only inhibit, but also potentially stifle growth within the sector. Accelerating the development of certain categories of professionals and specialists, without compromising standards of practice or education and training, presents a major challenge for the sector.

Research also confirmed that involving small organisations in education and training remains an ongoing challenge for the sector. Management and leadership skills, financial skills, information technology skills, client service, support and administration skills and personal development skills were identified as priority areas for skills development within the sector.

Addressing the issue of representivity, improving access to the sector, increasing the participation of Small, Medium and Micro Enterprises (SMMEs) and accelerating skills development in specialised areas are undoubtedly the "biggest challenges" that the sector faces. Fortunately, experience has shown that the sector is "more than up to the challenge". The skills revolution in Fasset's sector has not only started: it is gaining momentum, daily.



Cheryl James
Fasset CEO

Introduction

Fasset's sector was established in terms of the Skills Development Act (SDA) (Act 97 of 1998), with Fasset responsible for skills development in the sector. The sector includes organisations that perform financial service activities such as investment entities and trusts, company secretary services, the administration of financial markets, security dealing activities, stockbroking, asset portfolio management, development organisations, tax, accounting, bookkeeping and auditing services, cost and management accounting and business and management consulting services. Government services included in the sector are the South African Revenue Service (SARS), the National Treasury and provincial departments of finance.

Organisations in the Sector

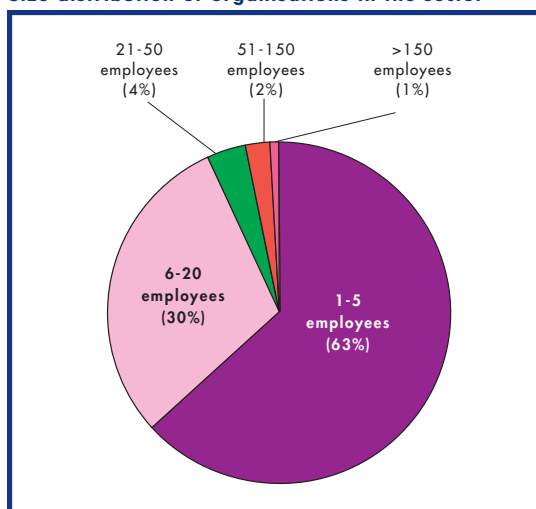
It is estimated that the sector consists of 7 200 organisations with more than 9 000 branches across the country. These organisations employ an estimated 92 000 employees which represent approximately 1% of employment in the formal sector of the South African economy¹.

The sector consists mainly of very small organisations. Almost two-thirds of them employ 5 or fewer employees and another 30% employ between 6 and 20 employees (Figure 1).

Despite the large number of small organisations in the sector, employment is concentrated in the few large organisations. More than half of the employees (56%) work in the 3% of large organisations (those that employ more than 50 people).

The total turnover of all the organisations in the sector is estimated at R62 billion per annum and the total amount paid in salaries at R10 billion.

Figure 1
Size distribution of organisations in the sector



¹ Government services such as SARS, the National Treasury and provincial departments of finance did not participate in this study.

Table 1
Distribution of employees according to organisation size

Organisation Size	%
1-5 employees	14
6-20 employees	22
21-50 employees	8
51-150 employees	15
>150 employees	41
Total	100

Sub-sectors

The sector consists of 7 sub-sectors. They are:

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

The relative contribution of the sub-sectors to turnover, total salaries paid in the sector, organisations and employment, can be seen in Table 2 overleaf. 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 (3 200 organisations) in the sector. This sub-sector employs approximately 45 000 people (49% of all employees). The smallest sub-sector is Development Organisations, which consists of just more than 200 organisations that employ just over 2 000 people.

Investment Entities and Trusts and Company Secretary Services is the sub-sector with the highest turnover (37% of total turnover in the sector). However, this sub-sector employs only 18% of the employees and pays 10% to the salaries in the sector.

Organisations in the sub-sector Stockbroking and Financial Markets contribute 45% to salaries in the sector but employ only 14% of the workers.

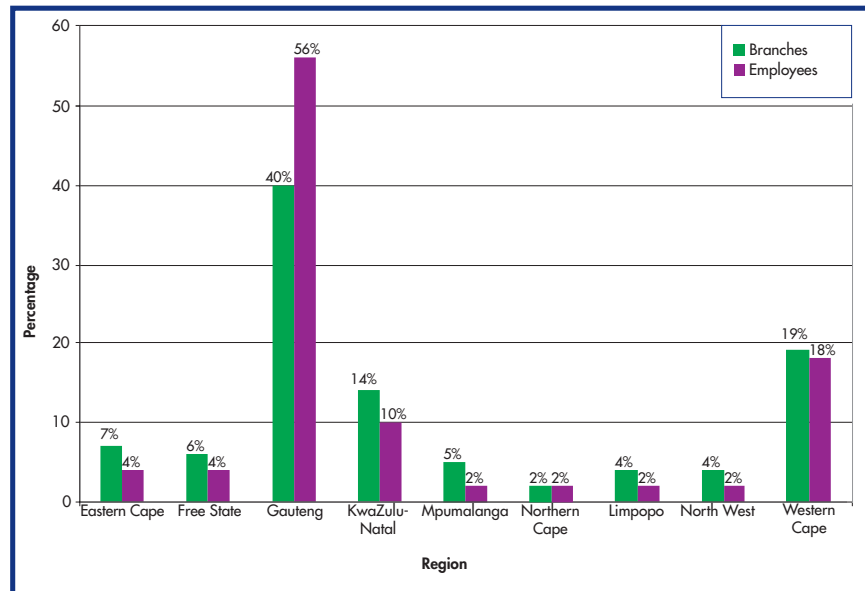
Table 2
Relative contribution of sub-sectors to turnover, total salary bill, organisations and employment (ranking in brackets)

Turnover	Salary Bill	Organisations	Employment
Investment Entities and Trusts and Company Secretary Services			
37% (1)	10% (3)	20% (2)	18% (2)
Stockbroking 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% (2)	7% (2)
Business and Management Consulting Services			
4% (5)	10% (3)	6% (5)	10% (4)

Geographical Distribution

Fasset's sector is concentrated in Gauteng, with 40% of the branches of organisations and 56% of the sector's workforce based in this province. 19% of the branches and 18% of the employees are based in the Western Cape and 14% of the branches and 10% of employees in KwaZulu-Natal. The Eastern Cape and Free State each accommodate 4% of employees while North West, Limpopo, Northern Cape and Mpumalanga each have 2% of employees (see Figure 2).

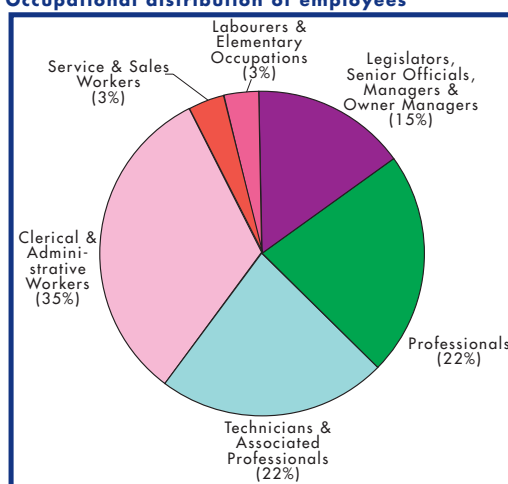
Figure 2
Geographical distribution of branches and employees



Occupational Composition of the Sector²

The sector mainly employs skilled workers in the occupational categories of Legislators, Senior Officials, Managers and Owner Managers (15%), Professionals (22%), Technicians and Associated Professionals (22%) and Clerical and Administrative Workers (35%) (see Figure 3).

Figure 3
Occupational distribution of employees



The occupational compositions of the 6 sub-sectors are very similar (see Table 3). An exception is the high level of employment (30%) of Technicians and Associated Professionals in the Accounting, Bookkeeping, Auditing and Tax Services sub-sector, while only 5% to 13% of the employees in the other sectors fall into this category. This can be ascribed to the large number of learners and professionals who are in training in this sub-sector and who fulfil some of the administrative tasks that are most probably performed by Clerical and Administrative Workers in all the other sectors; hence also the lower employment of Clerks in this sub-sector (28% of employees as opposed to between 35% and 62% in the other sub-sectors).

Table 3
Occupational distribution according to sub-sector

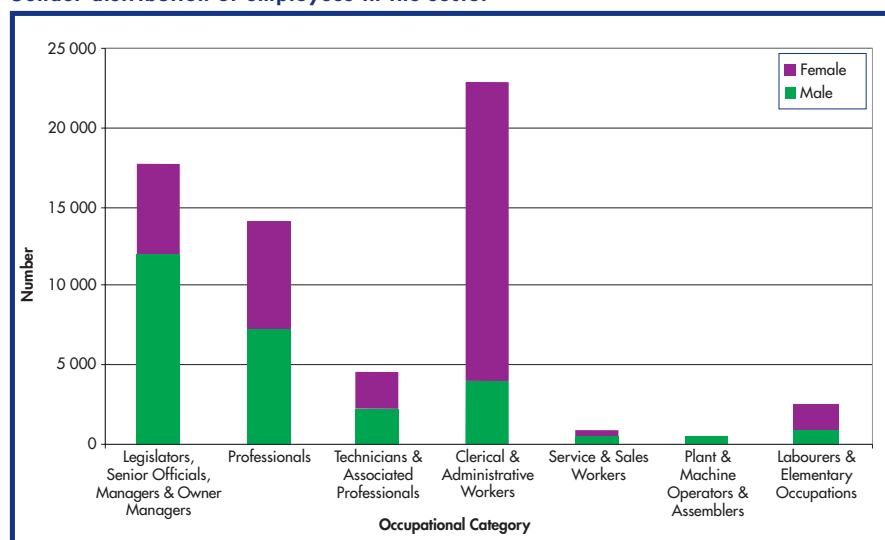
	Investment Entities and Trusts and Company Secretary Services	Stockbroking and Financial Markets	Development Organisations	Accounting, Bookkeeping, Auditing & Tax Services	Activities Auxiliary to Financial Intermediation	Business and Management Consulting Services	Total
(Percentage)							
Legislators, Senior Officials, Managers & Owner Managers	17	13	18	16	11	12	15
Professionals	24	26	25	22	6	29	22
Technicians & Associated Professionals	9	13	5	30	8	10	22
Clerical & Administrative Workers	35	41	38	28	62	38	34
Service & Sales Workers	7	3	1	3	5	4	3
Skilled Agricultural & Fishery Workers	0	0	0	0	0	0	0
Skilled Workers, Craft & Related Trades	1	0	1	0	1	0	0
Plant & Machine Operators and Assemblers	0	0	1	0	1	2	0
Labourers & Elementary Occupations	8	3	11	2	6	5	3
Total	100	100	100	100	100	100	100

² The occupational distributions presented here are based on the information provided by employers in their Workplace Skills Plans (WSPs) submitted for the year 2001/2002.

Gender

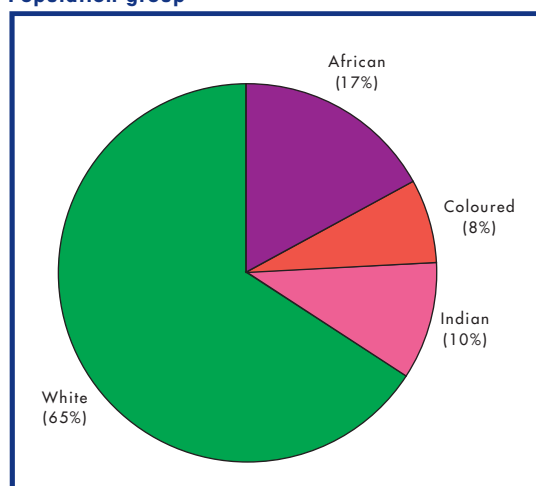
Of all the workers employed in the sector, 56% are women and 44% are men. Gender ratios differ, however, in the different occupational categories. In the category Legislators, Senior Officials, Managers and Owner Managers, 32% are women and 68% are men. The gender distribution of Professionals and Technicians and Associate Professionals is more or less equal, while 83% of Clerks and Administrative Workers are women and only 17% are men. The gender ratio of Service and Sales Workers is also equal. Almost all of the Plant and Machine Operators and Assemblers working in the sector are men and most of the people in the category Labourers and Elementary Occupations (67%) are women.

Figure 4
Gender distribution of employees in the sector



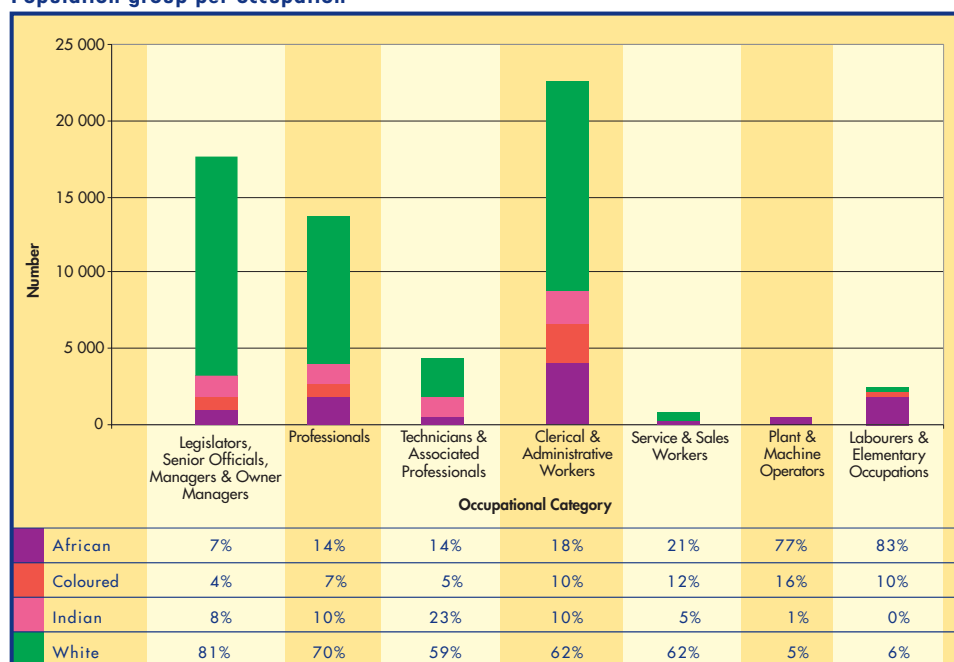
Population Group

Figure 5
Population group



Of all the workers in the sector, 65% are White, 17% are African, 8% are Coloured and 10% are 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.

Figure 6
Population group per occupation



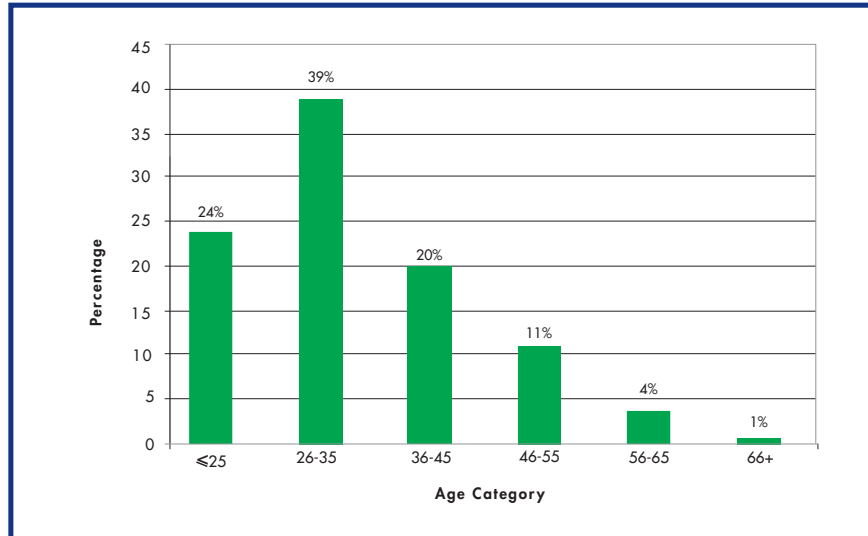
Age

Workers in the sector are relatively young, with 63% of them 35 years old or younger³. 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 Associated Professionals: 26
- Clerical and Administrative Workers: 34
- Service and Sales Workers: 31
- Plant and Machine Operators: 43
- Labourers and Workers in Elementary Occupations: 40

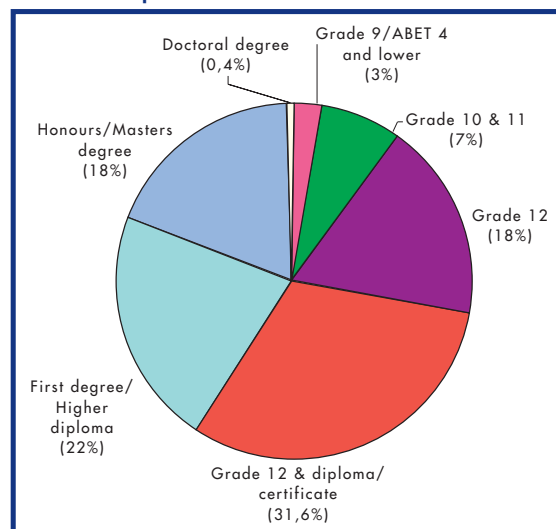
³ According to the September 2001 Labour Force Survey, 45% of all workers were 35 years or younger.

Figure 7
Age distribution of workers in the sector

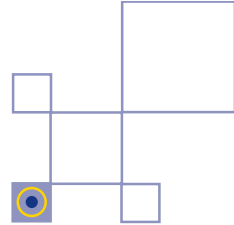


Educational Qualifications

Figure 8
Educational qualifications of workers in the sector



The sector mainly employs skilled workers with qualifications at Level 5 or above on the National Qualifications Framework (NQF). Almost a third (32%) of the workers have Grade 12 plus a diploma or certificate (NQF 5). As many as 22% have first degrees or higher diplomas (NQF 6) while 18% have Honours or Master's degrees (NQF 7) and 0,4% Doctoral degrees (NQF 8).



The Role of Professional Bodies in the Sector

Fasset's sector is highly professionalised and various professions play a leading role in the sector.

Professional bodies, such as professional institutes, play a central role in the development of skills for and in the sector. Their contributions to skills development include the following:

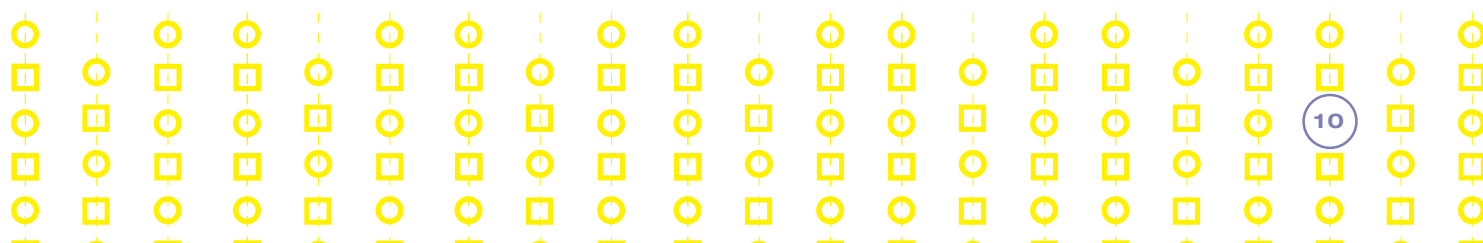
- setting of educational standards
- accreditation of training institutions
- development of curricula
- provision and distribution of learning materials
- setting of examinations
- assessment of practical experience
- organising conferences, seminars and workshops
- distributing new knowledge and information through the publication of journals and newsletters

The professional bodies' engagement and close relationships with training institutions make them 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 South Africa and internationally.

Education and Training in and for the Sector

The responsibility for the development of skills in and for the sector is shared by many role players. 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. The professions involved in the sector, however, guard the education and training standards through their professional associations. Secondary schools and other institutions that provide education in the Further Education and Training (FET) band of the NQF 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. Continuous Professional Education (CPE) is provided by employers and professional bodies in close collaboration with the higher education institutions.

Despite the efforts of all the different role players in the sector, access of learners from previously disadvantaged communities to education and training is still inhibited by factors such as financial constraints, lack of good Mathematical and Accounting education at school level, the lack of English proficiency among the learners, lack of facilities such as computers at the educational institutions, and the lack of proper career guidance at school. Training providers attempt 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 attempt to address the lack of career guidance at school. The lack of facilities such as computers appears to remain a constant problem.





Skills Development Priorities of the Sector

The areas of skills development that are most important for the sector are listed below. The three most important areas are management and leadership skills, financial skills and information technology skills.

Management and leadership skills are crucial in any business environment. In this sector the need to fast-track these skills is, amongst other things, related to the youthfulness of employees and the need to achieve greater race and gender equity in the sector. Management skills can no longer be learned through experience and example as workers move into managerial positions very quickly, hence the need for focused management development programmes.

Financial skills encompass the skills required for the total spectrum of functions performed in the sector and range from basic financial and mathematical skills (for employees in support functions) to highly specialised financial skills (for technicians, professionals and managers).

The need for basic, as well as specialised information technology skills, stems from the rapid computerisation of many of the functions performed in the sector.

The following areas of skills development are priorities in the sector:

Management and leadership skills

- General management and leadership
- Human resources management
- Organisational development
- Office management

Financial skills

- Accounting
- Taxation including Value Added Tax (VAT) and capital gains tax
- Bookkeeping
- Auditing
- Legal knowledge, including commercial and statutory law
- Basic financial and mathematical skills
- Insurance
- Investment skills

Information technology skills

- Basic computer skills, eg word processing and spreadsheets
- Specialist information technology

Client service skills

- Communication
- Marketing
- Public relations
- Presentation
- Client service

Support and administration skills

- General administration
- Secretarial
- Business economics
- Clerical
- Reception

Personal development skills

- People skills
- Adult Basic Education and Training (ABET)
- Human Immuno-deficiency Virus (HIV)/Acquired Immuno-deficiency Syndrome (AIDS) awareness

Challenges Facing the Sector

Fasset's sector has, in recent years, been an area of high economic and employment growth. The growth of the sector is closely linked to growth in the economy as a whole – especially to the growth of small and medium sized businesses. However, to retain previous levels of growth, the sector needs to deal effectively with certain key challenges.

Obtaining representivity

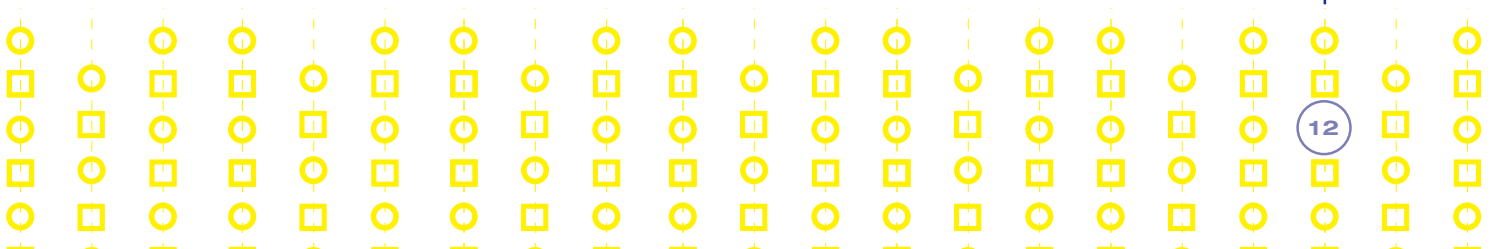
Professionals such as accountants, auditors, economists and statisticians play a central role in Fasset's sector. These professionals are not only employed in their specialist roles, but are also needed as managers in the sector. A major concern is, however, the absence of Black people qualified in these areas of specialisation. This situation not only inhibits transformation of the sector but may indeed stifle its growth. The development of Black professionals with the specialist knowledge and skills necessary in all the sub-sectors is therefore of critical importance for the sector.

Balancing the needs of small and large organisations

Most of the organisations in the sector are very small – they employ twenty or fewer people. Employment, however, is concentrated in a few very large organisations that employ thousands of workers. The skills development needs and the circumstances in which education and training occur differ markedly between small and large organisations. A major challenge is to balance the needs of the different size organisations and to involve small organisations in education and training initiatives – especially learnerships.

Dealing with skills shortages

There is currently a clear indication of shortages of high-level specialist financial skills in the sector. These shortages are exacerbated by an increased demand for high-level financial skills in other sectors of the economy and by supply constraints. A major challenge is thus to accelerate the development of certain categories of professionals and specialists without compromising standards of practice or of education and training.



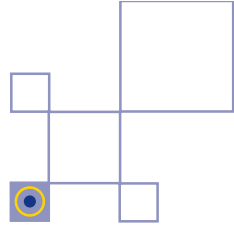
The Way Forward

The HSRC's research on Fasset's sector has provided an in-depth profile of this dynamic and important sector. Skills development priorities have been clearly identified, and the dire need for transformation within the sector has also been highlighted.

Fasset, in collaboration with all of its stakeholders, will use these findings to revise its SSP in 2005. Based on needs that have been identified in the research, the necessary strategies can be implemented to ensure that the sector is well positioned to meet the needs of its stakeholders, the other economic sectors, and the economy as a whole.

Acronyms

ABET	Adult Basic Education and Training
CPE	Continuous Professional Education
DoL	Department of Labour
Fasset	Financial and Accounting Services Sector Education and Training Authority
FET	Further Education and Training
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immuno-deficiency Syndrome
HSRC	Human Sciences Research Council
NQF	National Qualifications Framework
SARS	South African Revenue Service
SDA	Skills Development Act
Seta	Sector Education and Training Authority
SMME	Small, Medium, Micro Enterprises
SSP	Sector Skills Plan
VAT	Valued Added Tax
WSP	Workplace Skills Plan

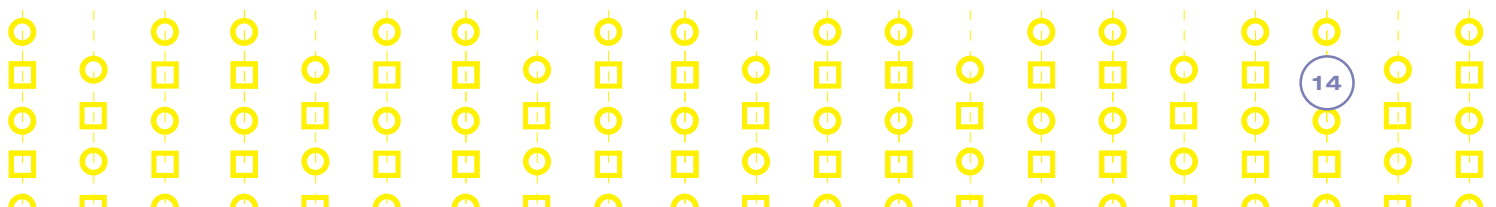


Vision

"To influence the effective operation of the labour market, through effective skills development, so as to ensure the appropriate supply of competent labour necessary to compete in the global economy."

Mission

- To improve the competence of employees and potential employees, thereby enhancing productivity in the sector
- To increase the level of investment in education and training in this sector and to optimise the return of this investment
- To encourage employers and employees to adopt a culture of life-long learning
- To ensure the quality of training and education in the sector and to support the development of standards in line with the NQF and to actively promote these standards
- To expand the provision of education and training in the sector through sound partnerships with public and private providers of education and training
- To enhance co-operation between the public and private sectors
- To support the objectives of the Employment Equity Act of 1998
- To enhance access to learning opportunities in the sector
- To position the sector as the 'sector of career choice' for prospective learners and new entrants into the labour market.



PO Box 6801, Cresta, 2118.
Block A, Third Floor, Eva Office Park,
Cnr Beyers Naudé Drive & Judges Avenue,
Blackheath, Randburg.
Call Centre: 086 101 0001
Fax: (011) 476 5756
E-mail: fasset@bambanani.net
Web: www.fasset.org.za

