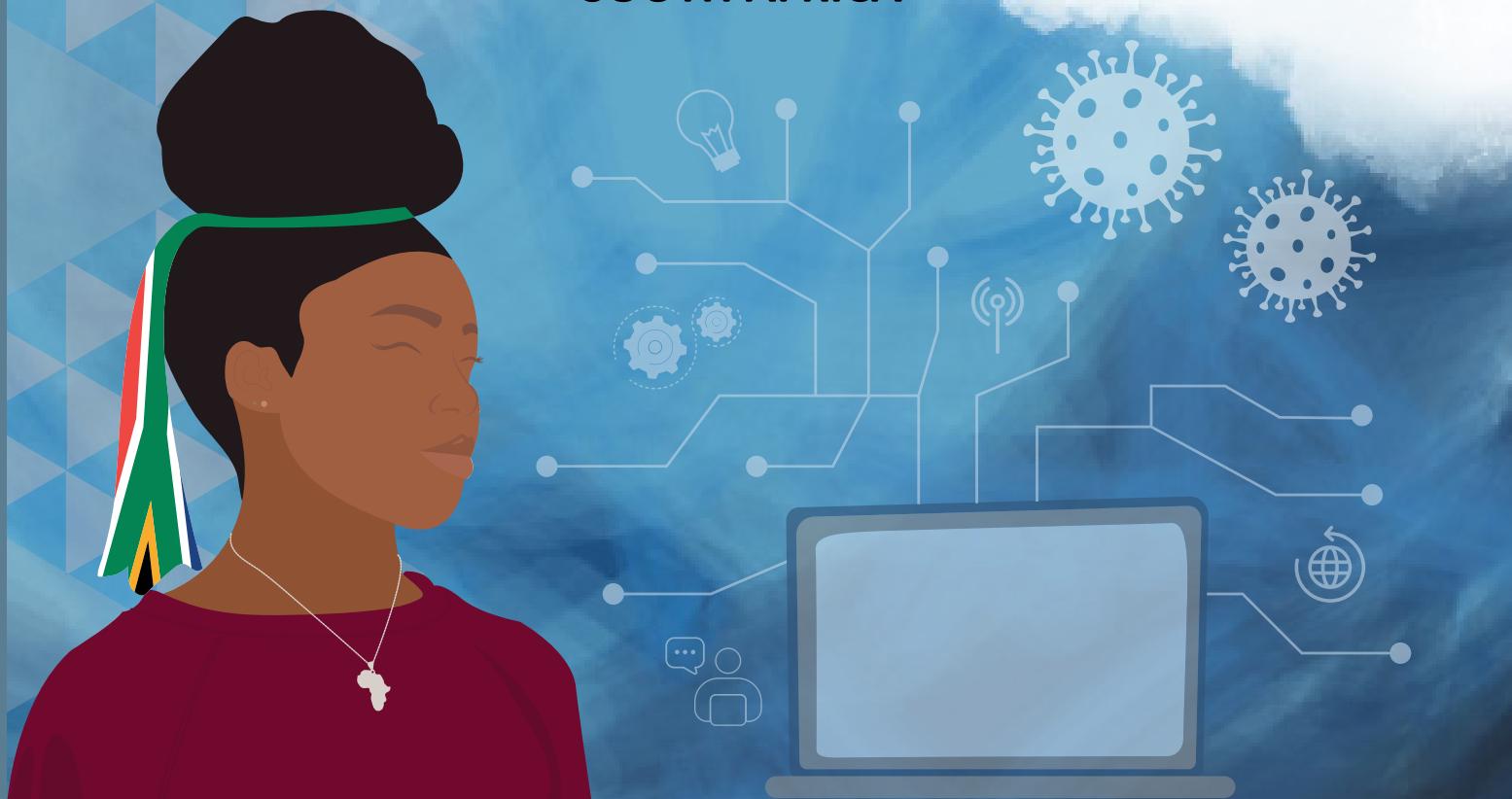


RAPID ASSESSMENT OF SKILLING AND RESKILLING NEEDS ARISING FROM THE EFFECTS OF COVID-19

SOUTH AFRICA



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The assessment was conducted under the overall direction and supervision of Dr. Joni Musabayana, the Director of the ILO Decent Work Team for Eastern and Southern Africa and Country Office for Botswana Eswatini, Lesotho, and South Africa and the Chief Executive Officer of the African Union Development Agency (NEPAD), Dr Ibrahim Mayaki.

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► FOREWORD

The COVID-19 pandemic has caused massive labour market disruptions. The scale of economic and social implications globally is unprecedented. The pandemic is reshaping the way we live, socialise and the way we work.

The negative impact of the COVID-19 pandemic has gone beyond its health implications and includes economic impacts like business foreclosures, which have resulted in high unemployment levels, and economic hardships. In this regard, the pandemic has exacerbated the youth unemployment problem and has disrupted education and training for millions of youth. Also severely affected by the socio-economic impact of the pandemic are women, who bear the burden of care and of managing the households.

This negative impact of the pandemic notwithstanding, there have been sectors of the economy that have grown and provided mitigation responses needed to manage the pandemic. For South Africa, this has been an opportunity not just to recover from an economic crisis that predates COVID-19, but to strengthen its economic recovery plans aimed at transforming the lives of all its people.

In keeping with the need to provide a speedy response to the devastating impact of COVID-19 on the labour market, the ILO developed a Guidance Note on conducting rapid skills surveys that can help to quickly assess the reskilling and upskilling needs arising from the impact of the COVID-19 pandemic on the labour market.

Under the auspices of the Skills Initiative for Africa (SIFA), a Programme of the African Union Commission and the African Union Development Agency (AUDA-NEPAD), which is financed by the European Union and German Government and whose implementation is led by the German Development Agency (GIZ), the ILO commissioned and successfully conducted a rapid skill assessment in selected sectors in South Africa.

This rapid skills survey report presents the findings for the rapid assessment and provides practical and actionable recommendations that can help limit the career-scarring effects of the pandemic on workers through provision of skilling and reskilling, measures. The report also provides skills related actionable recommendations for the economic recovery of the companies in the subsectors that were assessed.

The report focuses on the clothing and textiles and e-commerce sectors (online retail, banking, and insurance), which were identified as sectors that have either been negatively impacted by the COVID-19 pandemic or are experiencing a spike in demand for specific occupations and top-up skills. Acknowledging the devastating impact the COVID-19 pandemic has had on youth and women, rapid assessment put a special focus on the training, reskilling, and upskilling, since they are vulnerable to labour market downturns.

The report is concise, short, and to-the-point, and provides a clear analysis and recommends prioritization of actions for rapid implementation, a move from the normal by delivering skills development differently in response to the current labour market needs, and repurposing existing programmes. The recommendations are concrete but aimed at making a big difference at a minimal cost.

The ILO and the African Union Development Agency (AUDA-NEPAD) look forward to working with social partners to mobilise follow up action on the report recommendations.

Dr Ibrahim Mayaki
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African Union Development Agency (AUDA-NEPAD)

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► ABBREVIATIONS

AfCFTA	African Continental Free Trade Agreement
AI	Artificial intelligence
AUC	African Union Commission
BANKSETA	Bank Sector Education and Training Authority
BUSA	Business Unity South Africa
CET	Community education and training
CMT	Cut, make and trim
CTFL	Clothing, Textiles, Footwear and Leather Goods
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
dtic	Department of Trade, Industry and Competition
FP&M SETA	Fibre Processing & Manufacturing Sector Education and Training Authority
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GDP	Gross domestic product
HRD	Human resource development
ICT	Information and communications technology
ILO	International Labour Organisation
INSETA	Insurance Sector Education and Training Authority
IoT	Internet of things
IT	Information technology
KZN-CCTC	KwaZulu-Natal

► ABBREVIATIONS

NEET	Not in employment, education, or training
NIDS-CRAM	National Income Dynamics Study (NIDS) – Coronavirus Rapid Mobile Survey
NQF	National Qualifications Framework
PSET	Post-school education and training
NSDP	National Skills Development Plan
SCORE	Sustaining Competitive and Responsible Enterprises
SIFA	Skills Initiative for Africa
SETA	Sector Education and Training Authority
SME	Small and medium enterprise
SMME	Small, medium and micro enterprise
TERS	Temporary Employee/Employer Relief Scheme
TVET	Technical vocational education and training
UIF	Unemployment Insurance Fund
W&RSETA	Wholesale & Retail Sector Education & Training Authority

► EXECUTIVE SUMMARY

The task team selected clothing and textiles and e-commerce (comprising of online retail, insurance and banking) as targeted sectors for this rapid assessment of reskilling and upskilling needs arising from the effects of the COVID-19 crisis in South Africa. The former sector was severely impacted by COVID-19 and lockdown. Retail sales dropped by 49.9% in April 2020¹, and clothing and textiles manufacturing declined on average by 15%.

About 33% of factories pursued retrenchments (11 454 jobs) and 85% sought financial relief from the Unemployment Insurance Fund through COVID-19 Temporary Employee/Employer Relief Scheme (TERS)² to pay salaries.³

In contrast, online retail sales grew by around 40% during lockdown, with year-on-year growth in the region of 100%.⁴ Insurance and banking experienced a relatively mild decline of under 10%.⁵

Youth and women are vulnerable groups in the population. The COVID-19 crisis has pushed youth unemployment rates to 63.2% (15-24 years) and 41.2% (25-34 years). Approximately 3.1 million (29.8%) out of 10.3 million young people aged 15-24 years are not in employment, education or training (NEET).⁶

Twice as many women than men have lost their jobs since the start of the crisis; male employment was 2% lower than pre-COVID levels in October 2020, female employment was down 8%; women make up 60% of the unemployed, but only 39% of the beneficiaries of the Unemployment Insurance Fund (UIF) and only 37% of the beneficiaries of the social relief of distress grant in October.⁷



¹ South Africa's retail sales y-on-y. <https://tradingeconomics.com/south-africa/retail-sales-annual>.

² The COVID-19 TERS is a rapid relief package to assist firms with salaries if they experienced a drop in revenue during lockdown.

³ B&M Analysts (2020) The impact of COVID-19 on the South African Clothing and Textiles Industry, October: B&M Analysts: Durban.

⁴ Globe Newswire (2020) The Online Retail Industry in South Africa 2020 report, 29 September.

⁵ SA-TIED. 2020. Impact of Covid-19 on the South African economy: An initial analysis. Working Paper 111, April. Accessed at: <https://sa-tied.wider.unu.edu/sites/default/files/pdf/SA-TIED-WP-111.pdf>.

⁶ Statistics South Africa. Quarterly Labour Force Surveys Q4: 2020.

⁷ Ihsaan Bassier, I; Budlender, AJ & Zizzamia, AR (2021) National Income Dynamics Study (NIDS) – Coronavirus Rapid Mobile Survey (CRAM)

The labour market impacts of COVID-19 in South Africa: An update with NIDS-CRAM Wave 3. Accessed at: <https://cramsurvey.org/wp-content/uploads/2021/02/2.-Bassier-I.-Budlender-J.-Zizzamia-R.-2021-The-labour-market-impact-of-COVID-19-.pdf>



Findings

Due to the COVID-19 pandemic, there were stoppages of clothing and textiles imports. Major retail chains have been compelled to source products from local manufacturers.

The pandemic also exposed unresolved issues in the sector such as low productivity, poor quality, lack of social security, and poor working conditions. The national qualification that is used to train clothing machinists is costly, time-consuming, and long (12 months).

The crisis has disrupted the workflow in factories and foot traffic in retail outlets. It has necessitated upskilling for supervisors/team leaders.



Immediate action

It is recommended that:

- ▶ Skills training should be given to all workers on topics such as COVID-19; personnel hygiene; wearing masks; health and safety; cleaning work areas; mental health; and other precautionary measures.
- ▶ Skills training should, in the form of bite-sized, micro-learning and digital credentialing, be given to factory workers in sewing, quality, productivity, multi-skilling, and basic machine maintenance; and retail sales workers in customer care, sales, working in retail, numeracy and business statistics, customer orders, and interpersonal communication.
- ▶ Skills training should, in the form of micro-learning and digital credentialing, be given to supervisors/ team leaders in supervisory and team leadership skills.



Long-term action

It is recommended that:

- ▶ The Sustaining Competitive and Responsible Enterprises (SCORE) training programme should be rolled out countrywide to supervisors/team leaders and managers in clothing and textiles firms.
- ▶ Sector Education and Training Authorities (SETAs) should promote the TERS to distressed firms to train furlough workers.
- ▶ The KwaZulu-Natal and Cape Clothing and Textiles Clusters (KZN-CCTC) should be expanded for skills development to high-density non-metro (rural) areas such as QwaQwa (Free State), Newcastle (Northern KwaZulu-Natal), South Coast, Isitebe (KwaZulu-Natal), and Darling (Western Cape).

⁸ SCORE is an ILO global programme that improves productivity and working conditions in small and medium enterprises (SMEs). The five SCORE Training modules cover Workplace Cooperation, Quality Management, Clean Production, Human Resource Management, and Occupational Safety and Health and is currently used in the clothing and textiles sector in South Africa.



E-COMMERCE



Findings

E-commerce sales are unaffected by the pandemic. In fact, there has been exponential growth in e-commerce traffic since lockdown. About 40% of senior professionals working in management positions want to move to full-time remote work.⁹ Many firms, including small, medium and micro enterprises (SMMEs), have migrated to online shopping platforms. A rapid response is required for the spike in demand for digital skills.



Immediate action

It is recommended that:

- ▶ Workers should be given skills training in working and managing virtual teams; remote working protocols; accessing digital communication platforms; working collaboratively using digital project management tools; troubleshooting; intellectual property issues; wellness, work-life balance, and mental health.
- ▶ SETAs and training providers should prioritise the development of digital skills to enable entrepreneurs to participate in the digital economy, especially youth and women-owned businesses.



Long-term action

It is recommended that e-commerce firms:

- ▶ Should use micro-learning, based on digital credentialing, to upskill and reskill workers in areas such as big data, analytics, software development, social media, internet of things (IoT), blockchain, automation, robotics, artificial intelligence (AI), augmented reality, and cyber-security.
- ▶ Should support learnerships and give tertiary education bursaries to address digital skills shortages for occupations in demand.

⁹ Robert Walters Salary Survey 2021 accessed at: <https://www.robertwalters.co.za/salarysurvey/salary-survey.html>.



YOUTH



Findings

The COVID-19 crisis has pushed youth unemployment to unprecedented levels. Youth aged 15-24 years and 25-34 years recorded the highest unemployment rates, at 63.2% and 41.2% respectively. Approximately 3.1 million (29.8%) out of 10.3 million young people aged 15-24 years were NEET.¹⁰



Immediate action

It is recommended that:

- ▶ The Yes4Youth, Harambee Job Accelerator, and The Jobs Fund¹¹ should be expanded, especially to address the needs of rural youth.
- ▶ SETAs should encourage, and possibly incentivise, firms to offer virtual internships.
- ▶ SETAs should create innovation challenges to source new solutions from youth, including youth-led “micro” ventures, bolstering primary health care, recycling, shopping and delivery services, and green enterprises.
- ▶ Corporates should sponsor virtual boot camps, upskilling hubs, and gaming and other web application (app) development.



Long-term action

It is recommended that:

- ▶ Digital clusters should be set up in community centres, libraries, and community education and training centres, especially in rural areas, to give youth access to free WiFi.
- ▶ The Department of Higher Education and Training (DHET) should obtain a license for a television channel(s) to broadcast learning programmes.
- ▶ The DHET should obtain a radio license(s) to broadcast radio learning to youth in remote communities.
- ▶ Training providers should use podcasts to deliver learning.
- ▶ Telecommunication companies should grant free website access to education sites.
- ▶ Digital hubs should be set up and equipped with high-speed internet and laptops for youth to acquire digital skills, apply for jobs online, and establish businesses.

¹⁰ Statistics South Africa. Quarterly Labour Force Surveys Q4: 2020.

¹¹ Yes4Youth is a non-profit organisation that facilitates work experience for disadvantaged youth between 18 and 35 years.

Harambee Jobs Accelerator is a not-for-profit enterprise that devises solutions for finding youth employment using innovative tools to analyse job-seekers and match them to job openings. The Jobs Fund offers one-time grants to support innovative job-creation initiatives in infrastructure, support for work seekers, and capacity building.



WOMEN



Findings

Women face many obstacles to entering the mainstream economy and establishing sustainable livelihoods. Social norms often limit the types of income-generating activities that are considered acceptable for women. Women are disproportionately burdened by household duties, including childcare, and caring for elderly family members. Access to finance is an issue. Many women face constraints such as travel, training, job interviews, and unsafe environments.



Immediate action

It is recommended that:

- ▶ An online “women’s role model” programme in coaching and mentoring should be offered to women to assist them with setting up and running their businesses.
- ▶ Life skills, entrepreneurship, and computer literacy skills training should be offered through technical vocational education and training (TVET) colleges and community education and training (CET) centres for women, especially in rural areas.
- ▶ Helplines should be established to support women in business.



Long-term action

It is recommended that:

- ▶ Virtual digital hubs should be set up at TVET colleges and CET centres, or privately owned by women’s groups, to access public information and train women in digital and business skills in a safe environment.

1. Introduction

The sheer speed, intensity and scale of human, economic and social destruction from the COVID-19 pandemic is unprecedented. The country went into lockdown on 27 March 2020, and within three weeks, President Ramaphosa announced a massive social relief and economic support package of R500 billion, amounting to 10% of gross domestic product (GDP).¹² The pandemic has put millions of people on the edge of financial ruin. Since the epidemiological path of the virus is uncertain, the country is heading into uncharted territory with a predicted third wave to follow in the winter.

The economic impact of COVID-19 is profound. The economy contracted by 7.2% in 2020.¹³ All economic sectors are experiencing a downturn and small businesses, in particular, face extreme pressures. By September 2020, 76% of companies have had their revenue fall by more than 20%, 23% have shut down, and 43% have retrenched staff. Only 2% reported growth. The impact of a revenue decline ranges from 49% to 84%, depending on size.¹⁴ The pandemic accentuated the country's vulnerabilities in public health, education, social welfare, local government, housing, sanitation, and water provision.

More South Africans are unemployed than at any other time in the country's history. Before COVID-19, the official unemployment rate was 29.1% and the expanded unemployment rate (which includes discouraged work-seekers) was 38.7%.¹⁵ In the 4th quarter of 2020, official unemployment rose to 32.5% and expanded unemployment to 43.1%.¹⁶

The working-age population increased by 143 000, or 0.4%, in the 4th quarter of 2020, compared to the 3rd quarter of 2020. Compared to the 4th quarter of 2019, the working-age population increased by 583 000, or 1.5%. The number of employed persons increased by 333 000 to 15 million in the 4th quarter 2020, and the number of unemployed persons also increased by 701 000 to 7.2 million compared to the 3rd quarter 2020, resulting in an increase of 1 million (up by 4.9%) in the number of people in the labour force.

The number of discouraged work-seekers increased by 234 000 (up by 8.7%), and the number of people who were not economically active for reasons other than discouragement decreased by 1.1 million between the two quarters, resulting in a net decrease of 890 000 in the not economically active population.¹⁷ From the 7.2 million unemployed persons in the 4th quarter of 2020, as many as 52.3% had education levels below matric, followed by those with matric at 37.9%. Only 1.8% of unemployed persons were graduates, while 7.5% had other tertiary qualifications as their highest level of education.¹⁸

COVID-19 has exposed the shortcomings of the education and training system and the gross inequalities between the privileged and underprivileged. Well-resourced private schools and colleges switched to online learning, while students in the under-resourced public education institutions were shut out from learning due to the lack of connectivity and computers.

¹² Statement by President Cyril Ramaphosa on further economic and social measures in response to the Covid-19 epidemic, Union Buildings, Tshwane, 21 April 2020.

¹³ National Treasury. 2020. Economic measures for COVID-19, May. South Africa.

¹⁴ Naidoo, L; Chidi, M & van Wyk, E (2020). Beyond COVID Business Survey. September. Johannesburg: Redflank. Accessed at: <https://www.beyondcovid.co.za/>.

¹⁵ Statistics South Africa. Quarterly Labour Force Surveys Q4: 2019.

¹⁶ Statistics South Africa. Quarterly Labour Force Surveys Q4: 2020.

¹⁷ Ibid.

¹⁸ Ibid.

Universities fared much better since students had access to online learning platforms. The government's stimulus package included a four-month holiday for companies' skills development levy contributions. Consequently, Sector Education and Training Authorities (SETAs) and companies are cutting back on training budgets. There is less money in the system for apprenticeships, learnerships, internships, and bursaries for the employed and unemployed.

Although South Africa is making progress towards achieving gender parity in education, health,

economics, and politics, much remains to be done. Women are more likely than men to lose their jobs in the downturn. They are also behind their male counterparts in obtaining employment during a recovery. The youth unemployment problem continues to manifest, despite considerable efforts to get youth into the labour market.

Therefore, the rapid assessment of reskilling and upskilling needs arising from the effects of the COVID-19 crisis for South Africa is necessary and urgent to speed up economic recovery through skills development.

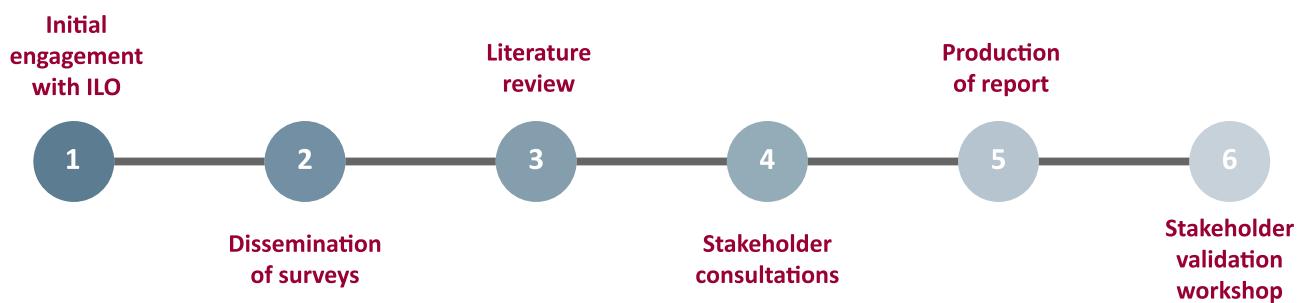
2. Methodological approach and main steps

The methodological approach for rapid assessment has four research components, including a validation process by the task team¹⁹ that is appointed to the project:



¹⁹ The task team comprises stakeholder representatives from employer bodies, labour federations, the state ministries, youth organisations and donor agencies. It is responsible for the rollout of the assessment tool; appointing a consultant; identifying priority sectors and groups; setting up the validation process; accepting the report for South Africa; and arranging stakeholder engagement sessions.

The rapid assessment unfolded as follows:



3. Rationale for sector and group selection

The task team was responsible for selecting the sectors and groups for the rapid assessment.

Firstly, members ranked the sectors on a scale of 1 to 5 to be considered for the rapid assessment. Secondly, preliminary desktop research was conducted on the tentatively selected sectors. Thirdly, task team members discussed the findings and made a selection. Their rationale is outlined below:



Clothing and textiles

- ▶ The clothing and textiles sector was severely impacted by COVID-19 and lockdown. Retail sales dropped by 49.9% in April 2020,²⁰ and manufacturing declined by 15%. About 33% of factories pursued retrenchments (11 454 jobs), and 85% sought financial relief through COVID-19 Temporary Employee/Employer Relief Scheme (TERS) to pay salaries.²¹
- ▶ Women, including those in non-metro (rural) areas, are the majority in the clothing value chain, from machinists to sales attendants and cashiers. They also carry a heavier household burden than men. They were the first to lose their jobs in large numbers during lockdown when factories and retail outlets either closed or downsized. Therefore, it is necessary to focus on reskilling this group to re-enter the workforce.
- ▶ Amid the pandemic, the government has identified the clothing and textiles value chain as a priority sector and has developed a Master Plan to increase the share of local retail sales of locally manufactured products from 44% to 65%. It is expected to create over 70 000 jobs in the value chain. It would require skills training on a massive scale.²²
- ▶ The country is struggling with high unemployment. Unemployment figures increased with the onset of COVID-19 and work stoppages. Female and youth unemployment (34.3% and 41.8%, respectively) exceed the national average (31%).²³ Therefore, a strong case exists to prioritise these groups.

²⁰ South Africa's retail sales y-on-y. <https://tradingeconomics.com/south-africa/retail-sales-annual>.

²¹ B&M Analysts (2020) The impact of COVID-19 on the South African Clothing and Textiles Industry, October: B&M Analysts: Durban.

²² DTIC (2020) South African R-CTFL value Chain Master Plan to 2030. DTIC: Pretoria.

²³ Statistics South Africa. Quarterly Labour Force Surveys Q4: 2020.



E-commerce (online retail, insurance and banking)

- ▶ Online retail sales grew by 40% during lockdown, and year-on-year growth is in the region of 100%.²⁴ There is an increase in e-commerce adoption by businesses and consumers. Although COVID-19 affected all economic sectors negatively, insurance and banking experienced a relatively mild decline of under 10%.²⁵
- ▶ The transition to remote working and digital platforms is leading to a spike in digital skills demand.
- ▶ There is also a need for small employers to harness the benefits of digital platforms, which, in turn, heightens digital skills demand.



Women

- ▶ There were 11.7 million persons who worked or did some work during lockdown in 2020. These were predominantly men in most industries, except in the community and social services and private household industries, where women made up the majority.
- ▶ A higher number of women than men have been affected by childcare duties, which, in turn, affected their ability to work, look for work, or to work the same hours. It also limits their skills development opportunities.
- ▶ The types of jobs that are available to women have been affected the most by COVID-19. Women are mainly employed as domestic workers, cleaners, childminders, and cashiers.²⁶ Many are casual employees that fell through the unemployment benefits social safety net.

²⁴ Globe Newswire (2020) The Online Retail Industry in South Africa 2020 report, 29 September.

²⁵ SA-TIED. 2020. Impact of Covid-19 on the South African economy: An initial analysis. Working Paper 111, April. Accessed at: <https://sa-tied.wider.unu.edu/sites/default/files/pdf/SA-TIED-WP-111.pdf>.

²⁶ South African Market Insights. South Africa's Unemployment. 29 September 2020.

<https://www.southafricanmi.com/south-africas-unemployment.html#:~:text=%E2%80%8BSouth%20Africa's%20unemployment%20rate,using%20the%20QLFS%20in%202008.>



- ▶ The youth unemployment problem predates the COVID-19 crisis. However, the pandemic has worsened the problem considerably.
- ▶ There were about 10.3 million young people aged 15-34 years, of which 41.8% were not in employment, education, or training (NEET). More than 4 in every 10 young females were not in employment, education, or training.²⁸
- ▶ Hence, the need to skill, reskill, and support the youth transition to employment or self-employment is urgent.
- ▶ Despite significant investments in youth skills development, unemployment remains an obstacle for the youth.
- ▶ New interventions should be explored to support youth development.



²⁷ We define youth as 15-34 years as per the official definition of Statistics South Africa.

²⁸ Statistics South Africa (2021) Quarterly Labour Force Survey, 4th Quarter.

4. Situation analysis and outlook

This section presents a situation analysis and outlook for the target sectors and groups

4.1 Clothing and textiles

COVID-19 and the lockdown have battered the beleaguered clothing and textiles sector. The GDP contribution of the clothing and textiles sector, including retail, is R74 billion per annum, while its contribution to employment is 210 074 jobs.²⁹ Retail is the major employment segment in the value chain. In 1987, manufacturers employed 200 000 people, but by 2006, the workforce halved, and manufacturers have since struggled to compete with a flood of cheap Asian imports.

There is a significant decline in clothing and textiles manufacturing performance since March 2020 due to the COVID-19 pandemic. Production is down by 27.4%, capacity utilisation by 26.35%, employment by 0.9%, gross monthly remuneration per worker by 16.85%, and exports by 14.8%, while imports are up by 45.3%.³⁰ Retail sales have deteriorated since the onset of COVID-19, leading to order cancellations, business closures, work stoppages, and layoffs.

The majority of clothing and textiles manufacturers are small and medium-sized cut, make and trim (CMT) enterprises³¹ that operate within and outside the bargaining council's remit. Many operate informally. When the pandemic struck, these enterprises were unable to access unemployment and other social benefits. They also lack productivity improvement, competitiveness, financial, and management capabilities. Further, they face

challenges in complying with employment, environmental, and occupational health and safety regulations, which are areas of critical skills demand in manufacturing.³²

The COVID-19 crisis is presenting opportunities for the clothing and textiles sector to recover quickly due to import stoppages. Domestic retailers are prioritising rapid replenishment, quick response, and fast fashion capabilities to give them in-season competitive advantages during the crisis. This requires retailers to source products from local manufacturers.³³ Hence, productivity improvements, lean manufacturing, small batch production, fast fashion, and multi-skilling are opportunities to forge a tighter fit in the value chain between manufacturers and retailers. In this respect, there are considerable upskilling and reskilling needs for workers.

There are active labour market policies such as the TERS (previously called the Training Layoff Scheme) and Unemployment Insurance Fund (UIF) to support distressed companies and furloughed workers.

The African Continental Free Trade Agreement (AfCFTA) is an opportunity to grow market share on the continent, provide world-class merchandise, and upskill employees across the value chain.

²⁹ Department of Trade and Industry (2020) South African R-CTFL Value Chain Master Plan to 2030. the dti.

³⁰ Industrial Development Corporation (2020). Sector Trends: performance of the primary and tertiary sectors of the South African Economy, November, IDC.

³¹ CMTs simply sell cutting and sewing labour to wholesalers and retailers.

³² Department of Trade and Industry (2020) South African R-CTFL Value Chain Master Plan to 2030. the dti.

³³ Ibid

4.2 Online retail

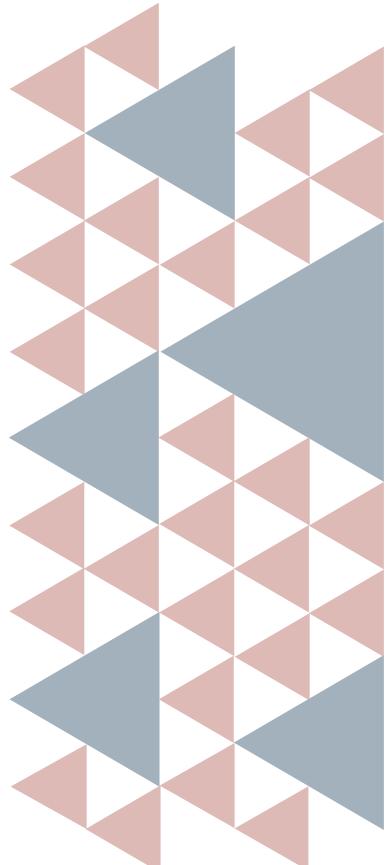
COVID-19 is reshaping buying habits, encouraging online shopping, and catalysing growth. Kantar research found that 22% of consumers surveyed are using online shopping more frequently, and 42% of people under 35 years are doing less shopping at physical outlets.³⁴

The global e-retail forecast for online shopping is US\$4.8 trillion by 2024, up from US\$3.3 trillion in 2020. In contrast, online retail in South Africa is small and makes up just 1% of total retail. As a comparison, online retail in the UK is 20%. High data costs, low internet speeds, credit card fraud, and unreliable postal service delivery inhibit local online retail sales.³⁵

COVID-19 is compelling local retailers to transition to online trading to expand their customer base. Companies are investing in mobile shopping apps to respond to low bandwidth penetration. Retailers are also using social media platforms to build their brands and reach a wider net of customers, as well as integrating store payment cards into online shopping. Innovation in the payment space includes instant electronic transfers, mobile money transfers, and cryptocurrency options.³⁶

As online retailing grows, fuelled by COVID-19, skills shortages intensify, encouraging retailers to outsource work to countries with strong digital skills. The sector requires strong information technology (IT) skills in programming, coding, software development, database management, cybersecurity, cryptocurrencies, and data analytics, to list a few.³⁷ Business skills are also needed in taxation, international trade, competition policy, laws and regulations, social media marketing, and entrepreneurship.³⁸

The outlook for online retailing is positive, with opportunities for enterprise development, business growth, innovation, job creation, and skills development. The demand for these skills is expected to grow in the post-COVID-19 era as people become accustomed to e-commerce and online shopping.



³⁴ IQ Business. Is e-commerce the key to business survival? Accessed at: <https://iqbusiness.net/business-survival-commerce/>.

³⁵ Juniper Research. Accessed at: <https://www.juniperresearch.com/press/press-releases/global-eretail-transaction-values-to-reach>.

³⁶ Goga, S (2020). An effective online strategy will allow SA to catch up with the big guns, 21 April, Industrial Development Think Tank: Policy Briefing Paper 13(1). Centre for Competition, Regulation and Economic Development: University of Johannesburg.

³⁷ W&RSETA (2020) Sector Skills Plan 2020-2025. Wholesale and Retail Sector Education and Training Authority.

³⁸ Goga, S; Paelo, A and Nyamwena, J (2019) Online Retailing In South Africa: An Overview, March. Working Paper 2/2019: Centre for Competition, Regulation and Economic Development: University of Johannesburg.

4.2.1 Banking

Banks are mobilising and taking steps to minimise COVID-19's effect on daily operations. There has been an increase in online banking transactions since the start of the pandemic. Banks are implementing business continuity plans, which include remote work, alternative work arrangements, split work sites, working from home, and rotational work. Institutions are also heightening measures to ensure the health and safety of clients and employees. Banks are re-negotiating credit terms with hard-hit clients.³⁹ The pandemic has increased digitalisation and exerted pressure on digital infrastructure.⁴⁰

The banking sector is predicted to experience a mild decline of 0-10%.⁴¹ However, if the crisis is prolonged, COVID-19 is expected to weaken

balance sheets, risk profiles, risk-weighted assets, and profitability. At an organisational level, bankers need skills to retain operational resilience when confronted with future pandemics, design new operating models, and manage employees remotely.

As banks go digital, the demand for skills will outstrip supply. The dire shortage of information and communications technology (ICT) skills and the lack of readily available digital talent pipelines in South Africa are key challenges facing banks. Banks require multi-talented, multi-skilled workforces that meet the criteria of digital workplace demands, virtualised teams, and the rapidly evolving world of work.⁴² As banks innovate and compete, opportunities for upskilling and reskilling of the banking workforce abound.

4.2.2 Insurance

The insurance sector was under pressure before COVID-19 due to a recession and a rating downgrade. The pandemic's negative impact on the insurance-premium pool is expected to be roughly double that of the 2008-09 recession, and the sector will take twice as long to bounce back.⁴³ Economic conditions are likely to remain tough for the next few years while changing customer needs and behaviours disrupt traditional business models and push insurers to accelerate digitisation.

McKinsey & Company outline major insurance sector trends during the COVID-19 crisis that have significant skills development implications. As clients migrate to digital platforms, the focus is on a digital-first approach for customers and intermediaries; adopting

advanced analytics; reinventing the operating model for speed and cost; strengthening cyber resilience and operational risk defences; and doubling down on talent.⁴⁴

The sector is adopting digital platforms, omnichannel marketing, artificial intelligence (AI), and informatics to maintain operations during the pandemic. This leads to a demand for IT professionals such as software developers, systems analysts, cloud specialists, IT technicians, database administrators, and network professionals. There are opportunities to localise talent, scale new jobs, and adopt inclusive hiring practices. The Insurance Sector Education and Training Authority (INSETA) has identified the following top 10 occupations: compliance officer, ICT systems analyst, software developer, developer programmer,

³⁹ Deloitte (2020) COVID-19 potential implications for the banking and capital markets sector. Deloitte: accessed at: file:///C:/Users/Hoosen/Dropbox/My%20PC%20(HOOSSEN)/Downloads/za-covid-19-banking.pdf.

⁴⁰ KPMG (2020) The twin shocks: COVID-19 pandemic and the oil price war – implications for the banking sector, April: accessed at: <https://assets.kpmg/content/dam/kpmg/ng/pdf/advisory/impact-of-covid-19-on-the-banking-sector.pdf>.

⁴¹ SA-TIED. 2020. Impact of Covid-19 on the South African economy: An initial analysis. Working Paper 111, April. Accessed at: <https://sa-tied.wider.unu.edu/sites/default/files/pdf/SA-TIED-WP-111.pdf>.

⁴² IQ Business (2020) COVID-19 Pandemic – Sector Impact Report. Accessed at: www.iqbusiness.net.

⁴³ McKinsey & Company (2020) Beyond COVID-19: Charting the road to recovery for South African insurers. Accessed at: <https://www.mckinsey.com/featured-insights/middle-east-and-africa/beyond-covid-19-charting-the-road-to-recovery-for-south-african-insurers>.

⁴⁴ Ibid.

insurance loss adjuster, sales and marketing manager, insurance broker, insurance claims administrator, actuary, and insurance agent.⁴⁵ One of the effects of the economic meltdown is a run on insurance policies and medical insurance.

4.3 Youth

South Africa's youth is a vulnerable group. The pandemic has exacerbated these vulnerabilities. There are many impediments preventing youth from gaining employment during the crisis. These include a lack of funds to study, mental health issues, lack of access to enabling technology and connectivity, insufficient workplaces to accommodate youth, and so on. Other factors, such as lack of experience and length of unemployment, may increase youth vulnerabilities in the labour market.

Those with jobs are often employed on unspecified or limited contract duration and, consequently, do not have access to employee benefits such as medical aid, pension fund, paid sick leave, and permanent employment.

The pandemic is making youth victims of a labour market shock. The persistently high youth unemployment rate has long been one of the most

As defaults increase, insurance companies will have to find ways to cut costs and do more with fewer employees.

pressing socio-economic problems in South Africa. As unemployment grows, the socio-economic gaps between young people, and across generations, become more profound amid the economic and health crisis. Access to social protection is one of the major concerns and significantly varies depending on a person's background (including age). Since welfare programmes are often linked to formal employment, many young people are left unprotected, especially young women.

A rapid response strategy to alleviate the plight of youth during the pandemic is lacking. Most youth projects to develop skills and find employment are long term. Youth require quick interventions.

4.4 Women

South African women are disproportionately affected by the COVID-19 crisis in the labour market. The economic sectors in which women are concentrated have been badly affected by the crisis. In addition, women have had to take on the extra burden of care associated with school closures.

The National Income Dynamics Study (NIDS) – Coronavirus Rapid Mobile (NIDS-CRAM) survey, which has been tracking a sample of women since the start of the crisis, has found the following: twice as many women than men have lost their jobs since the start of the crisis; male employment was 2% lower than pre-COVID levels in October 2020;

female employment was down 8%; women make up 60% of the unemployed, but only 39% of the beneficiaries of the UIF and 37% of the beneficiaries of the social relief of distress grant. Unemployed women caring for children have fallen through the social security system net. Hence, supporting women in their own right should be placed front and centre of the discourse.⁴⁶

The COVID-19 crisis is an opportunity to address gender inequity, access to finance, ownership, preferential procurement, enterprise development, and entry into the mainstream economy.

⁴⁵ INSETA (2020). Sector Skills Plan, 2020-2025. Accessed at: <https://www.inseta.org.za/wp-content/uploads/2020/03/Sector-Skills-Plan.pdf>.

⁴⁶ Ihsaan Bassiery, I; Budlender, AJ & Zizzamia, AR (2021) National Income Dynamics Study (NIDS) – Coronavirus Rapid Mobile Survey (CRAM)

The labour market impacts of COVID-19 in South Africa: An update with NIDS-CRAM Wave 3. Accessed at: <https://cramsurvey.org/wp-content/uploads/2021/02/2.-Bassier-I.-Budlender-J.-Zizzamia-R.-2021-The-labour-market-impact-of-COVID-19-.pdf>.

5. Engagement with stakeholders

The most pressing upskilling and reskilling issues that emerged from the stakeholder consultations to enable the sectors and groups to recover quickly from the COVID-19 crisis are presented. The first part discusses general issues that were commonly expressed by interviewees in all targeted sectors, while the second part looks at sector-specific issues. *Refer to Annexure A for a list of interviewees.*

5.1 General issues

Unsuitability of National Qualifications Framework (NQF) qualifications:

As the economy recovers from the COVID-19 pandemic, firms are expected to rehire retrenched workers and recruit new workers. These workers will require rapid skilling and reskilling on new work arrangements, health and safety protocols, changed work processes, working in virtual teams, and wellness. These are issues affecting all targeted sectors.

Interviewees stated that in the context of the COVID-19 crisis, the traditional NQF qualifications are unsuitable to rapidly upskill and reskill workers. These qualifications are costly, lengthy, rigid, and resource-intensive. Moreover, they cannot respond to industry innovations, technological advancements, and new product and process changes in real-time, which are the expectation of employers. NQF qualifications are reviewed over a five-year cycle, and thus inappropriate as a rapid measure.

Interviewees mentioned that their firms cannot afford to provide workers with financial study support for long-drawn learning programmes. Some interviewees suggested that the Department of Higher Education and Training (DHET) should legitimise short courses and make additional skills levy grants available for firms during the pandemic. Firms should enrol workers on short courses.

Others mentioned that Industry 4.0 and COVID-19 are disrupting the learning and development paradigm. Employers require newer learning models that are bite-sized, stackable, mobile, ubiquitous, flexible, and low cost. Micro-learning, based on digital credentialing (digital badges and micro-degrees), is mooted by some human resource development (HRD) experts as an effective way to rapidly upskill and reskill the whole workforce. Micro-learning is cost-effective and widely accessible. Firms can purchase annual licenses

from service providers to access hundreds of micro-learning courses for workers. Interviewees also pointed out that "blue-collar" workers are disadvantaged from subscribing to digital credentialing because of the nature of their work and that this issue should be resolved so that no one is left behind.

Potential of TERS: Two active labour market policy measures give relief to distressed employers and workers since the start of the COVID-19 crisis. The first is the UIF, through which retrenched workers can claim unemployment benefits for 12 months, subject to certain conditions. The second is the COVID-19 TERS benefit scheme, previously the Training Layoff Scheme, which has been extended to April 2021.

While the Training Layoff Scheme assisted distressed firms with a wage subsidy and six months of skills training for furloughed workers, TERS offers employers that closed their operations, or part of their operations, during lockdown for relief to cover salaries.

Both the UIF and TERS proved effective in providing financial relief to workers. However, the Training Layoff Scheme was neither effective nor widely used by distressed firms. Interviewees cited onerous administration requirements; lack of SETA commitment; and fear of late payments. Some interviewees stated that, nevertheless, if the scheme is "fit for purpose" and properly implemented, it could potentially make a significant contribution to upskilling and reskilling workers during and after the pandemic.

Prioritise online learning: The popularity of online learning has grown significantly during the COVID-19 crisis. However, interviewees say that firms and employees are generally ill-equipped to transition to online learning platforms, especially small, medium and micro enterprises (SMMEs).

Interviewees highlighted problems such as a lack of know-how to manage online learning; ill-equipped trainers, high connectivity costs, poor digital infrastructure; and a lack of hardware and software for workers. While "white collar" workers can access online training remotely, "blue-collar" workers do not possess the technology and means to engage through this platform.

Interviewees suggested that the following skills should be acquired quickly by workers: virtual fluency; leading virtual teams; managing remote

workers; connecting, communicating and collaborating in a digital workplace; creating and engaging high performing virtual teams; roles, agreements and platforms to support virtual teams and remote staff; overcoming the challenges of leading and managing virtually; influencing and building working relationships to engage and build rapport remotely; applying techniques to lead change and manage problems effectively; performance-enhancing techniques in virtual environments.

5.2 Clothing and textile sector issues

The lockdown is an opportunity for clothing manufacturers to focus on upskilling and reskilling.

Clothing machinists: Industry experts mentioned that during lockdown, clothing machinists should have been offered short courses on house-keeping, basic machine maintenance, sewing skills, multi-skilling, wellness, line balancing, productivity, and quality control. Interviewees commented that the National Certificate: Clothing Manufacturing Processes (NQF Level 2) is unsuitable as a rapid relief measure.

Supervisors/team leaders: Lockdown was an opportunity to address the dire shortage of skilled supervisors/team leaders in the sector. Interviewees proposed short courses and on-the-job training. Interviewees also expressed the need for training to focus on lean manufacturing methods, cleaner production, continuous improvement, workforce leadership, data analytics, and technology applications. Interviewees proposed expanding the current 12 week team leader programme offered to firms in the KwaZulu-Natal and Cape Clothing and Textiles Clusters (KZN-CCTC) to other regions.

Clothing Master Plan: The COVID-19 crisis is an opportunity for the sector to respond to the targets set out in the Department of Trade, Industry and Competition's (dtic's) Retail - Clothing, Textile, Footwear and Leather Master Plan (2020).

The plan aims to increase the share of locally produced retail goods from 44% to 66% by 2030, with a net increase of 121 000 new jobs. The COVID-19 pandemic has forced retailers to source stock locally.⁴⁷

Township enterprises (retailing): The corner stores, spaza shops, pavement food outlets, and hawkers in the townships are facing considerable hardships. COVID-19 has complicated an unsupportive small business environment. According to interviewees, the state response to informal and semi-formal businesses is non-existent. Interviewees revealed that there were no relief measures available to them.

They mentioned that the state should allocate funds to assist township enterprises and informal traders with skills training in areas such as occupational health and safety protocols, ideation, financial management, entrepreneurship, marketing, e-commerce, sourcing, costing, social media advertising, and product development.

⁴⁷ dtic (2020) South African R-CTFL value Chain Master Plan to 2030. dtic: Pretoria.

E-Commerce (online retailing, banking and insurance): COVID-19, social distancing and lockdown have accelerated the rise of e-commerce, which is changing the face of the insurance, banking and retail sectors. E-commerce is also disrupting traditional businesses and leading to the emergence of hybrid business models that are leaner, faster, more agile, and designed to meet consumer demands at the right price at the right time.

There is an explosion of financial technology (fintech), insurance technology (insurtech), and online shopping platforms that pass the benefits of their lower operating cost structures to consumers.⁴⁸

The growth of e-commerce has profound implications for skills development. It is said that technology is replacing repetitive jobs. It is also changing occupations and creating new ones in data science, big data, quantum computing, AI, robotics, cloud computing, blockchain, social media, behavioural science, cybersecurity, and cryptocurrencies, to list a few.

Interviewees encourage firms to leverage technology, talent, and innovation to thrive in a competitive market. E-commerce is flattening organisational structures and enabling cross-functional work teams to assemble and disassemble in real-time. AI enables individuals to take on higher-value responsibilities. It also pushes decision-making closer to where the action occurs. It requires workers to conceptualise issues, evaluate options, and make evidence-based decisions. Interviewees felt that these issues are not addressed in the curriculum.

COVID-19 has increased the demand for digital skills, which outstrips supply in the labour market. The skills shortage is leading to rampant foreign hiring, outsourcing, and offshoring of work to other destinations. Training providers are ill-equipped to meet the growing demand for digital skills quickly. These are missed opportunities to localise talent, address youth unemployment, develop digital skills, and support the digital economy's inclusive growth.

In the e-commerce space, demand is expected to grow for high-skilled occupations such as data analysts, scientists, software and applications developers, social media specialists, and digital creators, designers, and makers.

Mid-level occupations in demand include software developers, cybersecurity specialists, project administrators, network specialists, data analysts and internet of things (IoT) technicians.

At an entry-level, there is a demand for desktop/support technicians, network installers, junior software programmers, database administrators, and coders. A rapid response is needed from stakeholders, including the SETAs.⁴⁹ Young people tend to prefer IT, online learning, and innovation. These also allow women to join courses that lead to careers in male-dominated occupations.

⁴⁸ Fintech is the technology and innovation that aims to compete with traditional financial methods in the delivery of financial services. It is an emerging industry that uses technology to improve activities in finance. Insurtech refers to the use of technology innovations designed to squeeze out savings and efficiency from the current insurance industry model. Insurtech is a combination of “insurance” and “technology,” inspired by the term fintech.

⁴⁹ Genesis (2020) Final Report: Mapping of digital and ICT roles and demand in South Africa, November: Harambee: Johannesburg.

5.3 Youth and women

COVID-19 is another opportunity to address the plight of the youth, particularly black youth, who disproportionately bear the burden of high unemployment, poverty, and lack of education and training opportunities.

Interviewees mentioned that the same old tried and tested interventions that do not work are applied during the crisis. The dominant narrative is that by investing in job creation initiatives, the youth will secure employment or self-employment. Despite well-intentioned programmes, youth unemployment is at an all-time high. Even with significant public investments in education and training, most black youth find the path to employment elusive.

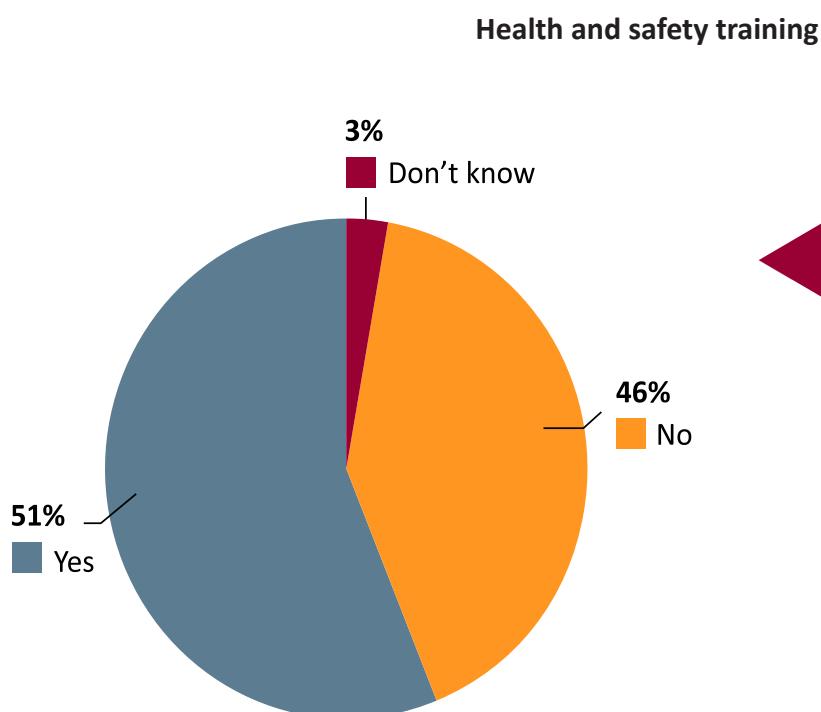
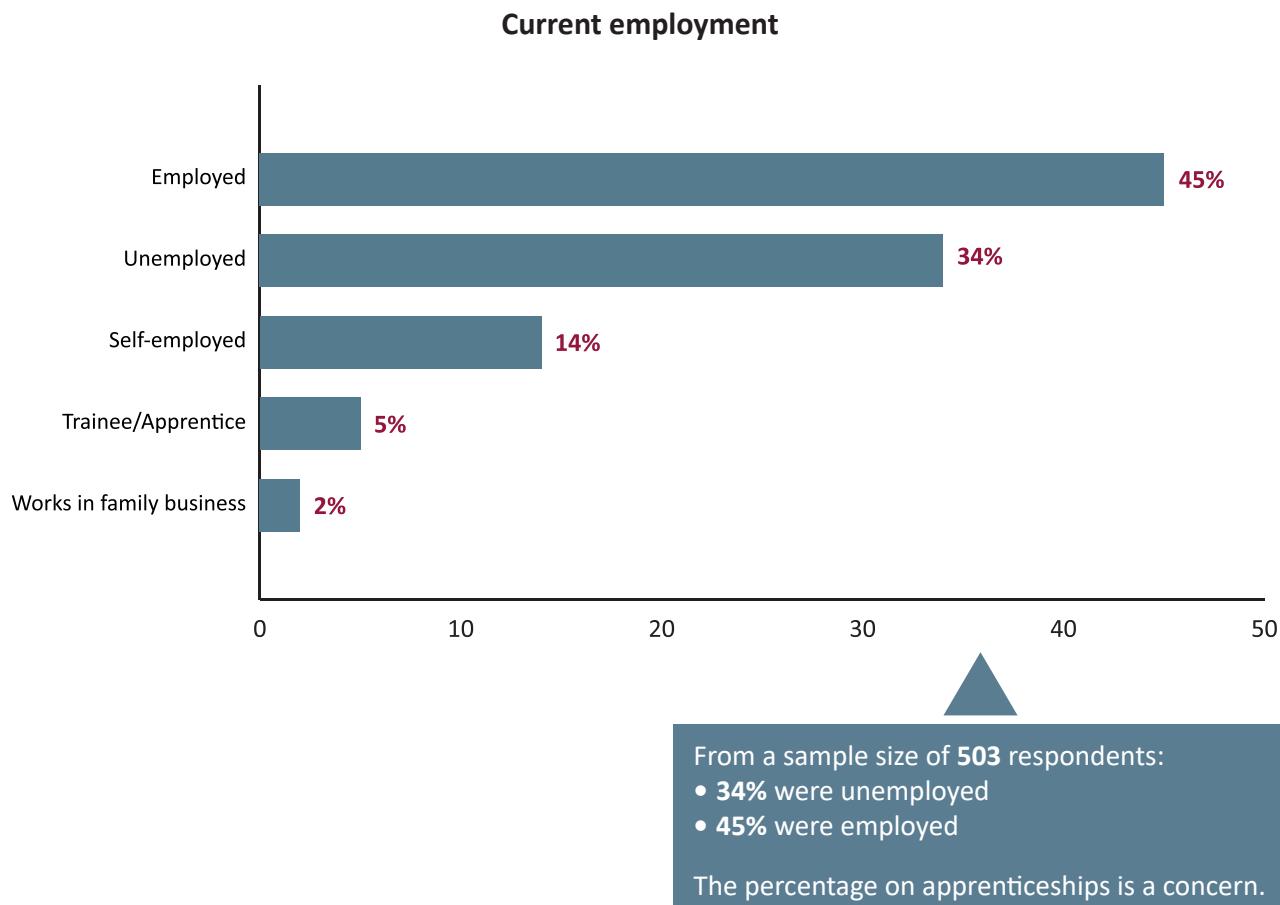
Interviewees remarked that the skills development focus should be on entrepreneurship, digital skills, small business management, financial skills, basic IT skills, and technical skills training in areas of interest.

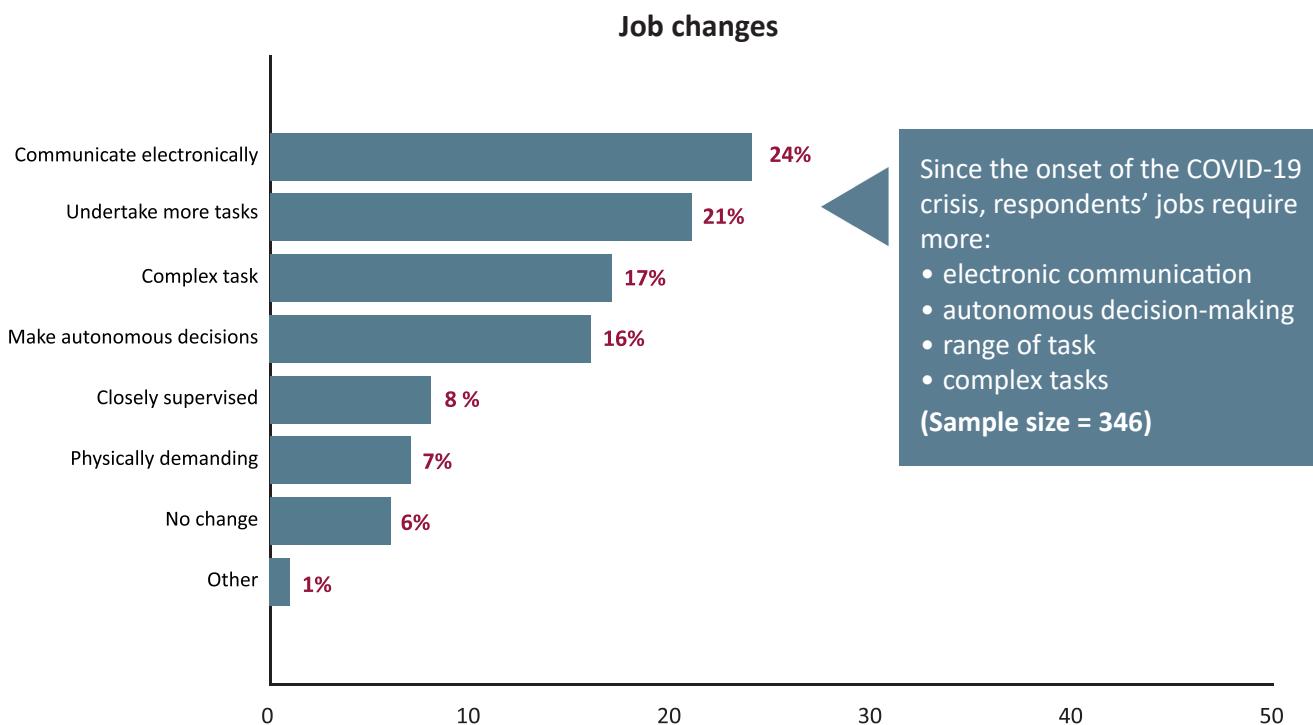
The COVID-19 pandemic has exposed the plight of women in society. Interviewees are of the view that although much is said about improving the plight of women, not enough is being done. Interviewees proposed a special funding window for skills training for all women.



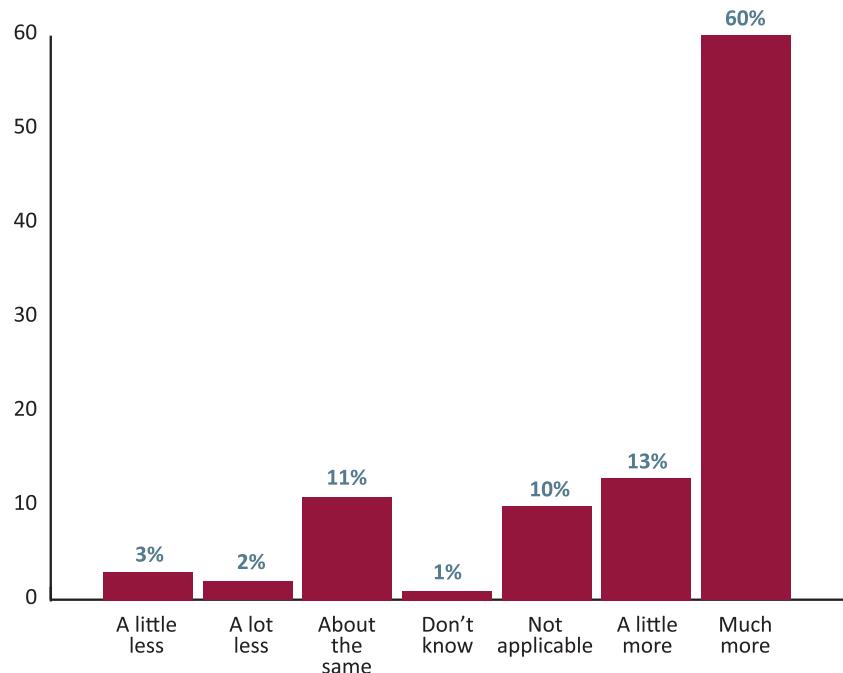
6. Survey Findings

6.1 Individual survey



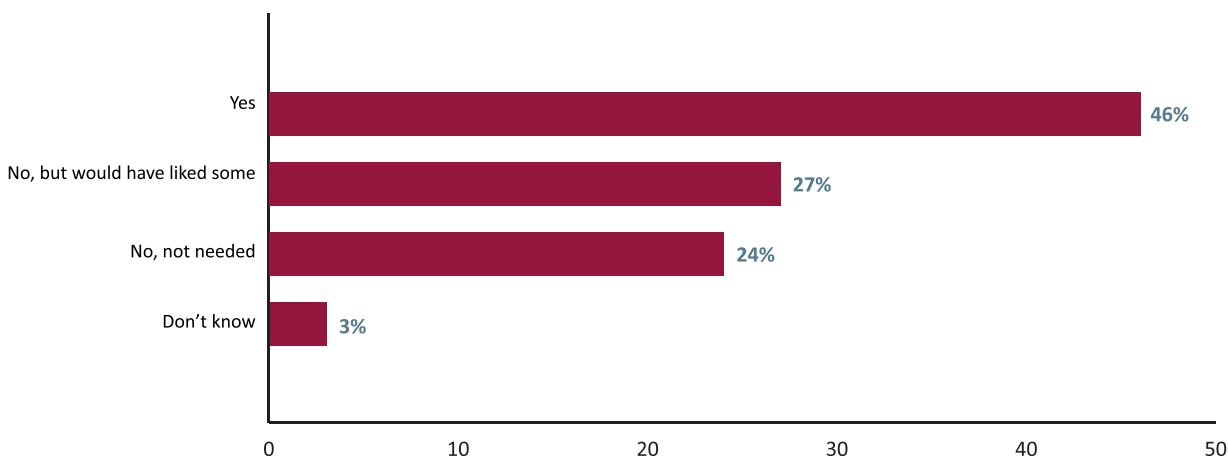


Online communication during COVID-19



- ▶ Expectedly, online communication increased significantly.
 - ▶ This included using Teams, Zoom, Skype, WhatsApp, Google Meet and similar platforms on mobile phone, tablet, hand-held device, or computer more than before COVID-19.
- (Sample size = 269)**

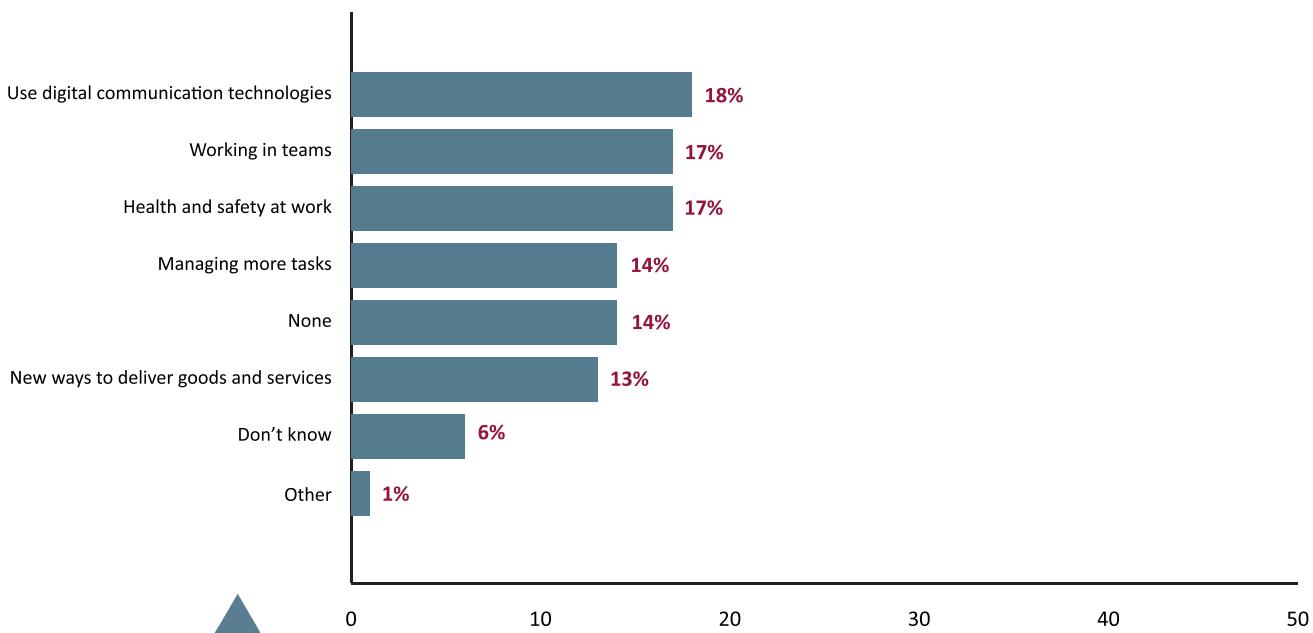
Training received



- 46% of respondents received other training.
- 27% would have liked to receive some training to do their job during COVID-19.

(Sample size = 503)

Skills needs (%)



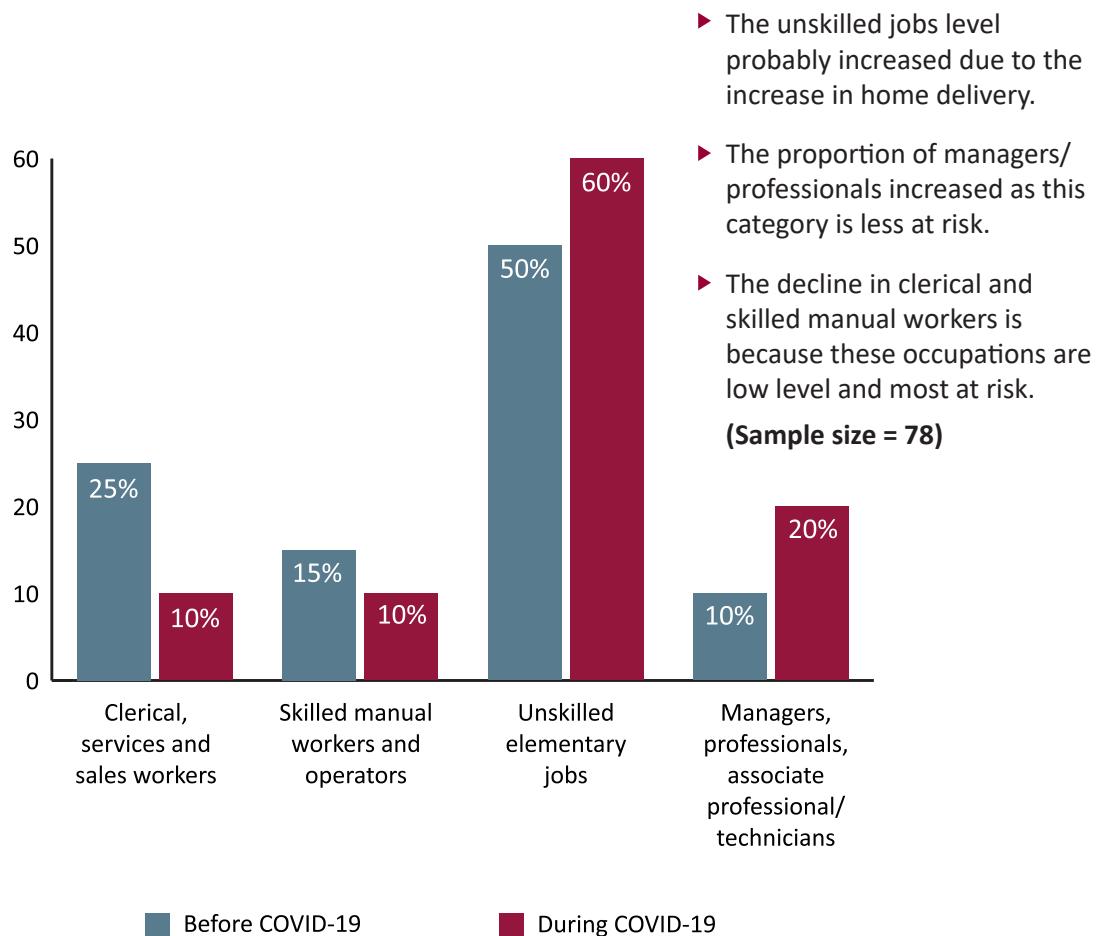
The following skills needs were identified to do a better job during the COVID-19 crisis:

- Working in teams
- Using digital communication
- Managing more tasks
- Health and safety
- New ways to deliver goods/services

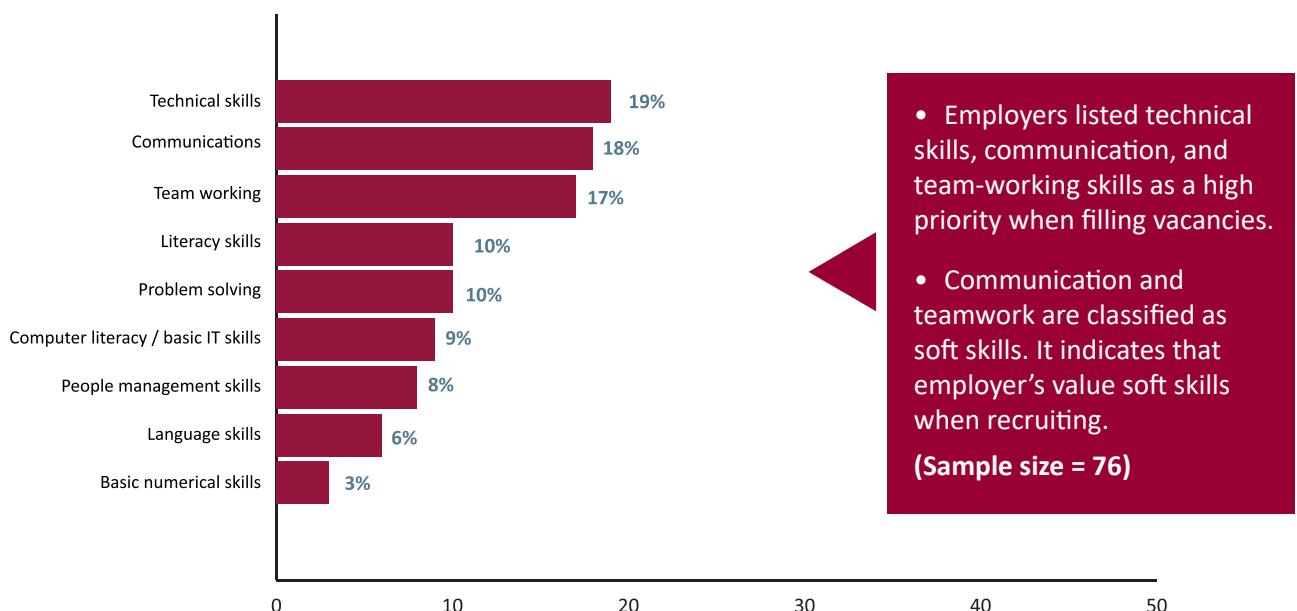
(Sample size = 236)

6.2 Enterprise survey

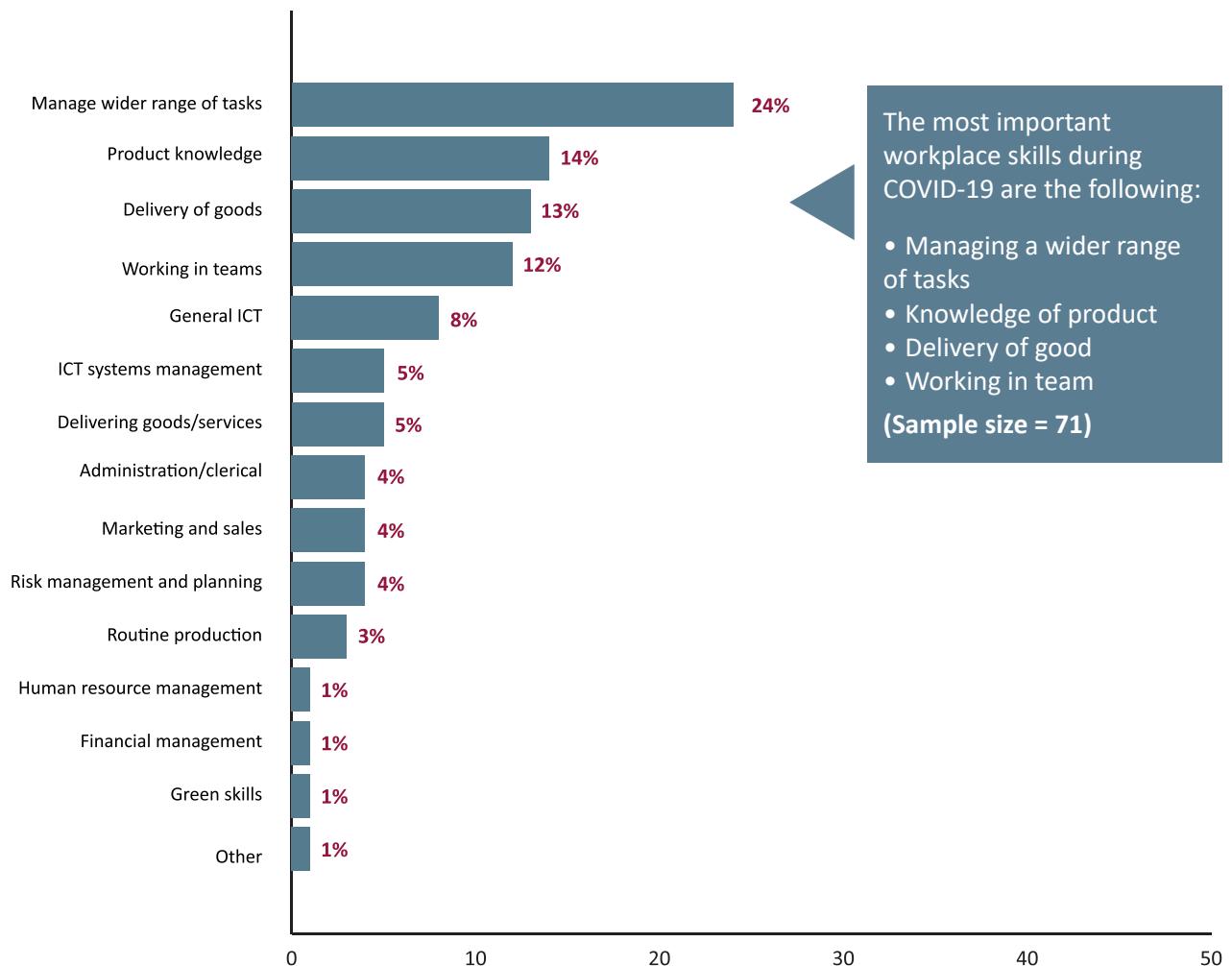
Composition of employment by occupational level before and during COVID-19



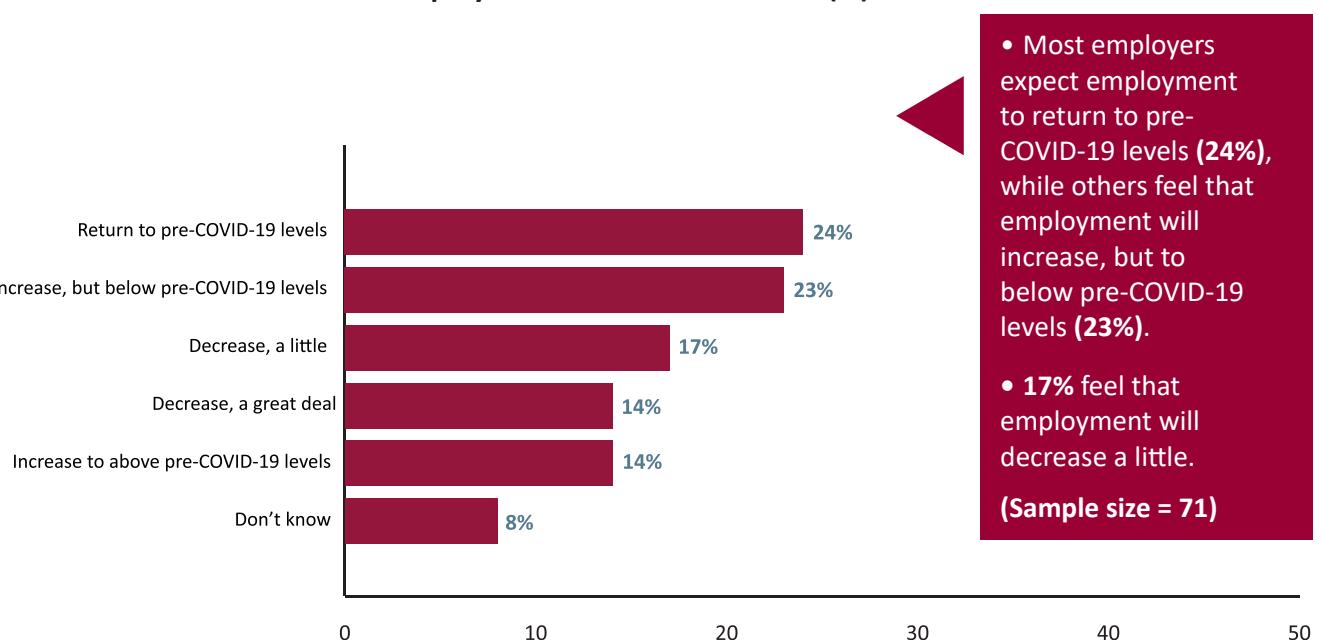
Key skills to fill lost jobs (%)



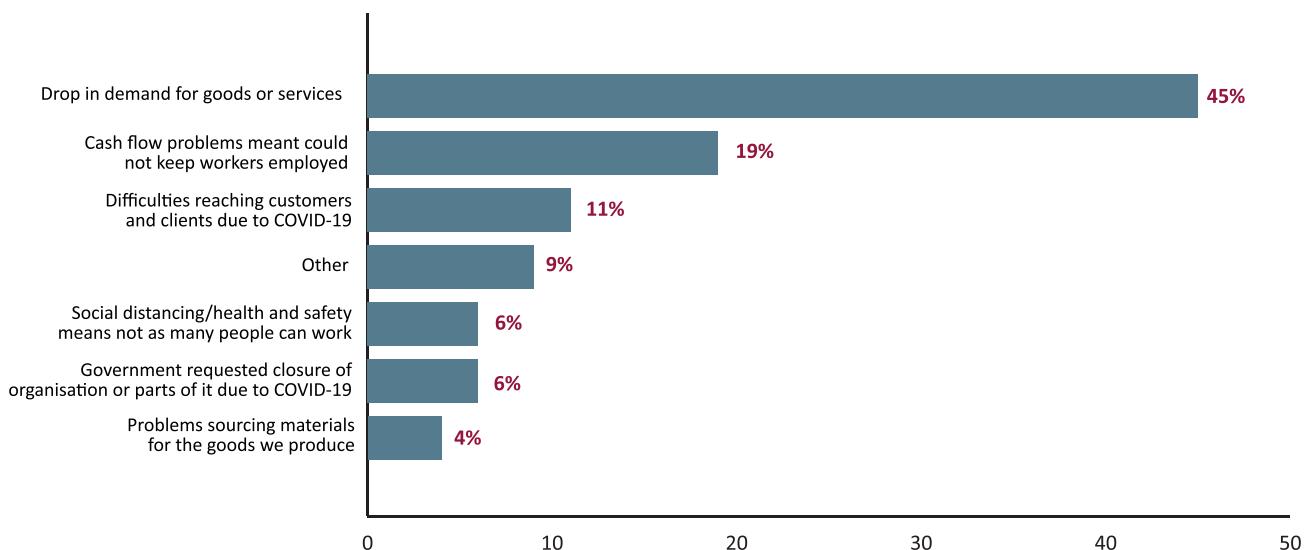
Most important workplace skills (%)



Employment forecast 12 months (%)



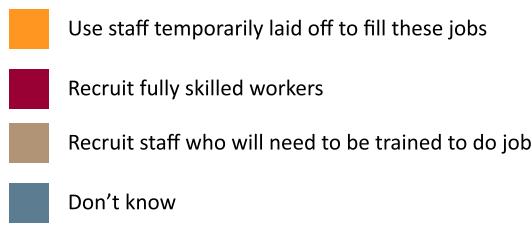
Reasons for employment reduction (%)



- The main reason for reducing employment was the drop in demand for goods and services
- Cashflow problems meant that employers could not retain employment numbers.
- There were also difficulties reaching customers due to COVID-19

(Sample size = 77)

Filling jobs (%)



- ▶ **41%** of employers indicated that they would rehire staff.
- ▶ This points to the importance of retrenchment mitigation schemes to prevent job losses and prepare workers while they are furloughed.
- ▶ **35%** intend hiring skilled workers.

(Sample size = 66)

7. Operating during the pandemic, opportunities, recovery and market position

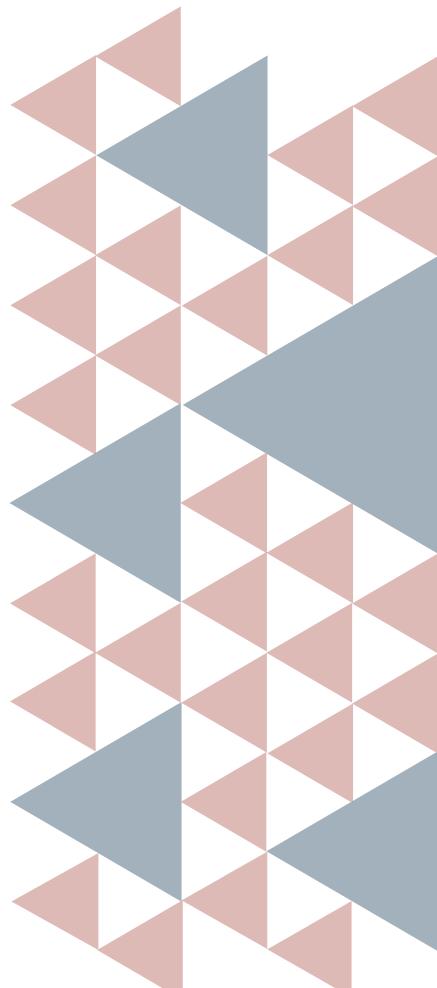
This section consolidates the sectors: clothing and textiles, e-commerce (online retail, banking, and insurance); and groups (youth and women).

Employer firms (clothing and textiles/e-commerce)	Groups (Youth/ Women)
7.1 Operating effectively while pandemic continues	
<p>Clothing and textiles</p> <ul style="list-style-type: none">Workers require skills training to implement hygiene standards, apply health and safety protocols, deep clean facilities, implement house-keeping, communicate health and wellness issues; and conduct preliminary health screening.Training personnel should be trained to facilitate online and blended learning courses. <p>E-Commerce</p> <ul style="list-style-type: none">Workers require skills training in working and managing virtual teams; remote working protocols; accessing digital communication platforms; working collaboratively using digital project management tools; troubleshooting; and intellectual property issues.Workers should have access to online learning platforms.Short courses should be available for workers on key issues such as compliance, regulations, product knowledge, IT, sales, and marketing.	<p>Youth and women</p> <ul style="list-style-type: none">Employability skills are needed in time management, communication, critical thinking, problem-solving, business etiquette, conducting oneself in interviews, self-management, cognition, and work ethics.Entrepreneurship and basic computer literacy training should be given to urban and rural youth and women through the SETAs, non-governmental and faith-based organisations, CET centres, and TVET colleges for self-employment.The following entrepreneurship skills training is needed: starting a business, financial management, budgeting, costing, business planning, marketing and sales, business compliance, and networking.Develop digital skills at basic, intermediate, and advanced levels should be prioritised.

Employer firms (clothing and textiles/e-commerce)	Groups (Youth/ Women)
7.2 Taking advantage of opportunities during the time of the pandemic	
<p>Clothing and textiles</p> <ul style="list-style-type: none"> The government intends to increase locally manufactured goods in retail stores. This effectively implies that the skills base of factory workers, supervisors/team leaders, and managers should be enhanced to improve productivity. Clothing machinists require skills training in sewing, quality, productivity, ergonomics, occupational health and safety compliance, wellness, and basic machine maintenance. Managers and supervisors/team leaders require training on factory layouts, social distancing work protocols, decent work, workplace co-operation, leadership, management, communication, energy efficiency, and line balancing. As retailers source locally, managers and supervisors/team leader should be trained in lean manufacturing, small batch production, just-in-time production, rapid style changes, cleaner production, and work-study. Currently, the clothing sector is piloting an International Labour Organisation (ILO) training programme called Sustaining Competitive and Responsible Enterprises (SCORE). The programme adopts a whole firm-level workforce approach to improve productivity and working conditions in small and medium enterprises (SMEs). <p>The five SCORE Training modules cover Workplace Cooperation, Quality Management, Clean Production, Human Resource Management, and Occupational Safety and Health and is currently used in the clothing and textiles sector in South Africa. SCORE Training demonstrates best international practice in the manufacturing and service sectors and help small and medium enterprises (SMEs) improve productivity and participate in global supply chains.</p> <p>The programme should be scaled up and rolled out to clothing and textiles firms widely, including the non-metro (rural) areas.</p> <ul style="list-style-type: none"> Retail managers/supervisors require training in health and safety protocols, wellness, shop co-operation, interpersonal skills, time management, dealing with problem staff, and customer service. 	<p>Youth and women</p> <ul style="list-style-type: none"> Women should acquire knowledge and skills training to start micro-enterprises in the following business activities: <ul style="list-style-type: none"> Manufacture of PPE, face masks, and sanitary pads Dress-making, school uniforms, and tailoring Baking Childcare and early childhood development Food catering, events management Basic construction work of public infrastructure in the locality Spaza shops (home-based tuck shops) Youth, especially in rural areas, should take advantages of the following opportunities to acquire skills: <ul style="list-style-type: none"> Basic computer literacy Expanded public works programmes Digital skills – basic, intermediate, and advanced SETA learnerships and apprenticeships National service

Employer firms (clothing and textiles/e-commerce)	Groups (Youth/ Women)
7.2 Taking advantage of opportunities during the time of the pandemic	
<p>E-commerce</p> <ul style="list-style-type: none"> • Managers require training in change management, project management, digital marketing and advertising, social media, and re-engineering the firm's business model and processes for speed, flexibility, cost, and resilience. • Managers require training in redesigning jobs and redistributing work, as well as in managing remote workers and virtual project management. • Workers should be trained on the following: <ul style="list-style-type: none"> » Specific technical skills – app development, cloud computing, digital marketing, and sales; data analytics; graphics; AI, IoT, robotics process automation, and machine learning » Technical skills – digitalisation; IT; cybersecurity; big data; analytics; social media; AI; robotics; blockchain, cloud computing, and app development. » Employability skills – teamwork, interpersonal skills; critical thinking; problem-solving; project management; cognition and work ethics. 	<p>Youth and women</p> <ul style="list-style-type: none"> • Youth with short skills training could work as contact tracers. • Youth with training can also serve as administrative assistants in primary healthcare clinics, especially in rural areas.

Employer firms (clothing and textiles/e-commerce)	Groups (Youth/ Women)
7.3 Speeding up and maximising recovery	
<p>Clothing and textiles</p> <ul style="list-style-type: none"> • Clothing manufacturing workers can speed up recovery by improving productivity through skills training. Currently, the KZN-CCTC is a multi-level training intervention to improve productivity in manufacturing firms and foster relationships between retailers and manufacturers. The programme should be rolled out in high-density manufacturing areas in the sector. <p>E-commerce</p> <ul style="list-style-type: none"> • Workers require skills training in managing online shopping platforms, basic market analysis, identifying niche products and services, and omnichannel marketing and sales.⁵⁰ 	<p>Youth and women</p> <ul style="list-style-type: none"> • Women and youth should be supported into employment and self-employment through coaching and mentoring. • A team of coaches and mentors should be trained in specific localities, especially rural areas, to guide youth and women that are unemployed.



⁵⁰ Omnichannel are mediums that are used to transfer information to and from customers. For example, social media, mobile phone, prints and face-to-face, events marketing and direct mail.

Employer firms (clothing and textiles/e-commerce)	Groups (Youth/ Women)
7.4 Building for the future	
<p>Clothing and textiles</p> <ul style="list-style-type: none"> • Workers, managers, and supervisors/team leaders require training in the application of new technologies on the factory floor. • Representatives of all staff categories in the factory require the ILO SCORE training.⁵¹ <p>E-commerce</p> <ul style="list-style-type: none"> • Workers require skills training in reaching new customers, lowering operating costs, managing flexible work arrangements, and data analytics. • The following priority e-commerce occupations should be invested in: <ul style="list-style-type: none"> » Insurance – insurance agents, actuaries, software developers, insurance brokers, programme developers, loss adjustors, claims administrators, compliance officers, financial managers, marketing and sales managers⁵² » Banking – developer programmers, database designers and administrators, computer network and systems engineers, ICT systems analysts, financial investment advisors, sales and marketing managers, investment managers, bank workers, compliance officers, and corporate general managers⁵³ » Retail – data analysts, software programmers, digital marketers, systems analysts, network administrators, graphic designers, and content writers⁵⁴ 	<p>Youth and women</p> <ul style="list-style-type: none"> • Training should be prioritised to acquire the following: <ul style="list-style-type: none"> » Computer skills, entrepreneurship skills, and financial skills

⁵¹ SCORE is an ILO global programme that improves productivity and working conditions in SMEs. The five SCORE training modules cover Workplace Cooperation, Quality Management, Clean Production, Human Resource Management, and Occupational Safety and Health and is currently used in the clothing and textiles sector in South Africa.

⁵² INSETA (2020) Sector Skills Plan 2020-2025. INSETA: Johannesburg.

⁵³ BankSETA (2020) Sector Skills Plan 2020-2025. BankSETA: Johannesburg.

⁵⁴ W&RSETA (2020) Sector Skills Plan 2020-2025. W&RSETA: Johannesburg.

8. Contribution of skills development

Skills development has a major role in making a firm's operations safe; helping its recovery and taking advantage of opportunities and changes in the industry structure; and the employability of workers affected by the pandemic.

8.1 Skills development for the safe operation of firms during the pandemic

The entry of employees to the workplace will be different for every firm. A basic floor should inform the entry of minimum requirements to ensure the safety of all. Skills development is needed in four broad areas: preparing the building; preparing the workforce; creating a social distancing plan; and reducing touchpoints and increasing cleaning. Specifically, skills should be developed for:

- *Conducting health screening.*
- *Implementing health and safety protocols such as physical distancing, hand-washing, respiratory etiquette, use of protective equipment, disinfecting and cleaning facilities, waste management, and social behaviours.*
- *Raising awareness of high-risk individuals and the mitigation of the COVID-19 virus.*
- *Preparing for hybrid ways of working.*

8.2 Skills development for recovery

Skills development can aid recovery in the following ways:

- *Accessing new market opportunities to expand the client base in a COVID-19 environment and finding information about these opportunities.*
- *Knowledge of funding sources; managing finances, liquidity, and cash-flows; applying tax rebates and write-offs; lowering operating costs; negotiating contracts; and securing loans.*
- *Applying for skills levy rebates (mandatory, learnership, apprenticeship grants and bursaries); accessing industry-specific incentive programmes; applying for the youth subsidy; tax rebates.*
- *Training in digital, omnichannel marketing, sales, and remote working.*
- *Developing in-demand skills for staff through short courses and on-the-job training.*
- *Improving productivity and cost reductions.*

8.3 Skills development for opportunities presented by the pandemic

Skills development and changes in the industry structure present opportunities:

- *Developing new products (clothing and textiles) and services (e-commerce) to move the value chain sectors.*
- *Skilling and reskilling of e-commerce workers to work digitally and remotely.*
- *Upskilling clothing manufacturers in lean manufacturing, fast fashion, and just-in-time production.*
- *Promoting micro-learning and digital-credentialing.*
- *Creating an in-demand skills/talent pipeline to reshore jobs back to the country.*
- *Develop non-traditional learning pathways to fast-track employees.*

8.4 Skills development for employability of workers affected adversely by the pandemic

The is a need for a skills development response to support short-time, retrenched, and furloughed workers:

- *Employing TERS to train furloughed workers.*
- *Providing career and retrenchment counselling for laid-off workers.*
- *Assisting workers with acquiring in-demand skills to secure other employment.*
- *Offering retrenched employees skills training to start a business.*
- *Scaling-up job accelerators, incubators, and boot camps for youth employment.*

9. Recommendations

9.1 Clothing and textiles



Findings

Due to the pandemic and stoppages of clothing and textiles imports, major retail chains have been compelled to source products from local manufacturers. Several manufacturers interviewed indicated that they have expanded their operations and hired additional staff to meet retail demand. Amid the pandemic, retailers have committed through the Retail – Clothing, Textiles, Footwear and Leather Goods (CTFL) Industry Master Plan (2020) to increase the share of local CTFL retail sales from 44% to 66% by 2030. This translates to 121 000 new jobs, of which 70 000 are expected to be in manufacturing.

There are also unresolved training issues in the sector that have carried over into the pandemic such as low productivity, poor quality, lack of social security and poor working conditions. These developments have significant implications for skilling and reskilling in the sector.



Immediate action

Health and safety: South Africa is expecting a third wave of COVID-19 in the winter season. Factory workers are highly exposed to the virus since they use public transport and work with others nearby. It puts all workers and their families at risk. The same situation prevails for retail workers that are in constant contact with customers. Hence, it is paramount to provide skills training to workers on health and safety protocols to mitigate risks.

It is recommended that skills training should be given to all workers on issues such as COVID-19; personnel hygiene; wearing masks; health and safety; cleaning work areas; mental health; and other precautions.

Micro-learning: From interviews, it is evident the National Certificate: Clothing Manufacturing Processes (NQF Level 2) is unsuitable as a rapid response measure to upskill and reskill clothing workers during the pandemic. The programme is costly; time-consuming; lengthy (12 months); and resource-intensive. In the retail space, the National Certificate in Wholesale and Retail Operations (NQF Level 2) is also 12 months long. The sector is cyclical and worker turnover is robust.

It is recommended that skills training, in the form of micro-learning and digital credentialing, should be given to:

- Factory workers in sewing, quality, productivity, multi-skilling, and basic machine maintenance.***
- Retail sales workers in customer care, sales, working in retail, numeracy and business statistics, customer orders, and interpersonal communication.***

Supervisor/team leader: COVID-19 has disrupted the workflow in factories and foot traffic in retail outlets. Firms are busy in one period and slack in the other. There are also issues with worker health and safety, layoff, performance, logistics, and staff motivation. In this “new normal”, the role of supervisors/team leaders is amended. They require training on factory/store layouts, social distancing work protocols, decent work, workplace cooperation, leadership, management, communication, workforce leadership, basic analytics, continuous improvement, and technology applications to enable them to take up opportunities during and after the crisis. The COVID-19 crisis demands a new type of supervisor/team leader.

It is recommended that skills training should, in the form of micro-learning and digital credentialing, be given to supervisors/team leaders in supervisory and team leadership skills.

TERS: This scheme (previously called the Training Layoff Scheme) assists distressed firms with a wage subsidy and six months of skills training for furloughed workers. If properly implemented, it has the potential to be an effective rapid relief measure for workers.

It is recommended that SETAs should promote the scheme to distressed firms in their sectors and make provision in their budgets to cover the costs of the skills training component of the scheme for workers.



Long-term action

SCORE: The clothing manufacturing industry is currently running a pilot SCORE master training programme with the support of the ILO in South Africa. It is an ILO tried and tested programme and is aimed at improving productivity and working conditions in SMEs by adopting a whole factory approach. The programme addresses weaknesses inherent in firms such as poor working conditions, wastage, delay, absenteeism, defects, energy inefficiencies, and low productivity.

It is recommended that the SCORE training programme be rolled out countrywide to supervisors/team leaders and managers in clothing and textiles firms.

KZN-CCTC: The KZN-CCTC is a public-private partnership between the provincial government, employers, and trade unions to improve firm-level competitiveness through collaboration, capacity-building, and skills training. The clusters have been in operation since 2005 and have proven to be a sustainable and successful training intervention for the sector. They are focused primarily on the metro (urban) areas.

It is recommended that the cluster programme should be expanded to high-density non-metro (rural) areas such as QwaQwa (Free State), Newcastle (Northern KwaZulu-Natal), South Coast, Isitebe (KwaZulu-Natal), and Darling (Western Cape).

9.2 E-commerce (insurance, banking, online retailing)



Findings

E-commerce operations are largely unaffected by the pandemic and lockdown. In fact, there has been exponential growth in e-commerce traffic since lockdown. Workers moved off-site and continued their work normally. In a 2021 salary survey by Robert Walters, a recruitment consultancy⁵⁵, 40% of South African senior professionals working in management positions want to move to full-time remote work. About 48% of businesses expect to make changes in response to altered employee expectations. Many firms, including SMMEs, have migrated to online shopping platforms. This allows these SMMEs to compete with multi-national giants in the global economy.



Immediate action

Remote work: The COVID-19 pandemic fast-tracked flexible working, speeding up the transition by as much as 5-10 years for some companies. There are issues around work-life balance, family stress, distractions, and loneliness for remote workers. There are also issues relating to managing virtual staff, virtual project management, accountability, and virtual management for professional workers.

It is recommended that:

- ***Workers should be given skills training in working and managing virtual teams; remote working protocols; accessing digital communication platforms; working collaboratively using digital project management tools; troubleshooting; intellectual property issues; wellness, work-life balance, and mental health.***
- ***SETAs should prioritise the development of digital skills at all levels to enable entrepreneurs to participate in the digital economy, especially youth and women-owned businesses.***

⁵⁵ Robert Walters Salary Survey 2021 accessed at: <https://www.robertwalters.co.za/salarysurvey/salary-survey.html>.



Long-term action

Digital credentialing: The exponential growth of e-commerce during the COVID-19 crisis is leading to skills shortages in the sector, thus compelling firms to outsource work to firms in other countries. There are skills shortages at all occupational levels. In the e-commerce space, demand is expected to grow for high-skilled occupations such as data analysts, scientists, software and applications developers, social media specialists, and digital creators, designers, and makers. Mid-level occupations in demand include software developers, cybersecurity specialists, project administrators, network specialists, data analysts, and IoT technicians. At an entry-level, there is a demand for desktop/support technicians, network installers, junior software programmers, database administrators, and coders.

It is recommended that:

- ***E-commerce firms should use micro-learning based on digital credentialing to skill and reskill workers in areas such as big data, analytics, software development, social media, IoT, blockchain, automation, robotics, AI, augmented reality, and cyber-security.***
- ***E-commerce firms should support learnerships and grant tertiary education bursaries to address skills shortages for occupations in demand.***

9.3 Youth



Findings

The COVID-19 crisis has pushed youth unemployment to unprecedented high levels. Youth aged 15-24 years and 25-34 years recorded the highest unemployment rates of 63.2% and 41.2% respectively. Approximately 3.1 million (29.8%) out of 10.3 million young people aged 15-24 years were not in employment, education or training (NEET).⁵⁶

⁵⁶ Statistics South Africa. Quarterly Labour Force Surveys Q4: 2020.



Immediate action

There are three major youth job creation programmes to address unemployment. These programmes are funded by the corporate sector and the government. They are:

Yes4Youth, a non-profit organisation that facilitates work experience for disadvantaged youth between 18 and 35 years.

Harambee Jobs Accelerator, a not-for-profit enterprise that devises solutions for finding youth employment using innovative tools to analyse job-seekers and match them to job openings.

The Jobs Fund, which offers one-time grants to support innovative job-creation initiatives in infrastructure, support for work seekers, and capacity building.

It is recommended that:

- ***The Yes4Youth, Harambee Job Accelerator, and The Jobs Fund should be expanded, particularly to address the needs of rural youth.***
- ***SETAs should encourage, and possibly incentivise, firms to offer virtual internships to unemployed youth.***
- ***SETAs should create innovation challenges to source new solutions from youth, including enabling youth-led micro-ventures, bolstering primary health care, recycling, shopping and delivery services, and green enterprises.***
- ***Corporates should sponsor virtual boot camps, upskilling hubs, and gaming and other apps.***



Long-term action

Online learning is a vehicle to mitigate learning stoppages during a crisis. It is cost-effective, flexible and learner-based. However, most youth in South Africa, especially rural youth, do not have access to electricity, broadband, data, computers, and smartphones. The COVID-19 crisis has exposed the digital divide and highlighted digital poverty for large sections of the youth population.

It is recommended that:

- ***Digital clusters should be set up in community centres, libraries, community education and training (CET) centres, especially rural areas, to give youth access to free WiFi.***
- ***The DHET should obtain a license for a television channel(s) to broadcast learning programmes.***
- ***The DHET should obtain a radio license(s) to broadcast learning to youth in remote communities.***
- ***Training providers should use podcasts to deliver learning to youth.***
- ***Telecommunication companies should grant free website access to education sites.***
- ***Digital hubs should be set up and equipped with high-speed internet and laptops for youth to acquire digital skills, apply for jobs online, and establish businesses.***

9.4 Women



Findings

Women face many obstacles to entering the mainstream economy and establishing sustainable livelihoods. Social norms often limit the types of income-generating activities that are considered acceptable for women. Women are disproportionately burdened by household duties, including childcare and caring for elderly family members. Access to finance is an issue. Movements are restricted by unsafe environments and unreliable transport. The high incidences of domestic violence, robbery, sexual harassment, and molestation also compound the challenges faced by women.



Immediate action

Skilling: Women face challenges in accessing markets to sell goods, or participate in trade events to market products, and secure seed funding. Women in rural areas lack literacy and numeracy skills. They also live in areas where there is little economic activity or industries to find employment.

It is recommended that:

An online “women’s role model” programme in coaching and mentoring should be offered to women to support them with setting up and running businesses.

Life skills, entrepreneurship, and computer literacy skills training should be offered through technical vocational education and training (TVET) colleges and CET centres for women, especially in rural areas.

Helplines should be established to support women in business.



Long-term action

Virtual digital hubs: Many women face mobility constraints that inhibit their ability to travel to or for work, training, and job interviews. Unsafe environments, unaffordable travel costs, and unreliable transport compound their problems.

It is recommended that virtual digital hubs should be set up at TVET colleges and CET centres or privately owned by women’s groups to access public information and train women in digital and other skills in a safe environment.

10. Take-aways

Reflecting on the research findings, we present the following take-aways for the social partners and other labour market actors:

1

Every socio-economic problem should not trigger a skills response. We should distinguish between skills and non-skills related problems. For example, the electricity crisis and high unemployment, poverty, and inequality are about poor socio-economic policy choices. Nevertheless, these choices place a heavy burden on the national skills system.

2

South Africa has the elements of a sophisticated skills system architecture of advanced countries such as Germany, Finland, United Kingdom, France, Netherlands, and so on – NQF framework, quality assurance, post-school institutions, quality councils, skills levy grant system, SETAs, social partnerships, etc.

3

South Africa has the learning programmes of advanced countries – dual education (apprenticeships/learnerships, internships); youth, women and people with disability projects, skills sector-specific projects, etc.

4

SO WHY IS OUR NATIONAL SKILLS SYSTEM NOT PERFORMING OR DOING BETTER THAN THE COUNTRIES MENTIONED?

Poor implementation; endless planning; weak accountability; poor service delivery; lack of consequent management; poor budgeting; governance, leadership, and management challenges; unwillingness to change; and follow the evidence.

5

Our national skills system is slow, rigid, inflexible, and unresponsive to a fast-changing world. For example, one year has passed since the onset of the COVID-19 pandemic and there is no national rapid skills response. It is “business as usual” for skills institutions.

6

We are fixated with long-term skills planning, but industry, workers, and civil society want immediate solutions. Most importantly, they want action, and they want it now. Our skills system must be flexible enough to respond with immediate actions, short- to medium-term actions, and longer-term actions. One cannot be sacrificed for the other.

7

Our national skills system is “hard-wired” to recognise full qualifications registered on the NQF as the only legitimate form of learning. This is a misconception that is increasingly becoming apparent. There is a diversity of learning forms that should be given legitimacy and recognition. Our conception of what constitutes learning should be broadened and incorporated into the skills system.

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► ANNEXURE A: INTERVIEWEES AND FOCUS GROUP PARTICIPANTS

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1	Abdul Karrim Khan	Director	Merit Clothing
2	Adeline Singh	Skills Planning Manager	INSETA
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4	Alicia Davids	Chief Executive Officer	Asisa Academy
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6	Andy Serle	CEO	Business Process Enabling SA
7	Bev Jack	Representative	Business Unity South Africa
8	Binaben Akoobhai	Researcher	Swiss-SA
9	Baisi Mosoane- Pambo	Founder & Executive Manager	MSP Manager
10	Cas Coovadia	CEO	Business Unity South Africa
11	Cheryl James	Senior Technical Advisor	SIFA/GIZ/BUSA
12	Christine Fritz	COO	BANKSETA
13	Collette Atkinson	Training Manager	Adcorp/Paracon IT
14	Ernest Kaplan	Researcher	INSETA
15	Frederick Stroebel	Head: SPF HR Learning & Development	Sanlam
16	Faizel Sadeck	Owner	Hibiscus Skills Training
17	Gerda Magnus	Director	DHET (TVET)
18	Guy Harris	TVET Expert	Independent Consultant
19	Hersheela Narsee	Researcher	Independent
20	Hlengiwe Zibani	Representative	Workers Life
21	Homera Kodwa	Project Manager	Thuthukisa
22	Imraan Bux	Director	Imraan Textiles
23	James Keevy (Dr)	CEO	JET Education Services
24	Joe Kotze	National Manager Compliance	Financial Intermediaries Association (FIA)
25	Kangki Matabane	CEO	Black Business Council

NO	NAME	POSITION	ORGANISATION
26	Karin Hendricks	Principal	False Bay TVET
27	Lebo Ramodiki	CEO	Big Brands Media
28	Lelane Bezuidenhout	Chief Executive Office	Financial Planning Institute (FPI)
29	Liesel Kloppers	Learning Consultant	Central Human Capital Old Mutual Insure
30	Liziwe Masoga	Human Resource Manager	Walmart
31	Melanie du Plessis	Group Human Resources Manager	Genric Insurance Company
32	Michael Stuart	Seta Liaison Development & Funding	University of the Witwatersrand
33	Mike Mgodeli	Managing Director	Renasa Taxi Underwriters
34	Morne Oosthuizen (Dr)	Research Chair: Insurance	University of Cape Town
35	Nasreen Ravat	Quality Assurance Consultant	INSETA
36	Nusrat Edoo	Franchise Manager	Sanlam
37	Nokwazi Ndlovu	Organiser	PGC Popcru Group
38	Odwa Gonya	Learning & Development Manager	Sanlamsky
39	Paula Mendes	HRD Manager	Hollard Insurance
40	Phumeza Nobhongoza	Trainer	Productivity Development Institute for Clothing
41	PK Naicker	COO	FP&MSETA
42	Rethabile Molala	Researcher	Development Policy Research Unit (DPRU) – University of Cape Town
43	Rita Govender	Consultant	Consultant for Jobs Fund
44	Robert Vivian (Prof)	Professor of Finance & Insurance	School of Economic & Business Sciences University of the Witwatersrand
45	Rob Steward	Researcher	B&M Analysts
46	Rob Urquhart	Research Manager	Harambee Job Accelerator
47	Shafraaz Abdool	Researcher	Centre for Scientific and Industrial Research
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49	Sifiso Lukhele	Global Head	Standard Bank
50	Siobhan Leyland	Consultant	Business Unity South Africa

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60	Tshembani Maluleke	IT Manager	INSETA
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