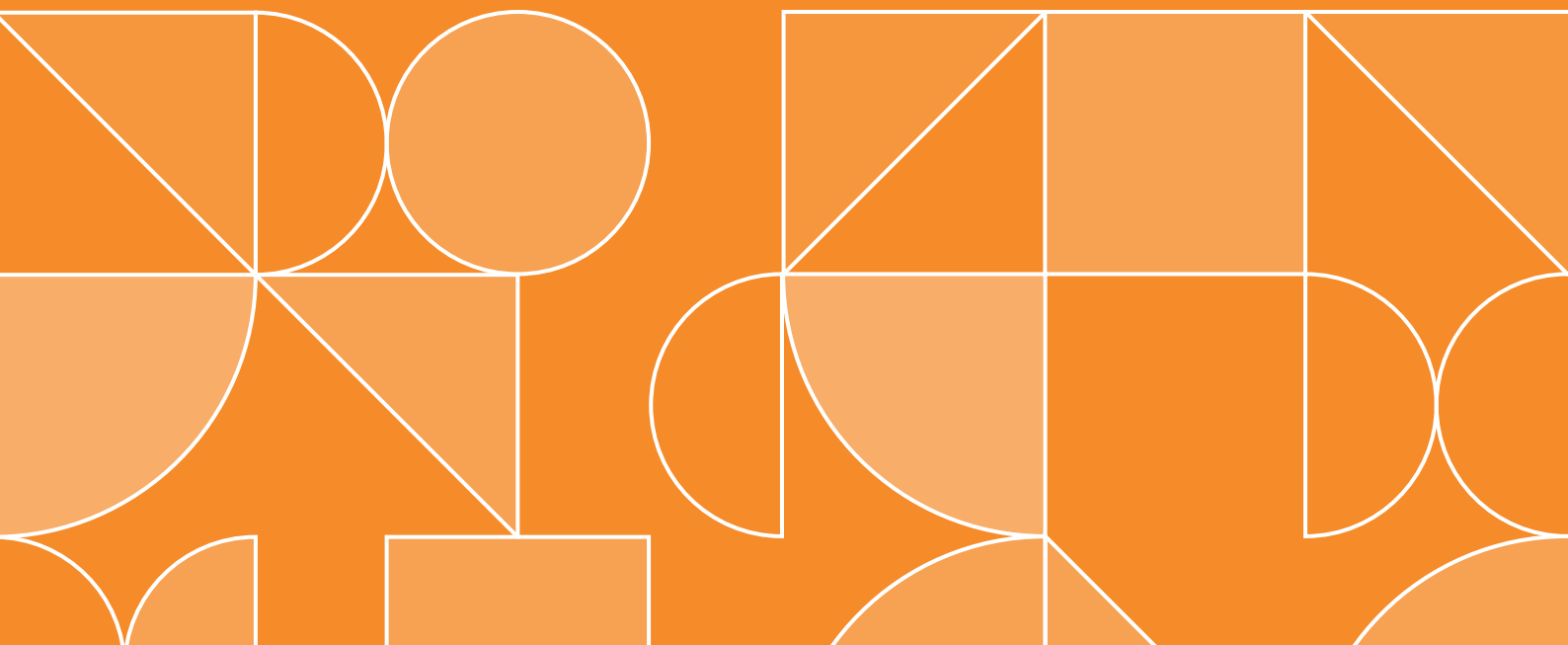


2025

SETA Sector Briefs

Conceptual Framework



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SETA Sector Briefs

Conceptual Framework

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Acronyms and Abbreviations

ACRONYM/ABBREVIATION	TERM/DEFINITION
CSL	Critical Skills List (report)
DHET	Department of Higher Education and Training
GDP	Gross domestic product
HTFV	Hard-to-fill vacancy
LMI	Labour Market Intelligence (research programme)
OIHD	Occupations in High Demand (report)
QLFS	Quarterly Labour Force Survey
SARB	South African Reserve Bank
SASCO	South African Standard Classification of Occupations
SETA	Sector Education and Training Authority
SSP	Sector Skills Plan
Stats SA	Statistics South Africa
WDI	World Development Indicator



Labour Market Concepts

Working-age population: The proportion of the population that is considered to be of working age comprises all individuals aged 15 to 64 years.

Employed: An individual of working age is considered by Statistics South Africa (Stats SA) to be employed if for at least one hour during the survey's reference week, they worked for a cash or in-kind payment, ran a business (irrespective of size, whether alone or with partners), helped without pay in a business operated by a household member, or were temporarily absent from a job or business (Stats SA, 2008, pp. 7–8). The term 'employed' therefore includes employees, the self-employed, employers, and unpaid family workers. This term is also interchangeable with the term 'workforce'.

Unemployed: The official (narrow) definition of unemployment defines unemployed persons as those who were not employed in the reference week, but who actively sought employment or tried to start a business during the four weeks prior to the survey (Stats SA, 2008). The broad (expanded) definition of unemployment uses the same criteria, except that it does not require the unemployed person to have been actively seeking work or trying to start a business in the four-week reference period. For the purposes of this report, working-age individuals who were not employed in the reference week but were willing, able, and available to work are defined as 'unemployed'.

Labour force: The labour force consists of all working-age individuals who are either employed or unemployed. Since there are two definitions of unemployment, there are also two definitions of the labour force. The narrow definition includes employed persons and those narrowly defined as the unemployed; the expanded definition consists of the employed and the broadly defined unemployed.

Economically active: The economically active population is synonymous with the labour force. Individuals of working age who are not members of the labour force are not considered economically active.

Non-searching unemployed: Unemployed individuals who did not actively seek employment or try to start a business during the four weeks prior to the Stats SA survey are defined as 'non-searching unemployed'. In other words, the non-searching unemployed are those individuals who are unemployed according to the expanded definition of unemployment, but who are not economically active according to the narrow definition. Conventionally, the non-searching unemployed are referred to as 'discouraged work-seekers'. However, Stats SA has recently begun defining discouraged work-seekers as a subgroup of the non-searching unemployed.

Labour force participation rate: The proportion of the working-age population who are members of the labour force (i.e., those who are either employed or unemployed) is referred to as the 'labour force participation rate'. Given the two definitions of unemployment, it is possible to calculate the corresponding narrow and expanded labour force participation rates.

Unemployment rate: The unemployment rate refers to the proportion of the labour force that is unemployed. It is possible to calculate a narrow unemployment rate and an expanded unemployment rate based on the two definitions of unemployment provided above.

Skills Concepts

Skills: In a skills planning context, skills are “all types and facets of competencies required by workers to perform their jobs” (OECD, 2017). The term may also be used in different contexts to refer to competencies, educational attainment or qualifications, or occupations. In some scenarios, skills refer to job competencies such as communication, literacy, or numeracy. Competencies that are required in the workforce, but that may not be adequately represented in the current skills profile of the workforce, are also labelled in the South African discourse as ‘critical skills’, ‘top up skills’, or ‘skills gaps’. Skills may be thought of in terms of an educational attainment such as passing Grade 12 or obtaining a degree, or in terms of a specific qualification such as a National Senior Certificate, a Master of Science degree, or a diploma in nursing. Finally, skills may be categorised in terms of occupation—for example, electrician, nurse, or civil engineer. In this document, the term ‘skills’ is primarily used to refer to qualifications or educational attainments. Where appropriate, however, it will also be used to refer to job competencies or occupations.

Skills planning: Owing to its numerous dimensions and extensive scope of activities, the term ‘skills planning’ means different things to different people. At the one end of the spectrum, skills planning is about the *identification* of skills requirements through research, analysis, and social dialogue. At the other end, it is about the use of labour market intelligence and data about skills needs for practical planning and action, including the allocation of resources and interventions to address skills demand, shortages, and imbalances—both currently and as anticipated for the future.

Skills demand: Skills demand refers to the human resources (in this instance, people) and competencies required by employers at prevailing wage rates to meet their operational needs at a given point in time. In this sense, the demand for skills derives from the demand for the goods and services produced by employers. Skills demand therefore reflects the skills needed by public and private sector employers to meet their objectives. Skills demand can also be thought of as ‘skills needs’.

Skills supply: Skills supply means the skills, as represented by any appropriate conceptualisation of skills, possessed by individuals who are either working (the employed) or willing, able, and available to work (the unemployed). In other words, the skills supply consists of the skills possessed by the labour force. Skills supply is influenced by various factors, including the decisions of individuals to either participate in the labour force or not, to learn new skills, and to migrate. In this context, it is important to understand the pipeline of skills acquisition, which includes the various components of educational and vocational training systems, and how they facilitate the acquisition of new skills, qualifications, and competencies. A full picture of skills supply must therefore include a consideration of both the skills within the present labour force and within the future labour force (which includes those individuals who are currently acquiring skills but not currently in the labour force). This perspective may also consider the effect of changes in labour force participation and migration on skills supply.

Skills imbalance: Imbalances arise when the skills demanded by employers and the skills supplied by individuals in the labour market are not aligned. The types of skills imbalances that may occur include skills shortages, skills surpluses, skills mismatches, and skills gaps.

Skills shortage: Shortages manifest when employers require human resources that are not supplied in sufficient quantities by individuals in the labour market. A skills shortage may be indicative of an inadequate number of workers in a particular occupation, and is associated with hard-to-fill vacancies (HTFVs)—where jobs cannot be filled due to a lack of appropriately skilled individuals.

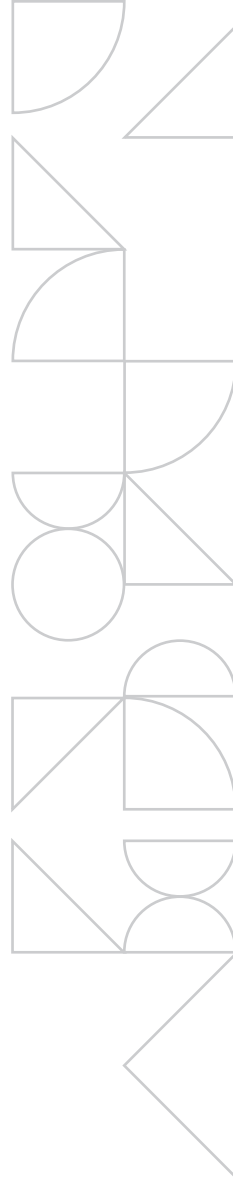
Skills surplus: Surpluses occur when the supply of skills in the labour force exceeds the demand for those skills. A skills surplus may be identified through high unemployment rates among individuals possessing a specific skill.

Skills mismatch: A skills mismatch may arise when the skills supplied by an individual do not exactly match an employer's demand but are close enough for the work-seeking individual to be hired. Skills mismatches refer either to the inadequacy of a worker's skills relative to the requirements of their job (e.g., having a lower level of qualification than what is required, or being trained in a field of study other than the one generally required for the job), or to a situation where a worker's skills exceed those required for the job (e.g., having a higher level of qualification than is strictly necessary). A skills mismatch is categorised as a 'skills gap', a 'qualification mismatch', or a 'field-of-study mismatch'.

Skills gap: A skills gap refers to cases where a worker lacks one or more of the particular skills required to effectively perform the job.

Qualification mismatch: A qualification mismatch may result when a worker's level of education is not in line with the educational qualification(s) required for the job.

Field-of-study mismatch: A field-of-study mismatch occurs when a worker is employed in a field that differs from the one they studied.



PART 1

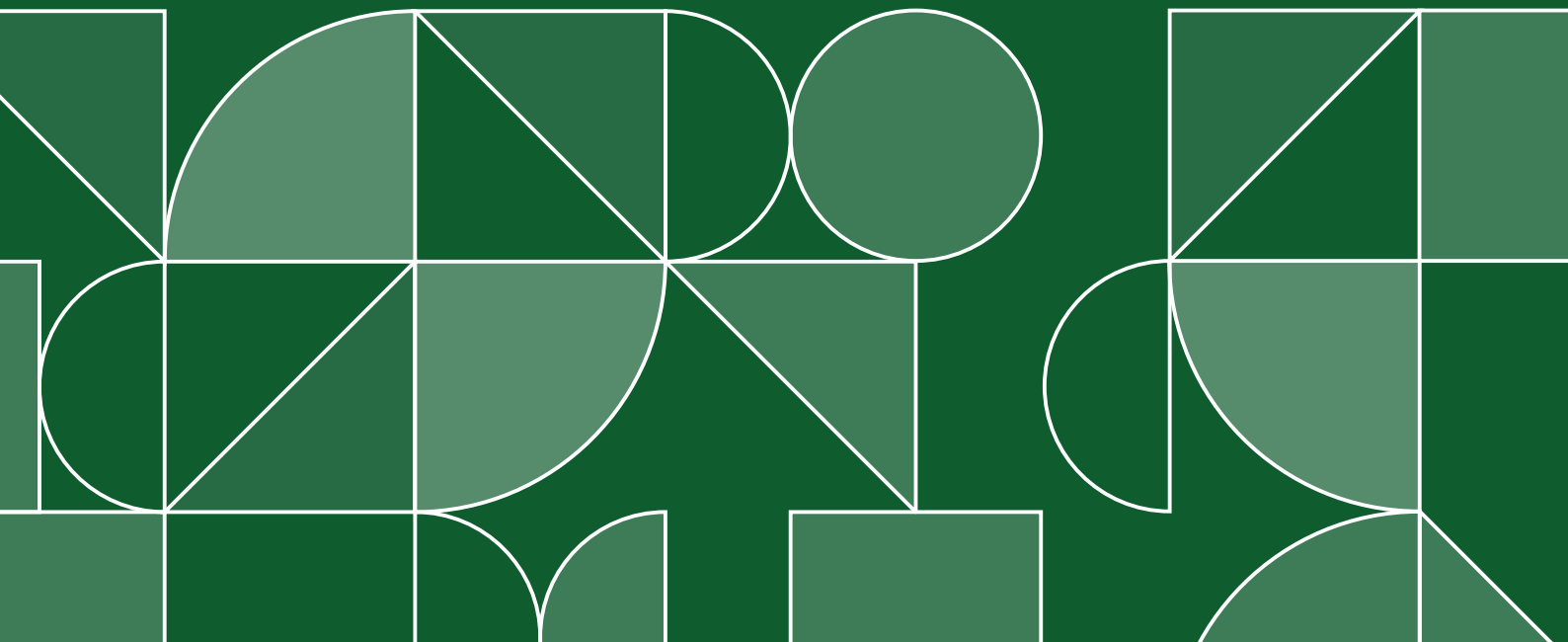
Background



The Sector Education and Training Authorities (SETAs) are required to develop Sector Skills Plans (SSPs), in line with the terms of the Skills Development Act of 1998 (as amended in 2008). The SSPs aim to provide data and analysis that inform skills planning at the sectoral level. These plans are used by the SETAs themselves, the Department of Higher Education and Training (DHET), and educational institutions to assist in the development and implementation of policies and interventions that seek to address the skill gaps or needs present in the South African economy. From an employer's perspective, the SSPs signal to education authorities what skills they require from current and prospective employees (Oosthuizen & Hill, 2023).

There is currently no standard practice or collaboration between the 21 SETAs when devising the SSPs, which leads to duplicated efforts and often-incomparable data since the SETAs each produce their own plans and use different criteria and modalities to arrive at their conclusions. As a result, the picture of the economic landscape when it comes to skills supply and demand in the country becomes incomplete. The proposed sector briefs will make use of readily and publicly available data to provide a consistent set of indicators that are relevant to the skills needs of each SETA.

Purpose of the Sector Briefs



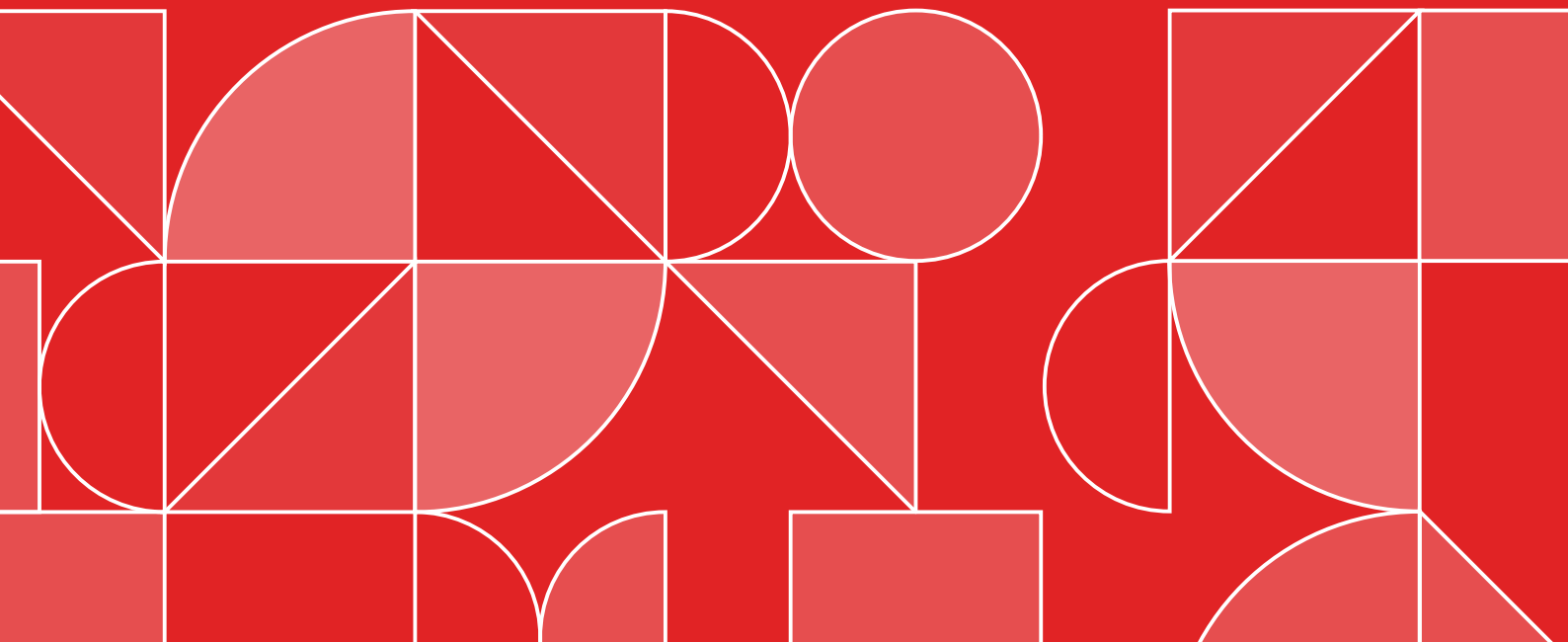
The sector briefs will serve as a uniform and comparable source of data and analysis for use by all 21 SETAs. The intention is not to replace the research that the SETAs would ordinarily undertake for the preparation of their individual SSPs. Instead, the sector briefs are intended as one kind of a range of inputs that the SETAs may draw on as they draft their SSPs. Thus, the purpose of the sector briefs is to avail a standard set of data and analysis to the SETAs, both at national and sectoral levels, to support the development of their SSPs.

Rationale for the Report



To date, the SETAs produce SSPs independently of each other, often resulting in the unnecessary duplication of research efforts and, more importantly, leading to the development of SSPs that do not adequately reflect an economy-wide perspective. In addition, the data used across all the SETAs to create the SSPs is not necessarily comparable since the definitions, data sources, and methodologies the SETAs use to calculate key indicators differ. The sector briefs are not meant to replace the work currently being done by the SETAs. Rather, the briefs will act as a complementary resource that collates relevant information on skills supply and demand from consistent publicly available sources of data to create a standard set of indicators that each SETA can use when developing their individual SSPs.

Target Group for the Sector Briefs



The SETAs are the intended target group for the sector briefs. However, the findings will also be relevant and important for policymakers at the DHET and other government institutions concerned with education and labour market issues, such as the Department of Employment and Labour, and the National Planning Commission, as well as academics and researchers, organisations in the private sector, and non-governmental organisations involved in skills planning.

Key Content and Scope of the Sector Briefs



The table below shows the focus areas for the proposed sector briefs. We indicate what data will be used for each of these focus areas, and whether the data is available per 'SETA sector' or only for the economy as a whole. We envision that the briefs compiled through this desktop research will draw on readily available evidence from a number of datasets, research undertaken through the Labour Market Intelligence (LMI) research programme, other appropriate literature, and official documents from the government and the SETAs, for example. The most recent available data will be used for specific indicators. For trends over time, the data will be analysed over a five-year period.

Proposed content and data sources for the sector briefs report

		SOURCES		SETA SPECIFICITY	
PROPOSED CONTENT (DIMENSION)	COVERS	QUANTITATIVE DATA	OTHER SOURCES	COMMON	SECTOR-SPECIFIC
THE INTERNATIONAL CONTEXT (one section in the report that is relevant for all the SETAs)					
Overview	Demography, COVID-19, the state of the global economy, the Fourth Industrial Revolution, climate change		Literature review	The same across all the SETAs, aligned to the <i>Skills Supply and Demand in South Africa</i> report	
Key global economic indicators	Gross domestic product (GDP), GDP per capita, inequality	The World Bank's World Development Indicators (WDIs)		The same across all the SETAs, aligned to the <i>Skills Supply and Demand in South Africa</i> report	
Middle-income country comparison	Demography; GDP; inequality; unemployment; not in employment, education, or training; Human Development Index; life expectancy; percentage of persons living in poverty; etc.	WDIs		The same across all the SETAs, aligned to the <i>Skills Supply and Demand in South Africa</i> report	
THE SOUTH AFRICAN ECONOMIC CONTEXT (one section in the report that is relevant for all SETAs)					
COVID-19	COVID-19	Department of Health statistics, Stats SA, DHET–National Skills Authority study	Literature review	Largely the same across all the SETAs	Highlighting how COVID-19 affected SETA sectors specifically
Macroeconomic context	Debt, investment and savings, interest rates, inflation	Stats SA and South African Reserve Bank (SARB) economic indicators		Largely the same across all the SETAs	Highlighting investment in SETA sectors

		SOURCES		SETA SPECIFICITY	
PROPOSED CONTENT (DIMENSION)	COVERS	QUANTITATIVE DATA	OTHER SOURCES	COMMON	SECTOR-SPECIFIC
Size and structure of the economy	National GDP, GDP per capita, shares of GDP by SETA sector, formal versus informal sector, size of businesses, five fastest growing sectors, five fastest contracting sectors	Stats SA and SARB economic indicators		Largely the same across all the SETAs	Highlighting SETA-specific GDP, where possible (however, noting potential limitations since GDP data is not published at this level of detail)
Exports	National exports, sector exports	World Bank, South African Revenue Service export data		Largely the same across all the SETAs	Highlighting exports by SETA sectors, where possible
Economic policy context	The government's economic strategies			Review of government strategies	Largely the same across all the SETAs

SKILLS DEMAND (to be completed for each SETA)

Drivers of skills demand	An outline of different factors affecting the skills demanded across the economy and various sectors (differing by SETA sector and relevant review per SETA sector)		Review of literature and other documents from relevant sector bodies or organisations and government departments	Partially the same across all the SETAs (with broad trends relevant to each SETA)	Highlighting SETA-specific trends
Employment	By total number of employed persons, sector, sector by occupation (at the two-digit South African Standard Classification of Occupations (SASCO) level), ten fastest growing occupations, ten fastest declining occupations	Stats SA's Quarterly Labour Force Survey (QLFS) data			SETA-specific
Wages	Wage trends by occupation (two-digit SASCO level) for each SETA sector	Stats SA's Labour Market Dynamics Survey data			SETA-specific

		SOURCES		SETA SPECIFICITY	
PROPOSED CONTENT (DIMENSION)	COVERS	QUANTITATIVE DATA	OTHER SOURCES	COMMON	SECTOR-SPECIFIC
Replacement demand	<p>Vacancies in the sector by occupation (data may limit the occupational level at which we are able to provide an indication)</p> <p>Expected vacancies due to retirement (by occupation)</p> <p>Emigration (by occupation) using the LMI report on migration (data may be limited)</p>	<p>Sources such as CareerJunction may provide an indication (although this won't be representative of all vacancies and may have cost implications)</p> <p>Data from other LMI projects where possible (see the <i>Occupations in High Demand (OIHD)</i> reports)</p> <p>QLFS data may provide an indication of currently employed individuals who may be expected to retire soon</p>	<p>Review of relevant literature and documents may provide indications of trends in vacancies</p>		<p>SETA-specific, ideally (however, it may be difficult to obtain data at this level)</p>
Expansion demand	<p>Government strategies, demand projections (expected to be undertaken in future)</p>		<p>Review of relevant literature and other LMI projects (for example, the <i>OIHD</i>, <i>Critical Skills List (CSL)</i>, and <i>List of Priority Occupations</i> reports)</p>		<p>SETA-specific</p>
SKILLS SUPPLY (to be completed for each SETA)					
Stock 1: Employed	<p>Highest level of education of employed persons (workforce) in the sector by occupation (two-digit SASCO level)</p>	<p>QLFS data</p>			<p>SETA-specific</p>
Stock 2: Labour force	<p>Highest level of education of the labour force (comprising the workforce and work-seekers)</p>	<p>QLFS data</p>		<p>The same across all the SETAs</p>	

		SOURCES		SETA SPECIFICITY	
PROPOSED CONTENT (DIMENSION)	COVERS	QUANTITATIVE DATA	OTHER SOURCES	COMMON	SECTOR-SPECIFIC
Stock 3.1: Unemployed by level of education	Highest level of education (including field of study where possible) of unemployed persons (including graduate unemployment rates)	QLFS data		The same across all the SETAs	May highlight unemployment of individuals with the education levels and types of qualifications that are important to the sector
Stock 3.2: Unemployed by last occupation	Last occupation of unemployed persons where available (and linked to sectors, where possible)	QLFS data		The same across all the SETAs	May highlight unemployment of individuals whose most recent employment was in occupations that are important to the sector (noting, however, that individuals who have not previously been employed, of whom a large proportion are youth, will have 'no previous occupation')
Pipeline	Number of graduates by field of study and by qualification	DHET: Exam data from the Higher Education Management Information System, and the technical and vocational education and training system		The same across all the SETAs	May highlight the particular graduates and fields of study that are important to the sector
Immigration	Number of individuals entering South Africa, by occupation and by education level (data may be limited)	Department of Home Affairs data (where available)		The same across all the SETAs	May highlight the particular occupations that are important to the sector (where data is available)

		SOURCES		SETA SPECIFICITY	
PROPOSED CONTENT (DIMENSION)	COVERS	QUANTITATIVE DATA	OTHER SOURCES	COMMON	SECTOR-SPECIFIC
IMBALANCES BETWEEN DEMAND AND SUPPLY (to be completed for each SETA)					
Unemployment	Unemployed individuals by qualification (field of study) and by last occupation, where available	QLFS data		The same across all the SETAs	<p>Highlighting unemployment rates by fields of study relevant to the SETA</p> <p>Where possible, may also highlight unemployment of individuals whose most recent employment was in occupations important to the sector (noting, however, that individuals who have not previously been employed (of whom a large proportion are youth) will have 'no previous occupation')</p>
Occupational shortages (including HTFVs)	Extraction of relevant occupations from other studies on occupational shortages	<i>OIHD</i> and <i>CSL</i> reports (DNA Economics), input from the SETAs	Review of relevant literature on occupational shortages	Partially the same across the SETAs (some shortages may be relevant across multiple SETAs and/or occupational shortages may not be neatly allocable to specific SETAs)	Highlighting particular occupations that are important to the sector
Skill gaps	Skill gaps in the sector and in key occupations (where data is available)	Organisation for Economic Co-operation and Development database	<i>Skills Strategy: Support for the South African Economic Reconstruction and Recovery Plan Skills Strategy</i> (which includes a review of relevant literature), and the SETA surveys (see DPRU, 2024; Oosthuizen and Hill, 2023)	The same across all the SETAs	Highlighting particular skills that are important to the sector

		SOURCES		SETA SPECIFICITY	
PROPOSED CONTENT (DIMENSION)	COVERS	QUANTITATIVE DATA	OTHER SOURCES	COMMON	SECTOR-SPECIFIC
Mismatch 1: Qualification mismatch	Extent of over- and underqualification in occupations at the one-digit SESCO level for each sector Comparison of the requirements for occupation to the qualifications of those employed in the sector	QLFS data			SETA-specific
Mismatch 2: Field-of-study mismatch	Comparison of occupations to the fields of study of those employed in the sector	QLFS data			SETA-specific

It should be noted that the content proposed in the table includes items that will not necessarily be relevant for later iterations of the sector briefs. For example, COVID-19 may not require specific analysis in future iterations. At the same time, some of the content listed is included due to the availability of data or research conducted as part of the LMI research programme. Thus, for example, for the first set of sector briefs, we may be able to make use of the CareerJunction data procured as part of the research that went into the *Critical Skills List* and *Occupations in High Demand* reports; however, incorporating this type of data in future editions of the sector briefs would mean purchasing it, which may not always be feasible.

As such, the content proposed here may differ slightly from the content that is covered in subsequent versions of the sector briefs. We will also produce and update the briefs with input from the SETAs, wherever possible and appropriate. For different SETAs then, the content of the briefs may differ slightly based on the input that we are able to obtain and use from each SETA.

5.1 Proposed deliverable

One report will be produced from this research. It will combine two introductory sections and feature 21 SETA-specific sections that will highlight key indicators and issues related to skills supply, demand, and imbalances for each SETA.

The report will have the following structure:

Part 1 of the report contains information that is relevant and applicable to all the sectors. Section 1 will discuss the international context when it comes to skills planning, and section 2 will provide an overview of the South African economic context.

Part 2 of the report will contain 21 separate sections, one for each SETA. However, we note that where sector-specific data is not available or appropriate, particular content within these different sections will be the same for each SETA. This is particularly true for the skills supply and skills imbalances subsections, for which we will not be able to appropriate unemployed and qualified individuals to specific SETAs. In these cases, we may highlight specific occupations and qualifications that are important for a particular SETA, while emphasising that the supply of skills cannot neatly be allocated to specific SETAs since individuals in the labour market provide their skills across different sectors in the economy, with particular types of skills being more in demand in certain sectors.

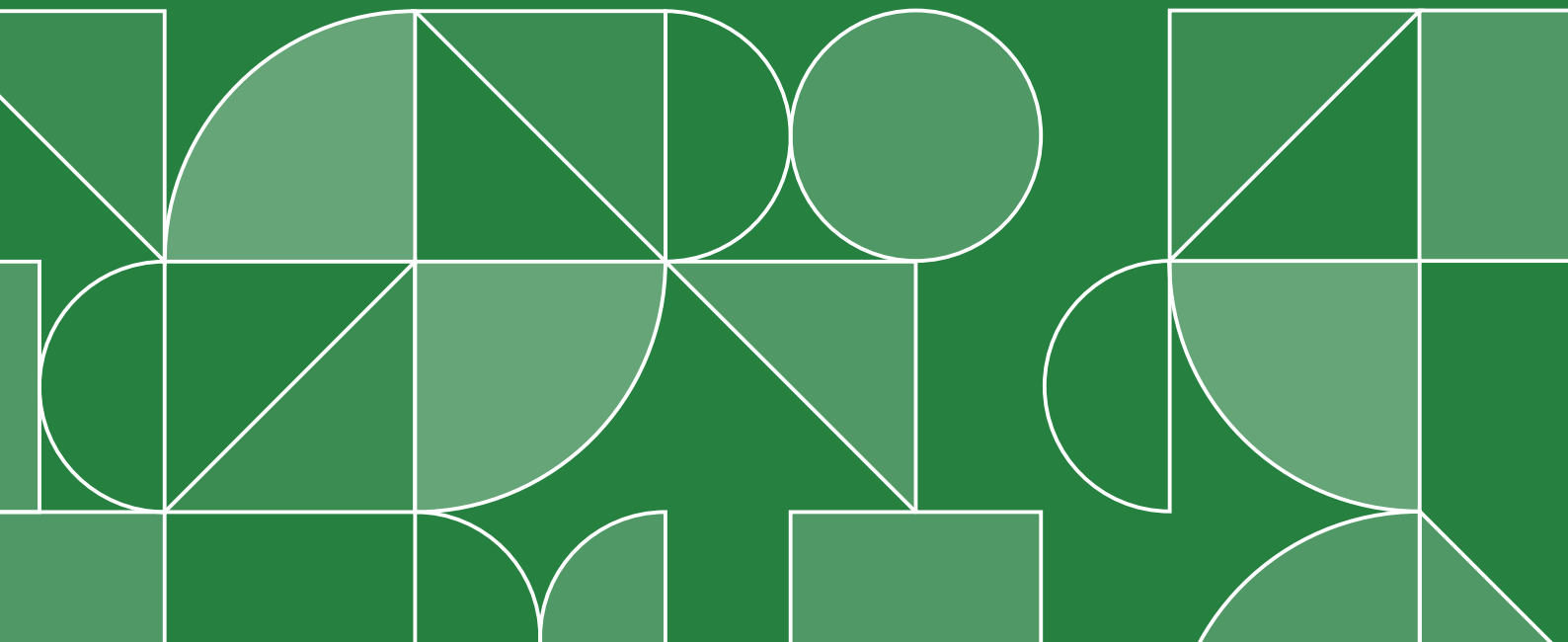
This part of the document will include a discussion of skills demand, skills supply, and skills imbalances (using the sources indicated in the table) for each SETA. Part 2 will also include comparative data across sectors so that a SETA can assess how it fares in relation to other SETAs. For example, a SETA may find it useful to see the number of HTFVs associated with its sector compared to those of other sectors.

The sections for each SETA (sections 3 to 23) will have the following subsections:

- a. Skills demand: Incorporating a discussion of employment and wages in the sector, and indications of expansion demand and replacement demand for the sector
- b. Skills supply: Featuring an overview of the education profile of individuals employed in the sector, and broader commentary on the availability of important skills for that particular sector in the larger labour force and population
- c. Skills imbalances: Discussing key occupations in shortage in the sector (where possible) and mismatches between the occupations of individuals employed in the sector and the qualifications of those individuals

In this section, for each SETA, we also propose sharing examples of SETA research as a way of diffusing best practices, approaches, and research ideas across the SETAs. Here, we will draw on work done by the SETAs to complement the discussions of skills demand, supply, and imbalances for each SETA.

Links to Other LMI Research



This work is related to two key themes of the LMI research programme: 'Identification of skills needs and shortages for the short, medium, and long term' and 'general labour market analysis'. The sector briefs will be aligned to the structure and content of the *Skills Supply and Demand in South Africa* report. Specific LMI research programme outputs such as the *List of Occupations in High Demand* and the report on skill gaps may also be used to contribute to the sector briefs.

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