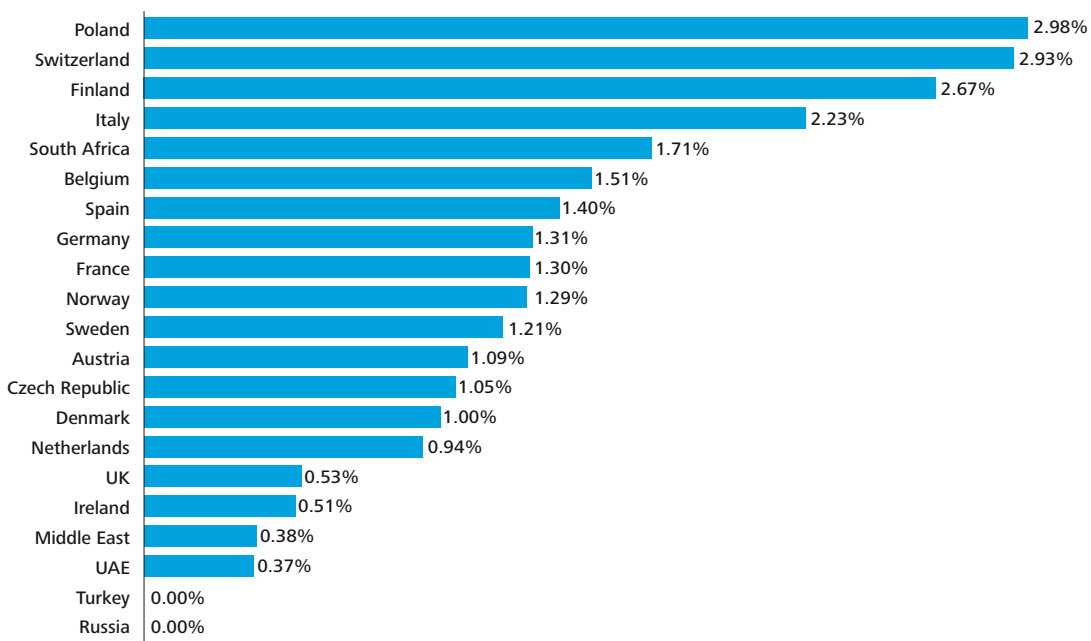


The Deloitte Talent in Insurance Survey 2015

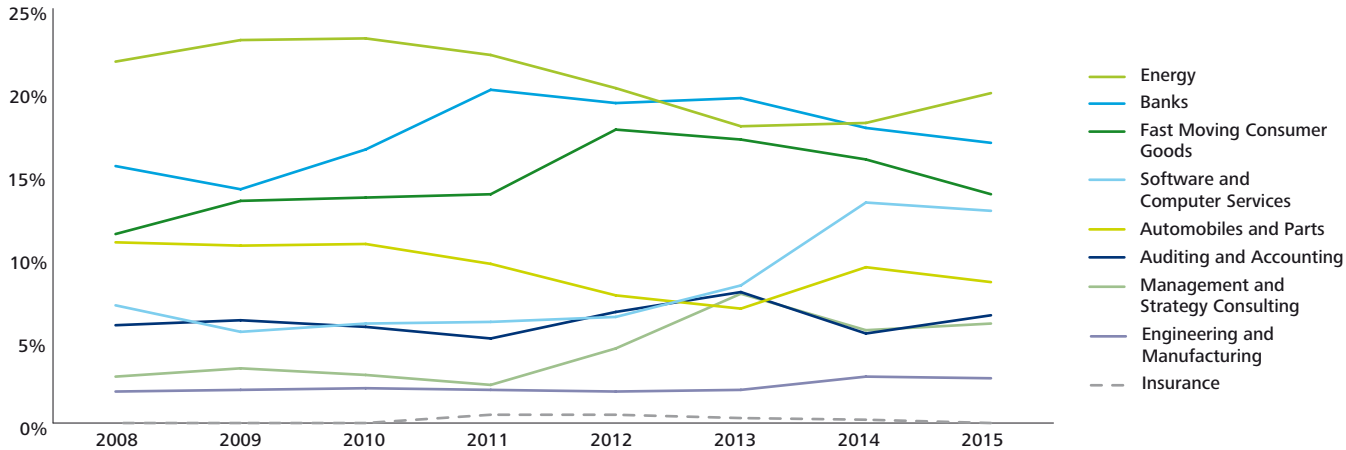
Russia in Focus

Figure 1. Popularity of insurance as a career choice among business students, EMEA, 2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Figure 2. Industry popularity among Russian business students, 2008-2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Thanks to much stricter regulation of the industry by the Central Bank of the Russian Federation in 2013-14, several insurance companies abandoned the market completely, meaning those that have remained will probably become larger.¹ That is, of course, if they can attract the talent they need in order to grow. For insurance not only remains unpopular in a country that has much more obvious growth opportunities (notably in oil and gas and increasingly IT), but it is also very difficult for talent to move laterally, from say banking to insurance.²

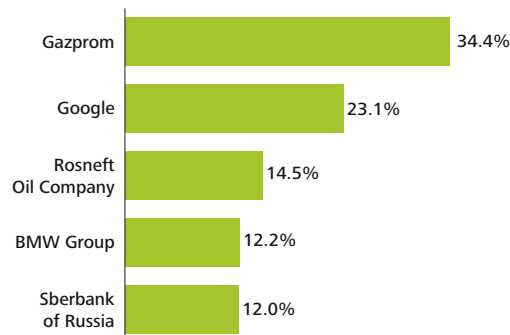
In addition, the Central Bank of Russian Federation plans to create a new *Chart of Accounts and Industrial Accounting Standards*³ that are different from the local Russian Accounting Standards and are based on international financial reporting standards. Insurance companies should therefore increasingly need graduates versed in these new standards.

However, few students in Russia are insurance-inclined: of some 7,257 students polled, only 207 picked at least one insurance company as one of their top-five choices of companies they want to work for. When the popularity of insurance is plotted against some 21 other countries, Russia does not register a reading, putting it squarely at the bottom of the pile.

However, the fact there are more than 200 insurance-inclined students means there is data for limited observations to be made.

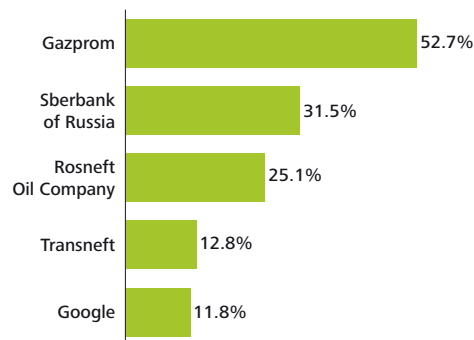
What the data clearly shows, for example, is that Russia's huge natural resources-based economy, and especially oil and gas, remains attractive to students. The energy sector garnered 20 per cent support from students in 2015, having recovered from a slight fall in recent years, with banking and fast moving consumer goods (FMCG) coming in second and third. The biggest growth sector, however, has been software and computer services – expanding from just 2 per cent interest in 2011 to a phenomenal 13 per cent in just four years. The automobile industry, which lost a little popularity between 2008 and 2010, has shown itself to be on the road to recovery, registering 8.5 per cent interest, up from a low of 6.9 per cent as recently as 2013.

Figure 3. Top five most popular employers, Russian business students, 2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Figure 4. Top five most popular employers, Russian insurance-inclined students, 2015

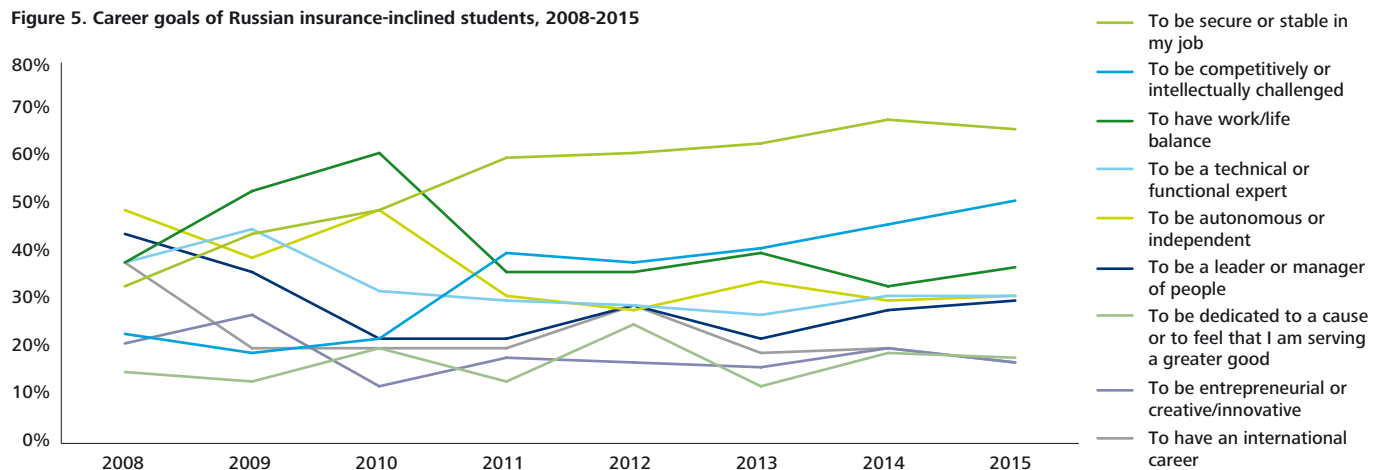


Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Industry popularity correlates with the companies Russians rate as their top employers. In the top spot among Russian business students is Gazprom, the global energy company, while another energy business, the Rosneft Oil Company, takes third spot. Separating these two energy firms is second-placed Google, which has cemented its status as an employer of choice in the computer services sector. Microsoft is just outside the top five, in sixth position. Up into the top five is automobile manufacturer, BMW. The data records the top 30 employers for Russian students and the composition reflects industry popularity: automobile manufacturers Volkswagen and Toyota feature, while in FMCG, Mars, Coca-Cola, Nestle, Procter & Gamble and Unilever are all represented.

The top five employers chosen by insurance-inclined students show just how the dominance of oil, gas and logistics persists. Gazprom, Rosneft Oil Company and Transneft occupy three of the top five spots. Google and Sberbank of Russia also feature, meaning four of the top five companies insurance-inclined students want to work for are also those which all business students want to work for.

Figure 5. Career goals of Russian insurance-inclined students, 2008-2015



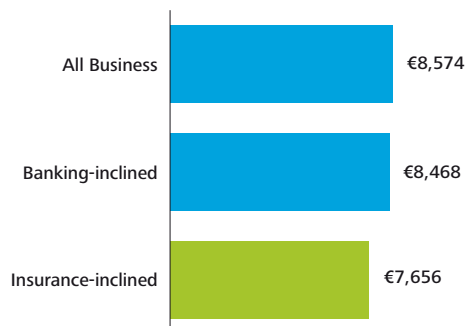
Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

The career goals of the small number of insurance-inclined students do reveal some significant changes in recent years. Chief among these (and in-line with some other countries measured for these reports), is the sudden rise in their desire for ‘job security’. Since 2008 this factor has become twice as important to them (doubling from 33 per cent to 66 per cent).

While the appeal of ‘job security’ has increased, the desire to have a good work-life balance is nowhere near where it was (falling from 61 per cent in 2010 to 37 per cent today). Meanwhile, the importance Russian insurance-inclined students give to having ‘an international career’, being ‘a leader or manager of people’ and being ‘autonomous or independent’ has fallen significantly since 2008.

A positive sign for Russian insurers is that there has been significant movement in the willingness of students ‘to be competitively or intellectually challenged’: it has more than doubled from 23 per cent in 2008 to 51 per cent today. By international standards, this is extremely high. The global average is just 37 per cent, and only insurance-inclined students in Finland (54 per cent) and the Netherlands (53 per cent) place greater importance on this career goal. This may help firms to acquire graduates ready to tackle the new reporting standards.

Figure 6. Expected annual salary (EUR), Russia, 2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

With fewer insurance companies to start with, and given the general unpopularity of the sector, Russian insurance-inclined students expect an average salary 11 per cent below that expected by their business school peers (€7,656 per year compared to €8,574). The expected salaries of both groups are significantly lower than in most markets surveyed; while the depreciation of the rouble is undoubtedly a factor, there are also cultural explanations for this. Salaries in Russia don’t tend to rise until employees reach management level,⁴ so Russian students may simply be being realistic.

Figure 7. Russian insurance-inclined students' aspirations, 2015



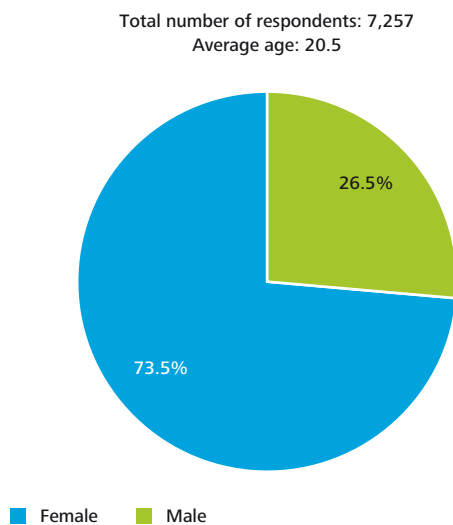
Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

The aspirations of Russian insurance-inclined students reflect the hope that salaries, despite starting off small, will increase substantially at higher pay grades. An initial 'competitive base salary' does not rank in the top ten aspirations, whereas 'high future earnings' ranks highly, in fifth place. Insurance-inclined students are also eager to receive the development and training needed to obtain these higher salaries, with development-related attributes at second and sixth place in the list.

The status and prestige of the insurance sector is also a key draw for Russian insurance-inclined students; 'financial strength', 'market success' and 'prestige' rank first, fourth and tenth respectively. It may be that students hope that a financially strong, successful and prestigious industry will be more likely to provide them with the future salaries they are aiming for than other sectors.

Interestingly, while these students seem focused on progression and earning potential, they are seemingly unwilling to sacrifice a pleasant work environment to achieve this. 'Secure employment', 'a friendly work environment' and 'respect for its people' all rank within the top ten aspirations, indicating that though all these students are money-motivated, they are not chasing high wages at all costs.

Figure 8. Russian business student demographics, 2015

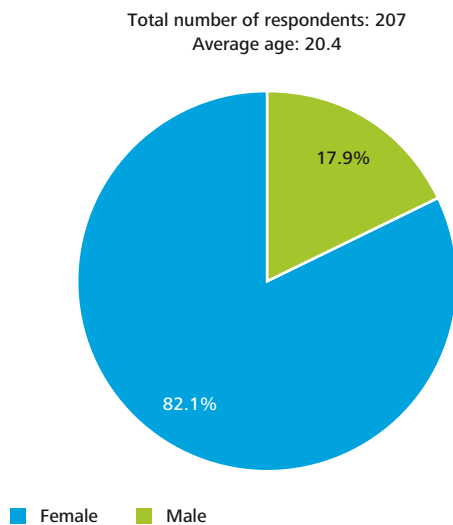


Source: Universum Talent Survey 2015; Deloitte analysis

The vast majority of Russian business students surveyed are female, accounting for almost three quarters of all respondents. While most markets surveyed see a lower percentage of female insurance-inclined students than of all business students, in Russia insurance appeals more greatly to female business students than to males: 82 per cent of insurance-inclined students are female, compared to 74 per cent of all business students surveyed.

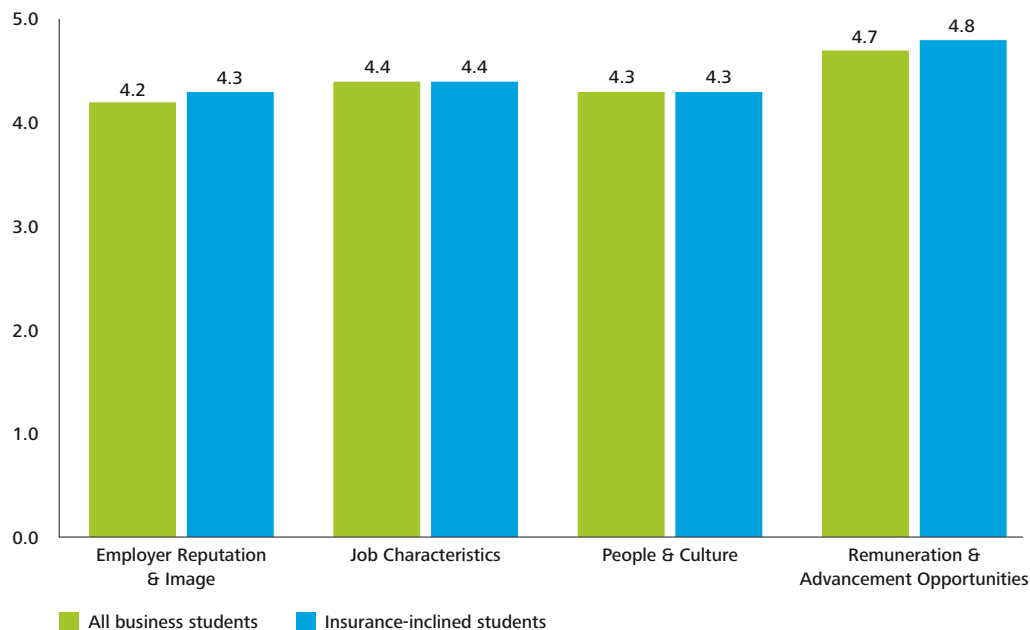
'Remuneration and advancement opportunities' are a priority for Russian students – with this scoring 4.7 out of five among all business students as a whole. Insurance-inclined students manage to push this score even higher though – ranking it 4.8. While other countries reveal insurance-inclined students don't rate 'reputation and image' as much as all business students, in Russia the reverse is true, with 'reputation and image' scoring slightly higher among the insurance-inclined. This is possibly because Russians value market strength more highly, and with relatively few insurance firms present, they want to be in the best ones, able to provide them with the advancement and salary they crave.

Figure 9. Russian insurance-inclined student demographics, 2015



Source: Universum Talent Survey 2015; Deloitte analysis

Figure 10. Attractiveness of job aspects, all Russian business students and Russian insurance-inclined students, 2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Macroeconomic context

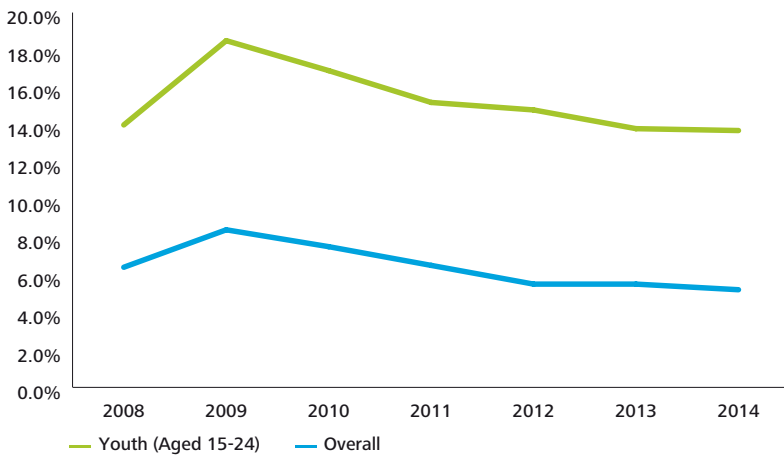
Figure 11. Growth in average wages (US\$), Russia, 2008-2014



Source: Economist Intelligence Unit
See Appendix for notes

In 2014, unemployment in Russia continued the steady decline under way since 2009. But a sudden 10.2 per cent fall in average monthly wages in 2014 (from US\$ 947 to US\$ 850) is indicative of a fragility that may be behind the popularity of ‘job stability and security’ as a career goal among Russia’s insurance-inclined business students (see figure 5).

Figure 12. Overall and youth unemployment, Russia, 2008-2014



Source: OECD

Appendix

Terminology

Business students = students studying business-related subjects.

Insurance-inclined students = business students who put at least one insurer in their top five 'ideal employers', when offered a list of potential employers to choose from.

About the Research

This report is based on the Universum Talent Survey 2015. Universum has been researching students' career intentions since 1988. In 2014-15, it surveyed about 1.2 million students and professionals drawn from over 2,000 universities and institutions of higher education in 55 countries.

Deloitte examined the survey results from 211,000 business students in 30 markets: in the Americas, Brazil, Canada, Mexico and the US; in APAC, Australia, China, Hong Kong, India and Singapore; and in EMEA, Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, the Middle East (defined by Universum as Egypt, Lebanon, Kuwait, Qatar and Saudi Arabia), the Netherlands, Norway, Poland, Russia, South Africa, Spain, Sweden, Switzerland, Turkey, the UAE and the UK. The number of markets included in global and regional averages varies between 23 and 30.

Note to Figure 1

Survey question: "Choose the five employers you most want to work for [from the list of employers you would consider working for], your five ideal employers". Insurance popularity by market is calculated as the number of times insurers are short-listed among the five "ideal employers" in each market.

Note to Figure 2

Survey question: "Choose the five employers you most want to work for [from the list of employers you would consider working for], your five ideal employers". Industry popularity by market is calculated as the number of times employers for that industry are short-listed among the five "ideal employers".

Note to Figure 3

Survey question: "Choose the five employers you most want to work for [from the list of employers you would consider working for], your five ideal employers".

Note to Figure 4

Survey question: "Choose the five employers you most want to work for [from the list of employers you would consider working for], your five ideal employers".

Note to Figure 5

Survey question: "Below is a list of nine possible career goals. Which are most important to you? Please select a maximum of 3 alternatives." Importance of goals is then calculated as the percentage of students choosing each career goal on their shortlist of top three goals.

Note to Figure 6

Survey question: "What is your expected salary before tax at your first employment after graduation, excluding commission and bonus?"

Note to Figure 7

Survey question: "Which of these are most important to you? Please select a maximum of three alternatives [in each of the following four categories: Employer Reputation and Image; Job Characteristics; People and Culture; and Remuneration and Advancement Opportunities]."

Note to Figure 10

Survey question: "How important are each of the aspects below to you? Please rate the importance of each aspect on a scale from 1-5."

Note to Figure 11

Average wages (monthly): average gross earnings per worker per month.

Growth in average wages (annual): percentage change in hourly wages in US\$ over previous period.

Figures are converted to US\$ using an average exchange rate.

Fluctuations in average wages could be partially due to changes in the RUB/US\$ exchange rate.

Endnotes

1. Kommersant, 22 April 2015. See also:
<http://www.kommersant.ru/doc/2714593>
2. Deloitte analysis
3. Central Bank of Russia, 6 February 2015. See also:
http://www.cbr.ru/press/pr.aspx?file=06022015_194708sbrfr2015-02-06T19_42_42.htm
4. Deloitte analysis

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