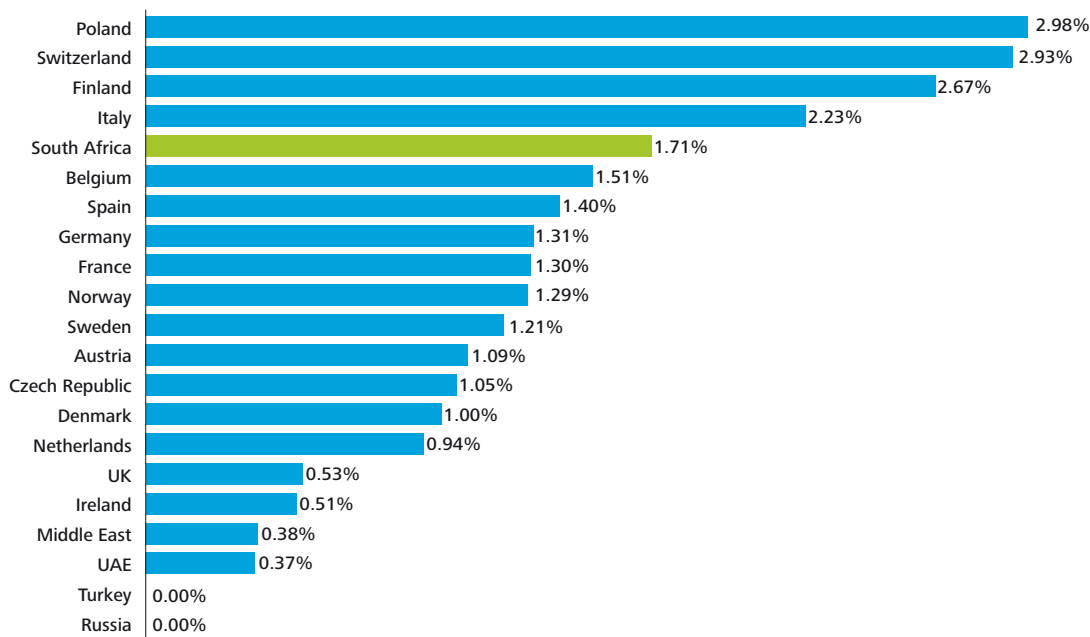


The Deloitte Talent in Insurance Survey 2015 South Africa in Focus

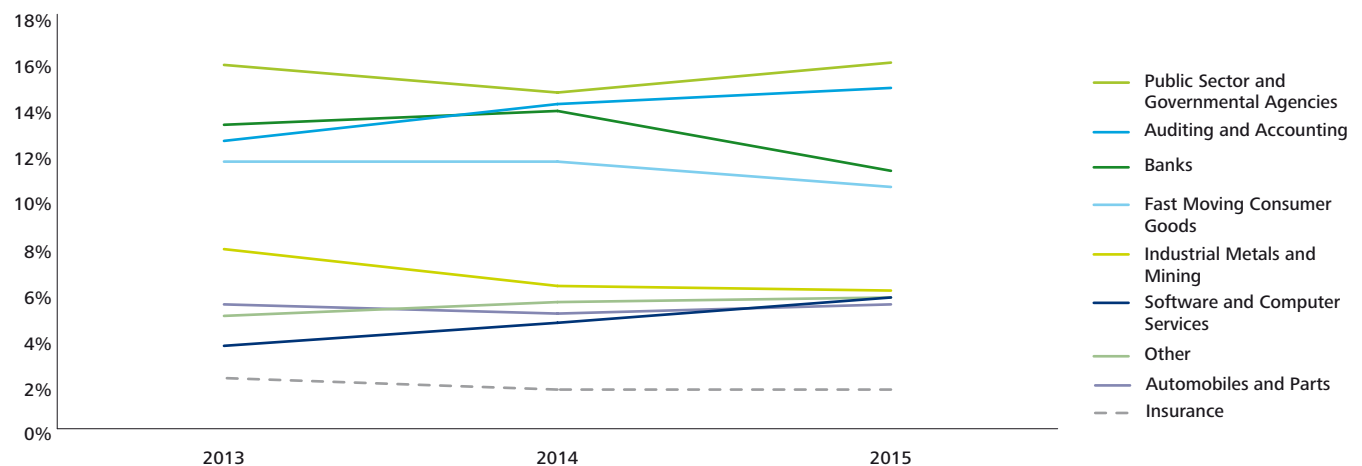
Survey findings

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 South African business students, 2013-2015



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

Like most countries South Africa is facing a key problem associated with a recovering global economy – competition for scarce skills. The country is suffering a ‘revolving door’ of entering and exiting staff. But organisations do not always help themselves either. Experts point to a failure of South African companies to adequately define job roles¹ – which in turn means employee engagement and a sense of commitment to employers from staff remains low. A further consequence of this is low productivity.²

The millennial generation wants to shun traditional structures.³ This means the leadership challenges companies face are great. The new generation is uninspired by the management it sees, and does not want to get into management either.

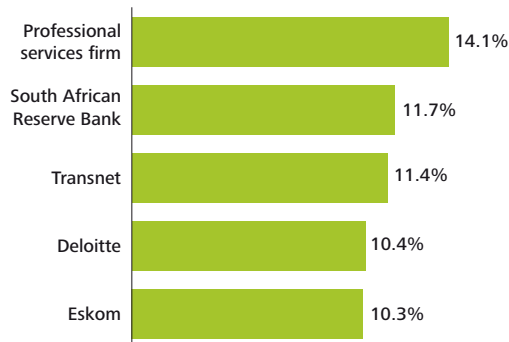
Perhaps because of the scope that the insurance sector still provides for ‘professional training and development’ (see Figure 7), support for this sector is high in comparison to other markets. Rated fifth among 21 EMEA markets measured, with 1.71 per cent support from business students, South Africa has a commanding level of support for the sector. It’s three times more popular than in the UK, and nearly twice that of the Netherlands.

Public sector and governmental agencies remain the most popular employers in South Africa, and their popularity increased in 2015, as did the popularity of auditing and accounting firms to cement second place. Banks and fast moving consumer goods (FMCG), the two most popular industries globally, both exhibited substantial declines in South Africa in 2015, and are now some way off the top two sectors.

Insurance companies feature in the top 30 list of companies that all South African business students want to work for – including Old Mutual (ranked 22nd), Alexander Forbes (25th) and Allan Gray (26th). The top five for business students show recent rises in the auditing and accounting sector, with two professional services firms, including Deloitte, appearing in the list. The rest are domestic companies/utilities. Public utility firm Eskom joins the South African Reserve Bank and mining and logistics firm Transnet in the top five.

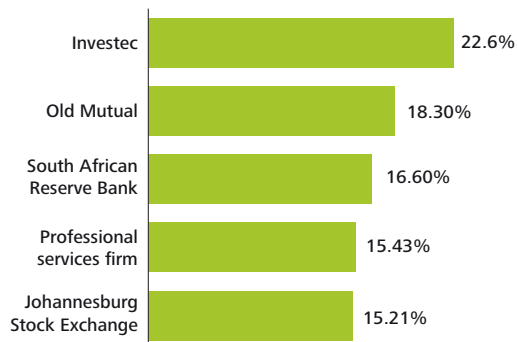
Old Mutual moves up to become the second-placed employer for insurance-inclined students. Old Mutual came top in Deloitte South Africa’s Best Company to Work for Survey 2014.⁴ The most popular employer among insurance-inclined students in this survey, however, is Investec, with nearly 23 per cent of the vote.

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



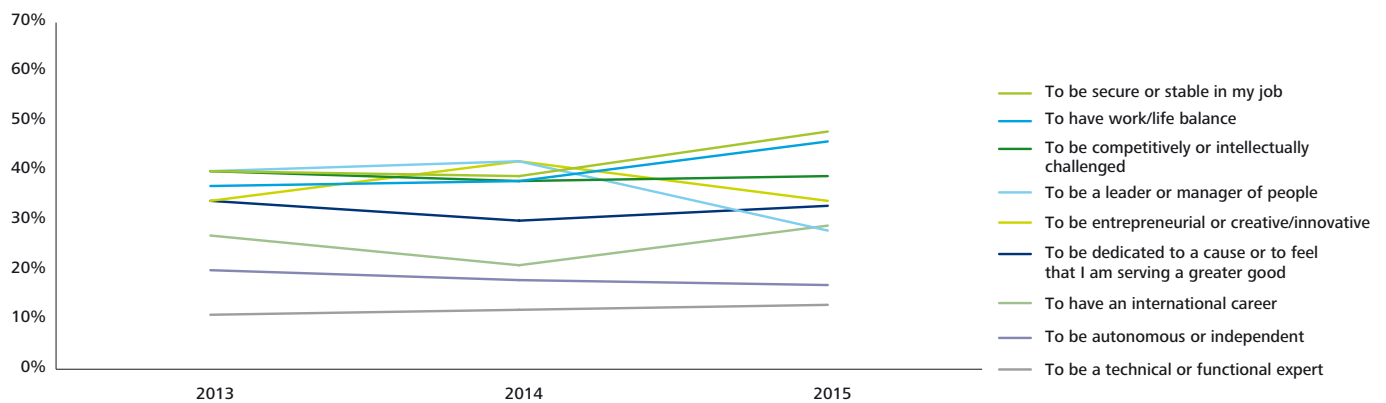
Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

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



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

Figure 5. Career goals of South African insurance-inclined students, 2013-2015



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

The top two career goals of South African insurance-inclined students are the same as for insurance-inclined students globally, namely 'to be secure or stable in my job' and 'to have work/life balance'. However, while globally 'work/life balance' is the top career goal, South African insurance-inclined students rate 'job security' more highly. This is unsurprising considering students have witnessed one of the most prolonged global economic downturns in living memory.

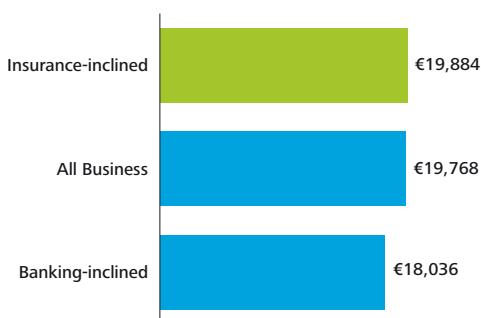
Where the career goals of South African insurance-inclined students significantly differ from their global counterparts is in being 'entrepreneurial or creative/innovative' (34 per cent in South Africa compared to 26 per cent globally) and 'to be dedicated to a cause' (33 per cent in South Africa compared to 21 per cent globally).

While this above-average desire to be innovative is grounds for optimism for South African insurers, it is a concern that South African insurance-inclined students show little inclination towards being 'a technical or functional expert'. The sector will require such experts as there is high competition for scarce specialist skills.⁵

Salary expectations among South Africans who show an inclination to insurance are higher than those for all business students, but only by a whisker. Insurance-inclined students expect €19,884 (ZAR 283,196) compared to the €19,768 (ZAR 281,544)⁶ expected by all business students, or less than 1 per cent more. But, the clear inference (see Figure 7) is that insurance-inclined students do not expect parity in salary to remain for long.

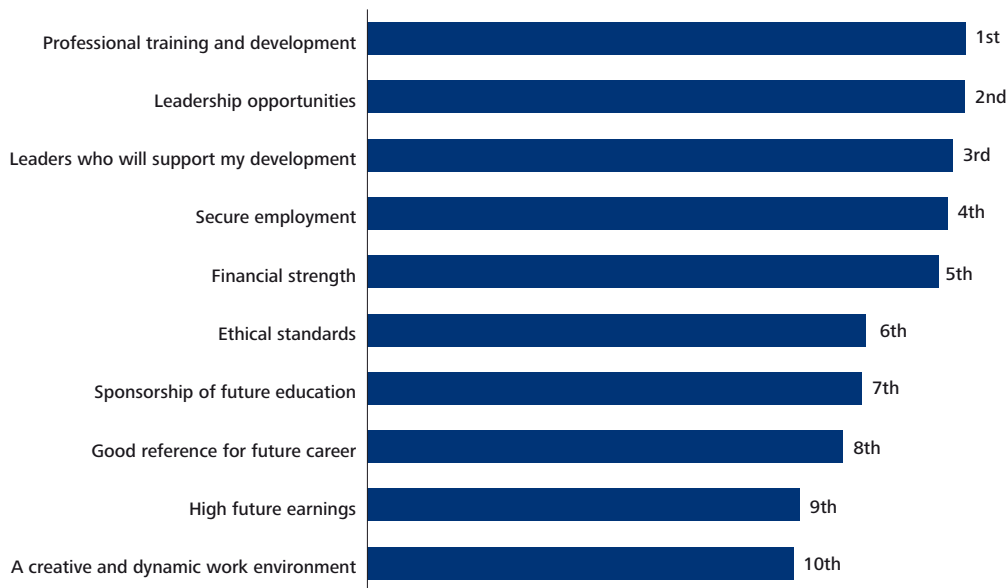
Unlike in most countries surveyed, insurance-inclined students in South Africa have higher salary expectations than banking-inclined students. This is perhaps because actuaries tend to earn higher salaries than employees working in credit and loan management or investment banking in South Africa.⁷

Figure 6. Expected annual salary (EUR), South Africa, 2015



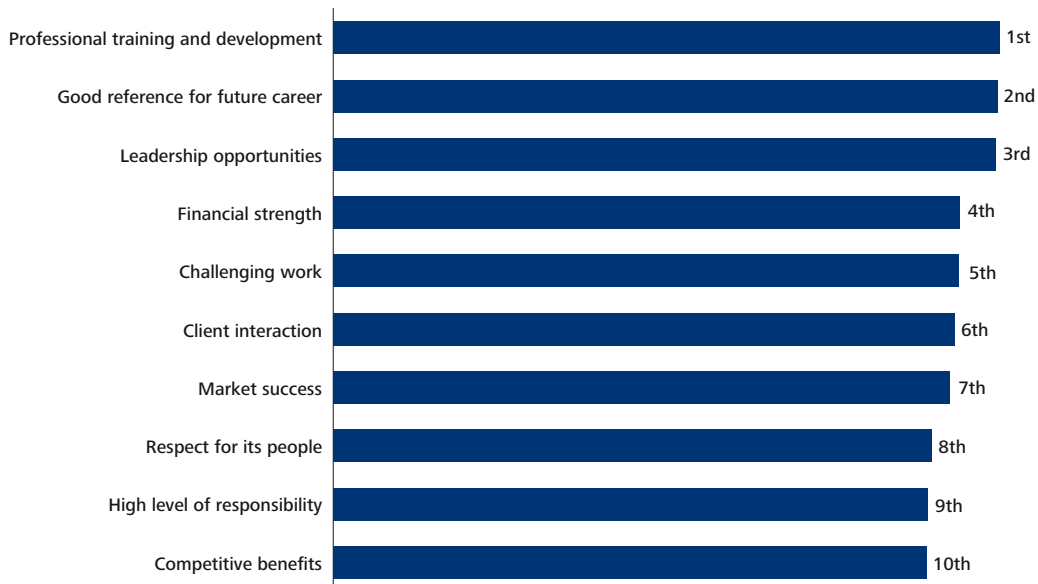
Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Figure 7. South African insurance-inclined students' aspirations, 2015



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

Figure 8. South African insurance-inclined students' expectations, 2015



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

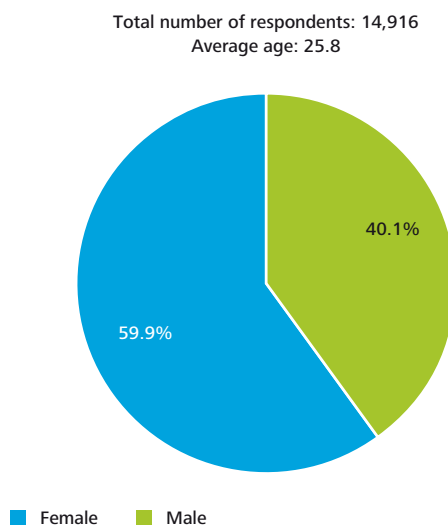
'Professional training and development' comes top among the aspirations of insurance-inclined South Africans, with 'leaders that support their development' close behind in third. On the expectations side, this tallies up with 'professional training and development' also being the top expectation, followed by expecting a 'good reference for a future career'. But herein lies a question the data alone doesn't strictly answer. It would be typical to assume development is being craved to establish high pay and also the job security students say they want now. But is this the right assumption? Insurance-inclined students only rank high future earnings as ninth in their aspirations. But, what else do job-hunters want from development and references if it's not better pay?

One answer can be aspiration to 'leadership opportunities' – ranked second. Leadership can be a pursuit in its own right and one that perhaps suits South Africans' already mentioned predisposition 'to serve a greater good'. Also high in the aspirations chart are 'ethical standards' – ranked sixth and above 'high future earnings'. South African insurance-inclined students aspire to 'ethical standards' much more than their global counterparts, who rank 'ethical standards' as an aspiration at 28th place out of 40 attributes.

Not only do insurance-inclined students aspire to 'professional training and development' and 'leadership opportunities', they also strongly expect to find them in the sector. However, other top ten aspirations such as 'leaders who will support my development', 'secure employment' and 'ethical standards' do not feature in the list of top ten expectations. Insurers should focus on improving these perceptions in order to align with the top aspirations of insurance-inclined students.

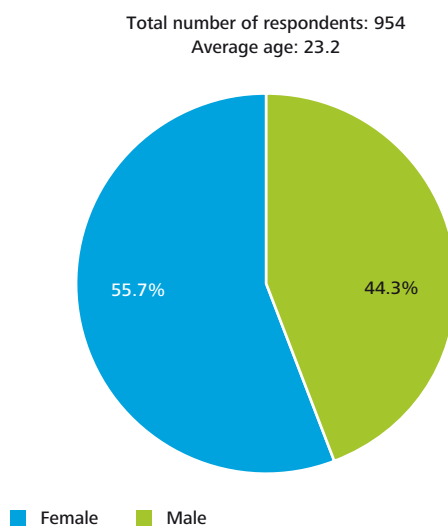
There's nothing dramatically out of place when looking at demographics. As in most other countries, more female business students were surveyed than male – 60 per cent female compared to 40 per cent male. The gap narrows a little among the insurance-inclined. The male share rises to 44 per cent, and the female share falls back to 56 per cent. Insurance in South Africa, while still appealing more to women than men, is doing a better job of attracting women than are insurers globally, where 61 per cent of business students surveyed are women, compared to 54 per cent of insurance-inclined students.

Figure 9. South African business student demographics, 2015



Source: Universum Talent Survey 2015; Deloitte analysis

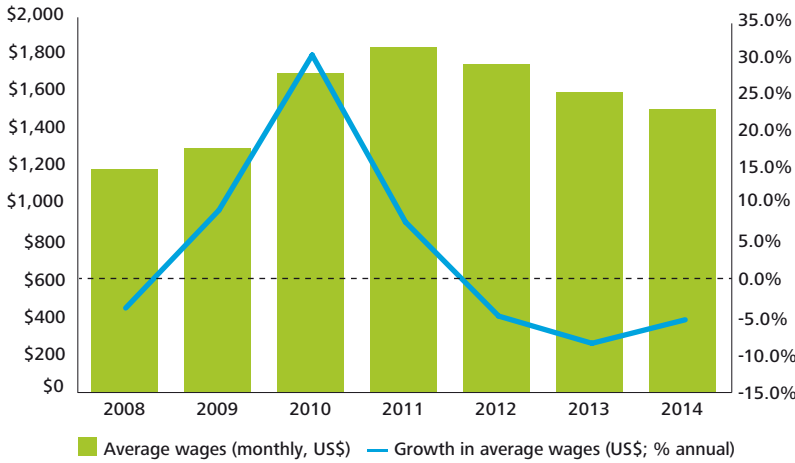
Figure 10. South African insurance-inclined student demographics, 2015



Source: Universum Talent Survey 2015; Deloitte analysis

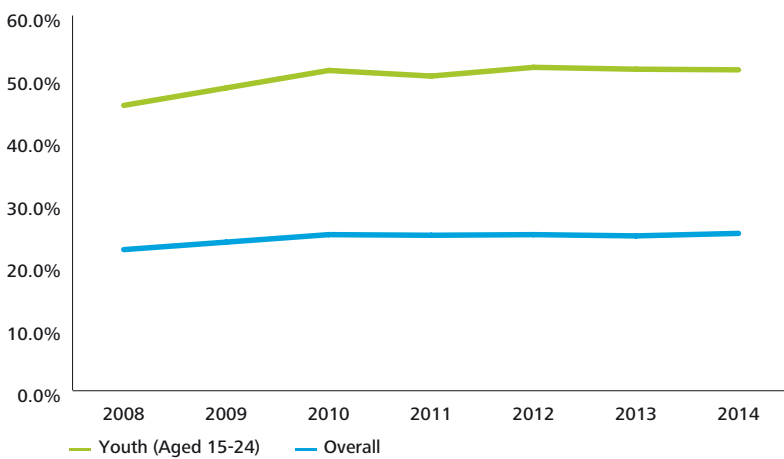
Macroeconomic context

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



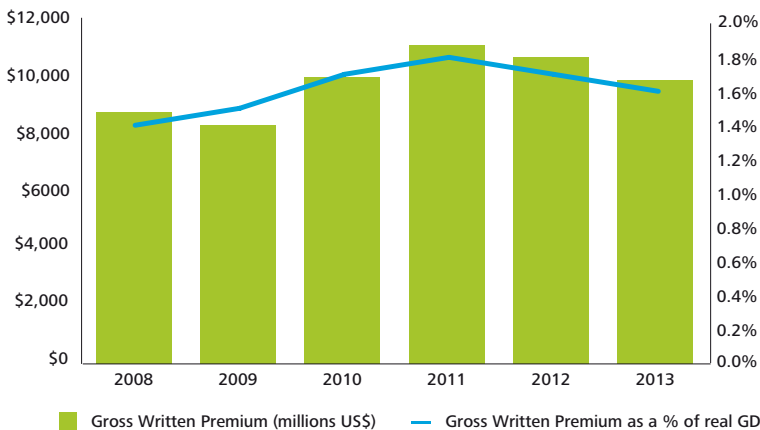
Source: Economist Intelligence Unit
See Appendix for notes

Figure 12. Overall and youth unemployment, South Africa, 2008-2014



Source: Statistics South Africa

Figure 13. Total Gross Written Premiums in US\$ mn and as % of real GDP, South Africa, 2008-2013



Source: Lloyd's Market Representation South Africa
See Appendix for notes

Total gross written premiums (GWP) grew between 2008 and 2011, increasing from US\$ 7,828 million (ZAR 73,840 million) or 1.4 per cent of GDP to US\$ 11,043 million (ZAR 89,639 million) or 1.8 per cent of GDP over this time. While total GWP fell in US\$ terms between 2011 and 2013, in local currency total GWP grew from ZAR 89,639 million to ZAR 102,938 million during this period, as the devaluation of the ZAR against US\$ gained pace. While this may seem a positive sign, total GWP as a percentage of GDP fell during this time, from 1.8 per cent to 1.6 per cent, suggesting that while the insurance sector is still growing, it is at a slower rate than the rest of the South African economy.

Industry observers expect the South African insurance industry to show slow, steady growth to 2019; forecasts predict year-on-year growth in total gross premiums of 6.2 per cent in ZAR and 0.9 per cent in US\$.⁸ According to the same source, this growth will be driven by "the development of micro-insurance aimed at the low-income population and the rapid expansion of financial services in rural areas".⁹ Again, on the face of it, the country's economic challenges might appear to be highlighted by an apparent significant fall in average monthly wages between 2011 and 2014, from US\$ 1,840 to US\$ 1,510. Once again, however, these need to be considered in ZAR terms for a more accurate picture to emerge. Over the same period, average monthly salaries have actually risen from ZAR 14,936 to ZAR 17,519.

However, unemployment has been consistently above international averages in the period we cover in the survey; in 2014, general unemployment stood at 25.1 per cent, and youth unemployment (people aged 15 to 24) at 51.3 per cent. Of the EMEA countries surveyed, only Spain recorded higher rates (24.4 per cent and 53.2 per cent respectively).

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.

Currency conversions

Currency conversions into local currency use exchange rate data from OANDA. Rates are correct as of the 31st December of the relevant year unless otherwise stated.

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 8

Survey question: "Which of the following [40 attributes] do you associate with your chosen employer(s)?"

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 ZAR/US\$ exchange rate.

Note to Figure 13

Data for 2014 are not available.

Fluctuations in Total Gross Written Premiums could be partially due to changes in the ZAR/US\$ exchange rate.

Endnotes

1. "2015 South African Human Capital Trends, Leading in the new world of work", Deloitte, 2015. See also: <http://www2.deloitte.com/za/en/pages/human-capital/articles/2015-human-capital-trends0.html>
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4. See source 2
5. Deloitte analysis
6. Exchange rate as of 17 August 2015
7. "South Africa's salaries: what people earn", Business Tech, 20 October 2014. See also: <http://businesstech.co.za/news/general/71195/south-africas-salaries-what-people-earn/>
8. "Q2 2015 South Africa Insurance Report", Business Monitor International, 2015
9. See source 7

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