



FOR PROFESSIONALS
SINCE 1941



PPS PROFESSIONAL CONFIDENCE INDEX – Q1 2013

BACKGROUND

PPS has in excess of 200 000 members, all of whom are graduate professionals who are completing or holding a qualifying 4 year degree. PPS launched the Professional Confidence Index (PCI) in the first quarter of 2011, as a means of engaging with its members on the key issues that most concern them and to gauge their changing confidence levels on these issues on an ongoing basis.

Following research into what data was freely available, there was a clear lack of quantitative information on professionals and the issues that concern them. The PCI has enabled PPS to gather hard research on pertinent issues affecting South Africa's graduate professionals and provide insight and commentary on the findings. This also allows PPS to set appropriate agendas for engagement via PPS Member Forums, which have been held on a range of issues, from the Legal Practice Bill to National Health Insurance.

The views of graduate professionals are measured on a quarterly basis on a range of key socio-economic factors such as whether there is expected to be an improvement in crime, unemployment and healthcare, as well as personal views on as the likelihood of emigration and the sustainability of their profession.

In addition to the general PCI survey that has been issued to all the members of PPS, PPS also surveyed members in 11 professions, to get their views on profession-specific issues. The specific professions surveyed in the PCI include, but are not limited to:

- Attorneys
- Advocates
- Architects
- Chartered Accountants
- Dentists
- Doctors
- Engineers
- Nurses
- Pharmacists
- Physiotherapists
- Veterinaries

RATIONALE

PPS undertook the survey to gain insight into the graduate professional segment in South Africa to ascertain their views on a number of issues.

South Africa continues to suffer from an acute skills shortage, particularly amongst skilled professions and through PPS' niche target base of graduate professionals, the company is able to tap into and record the thoughts of this group.

PPS believes understanding the mindset of graduate professionals on key topics is crucial, as it is these individuals who in many ways are the driving force behind the development of the economy.

METHODOLOGY

The confidence levels of graduate professionals are assessed on a scaled basis of **1 - 5** (1 being Not Confident at all and **5** being Very Confident). The result is expressed on a percentage point basis with the change measured on a quarter-on-quarter and year-on-year basis.

The confidence level is determined through the following formula:

- The total number of respondents choosing option 5 are multiplied by 5
- The total number of respondents choosing option 4 are multiplied by 4

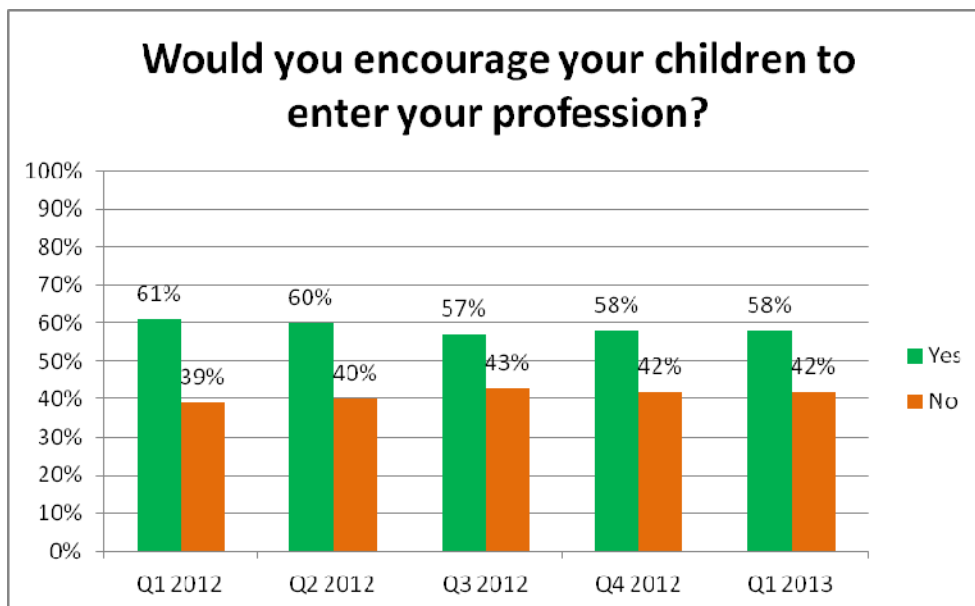
- The total number of respondents choosing option 3 are multiplied by 3
- The total number of respondents choosing option 2 are multiplied by 2
- The total number of respondents choosing option 1 are multiplied by 1

These figures are added together and the total is divided by the total number of respondents. This number is then divided by 5 to attain the confidence level and multiplied by 100 to get the overall confidence level on a percentage point basis.

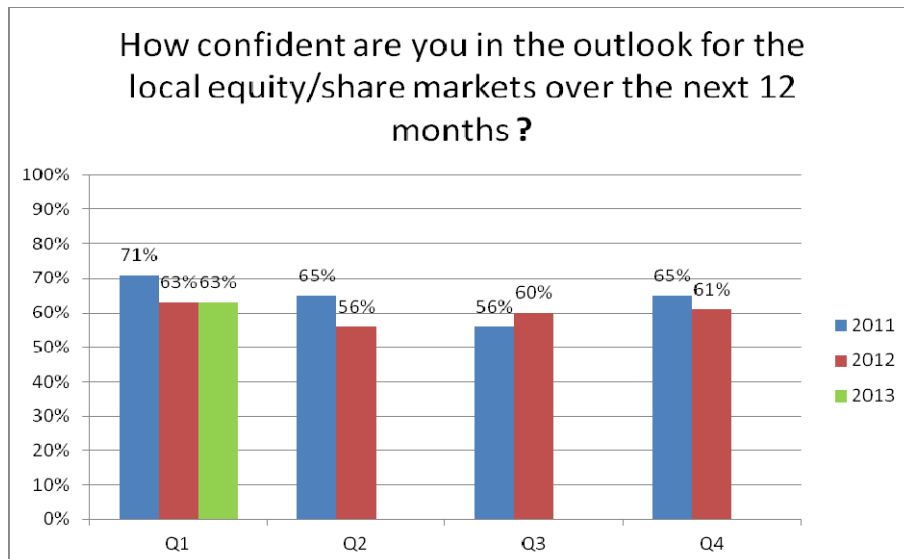
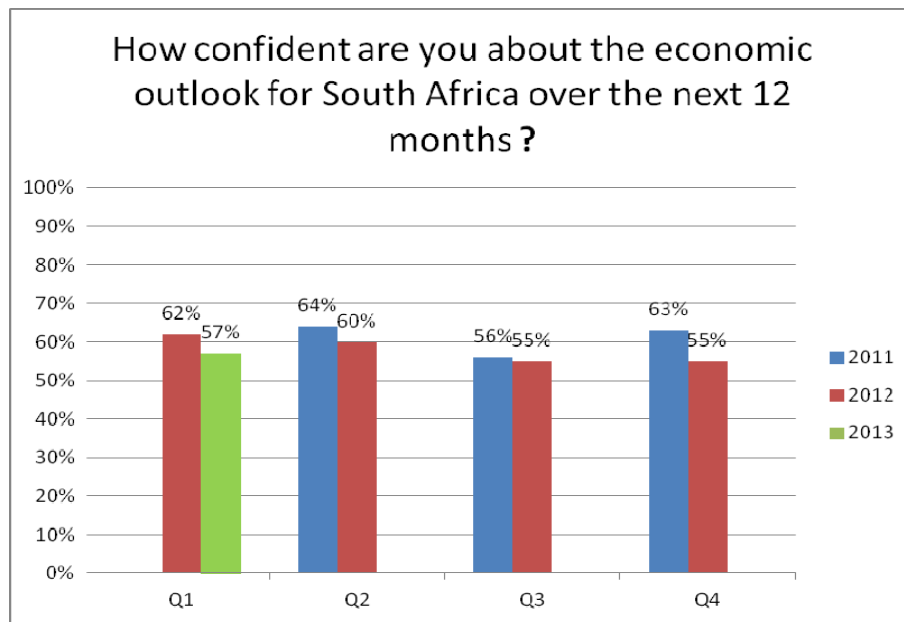
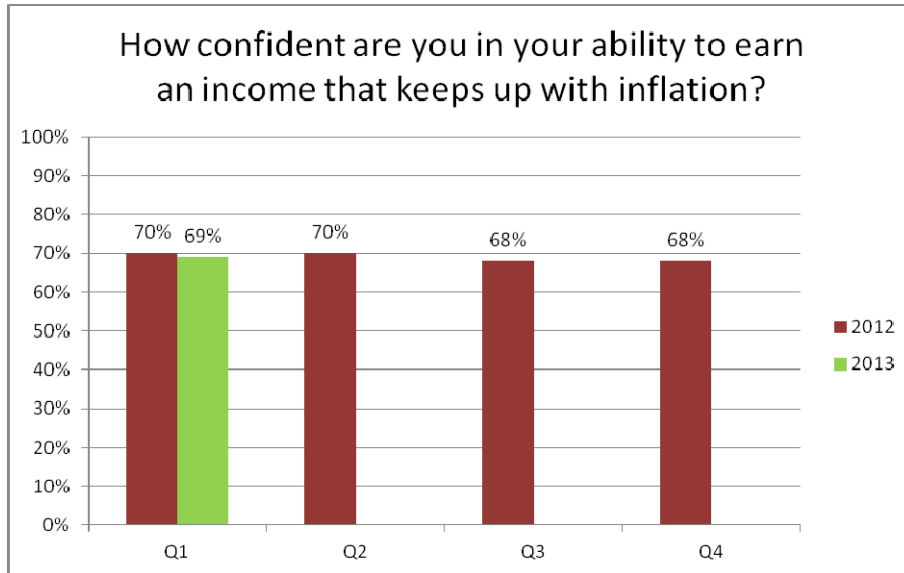
RESULTS

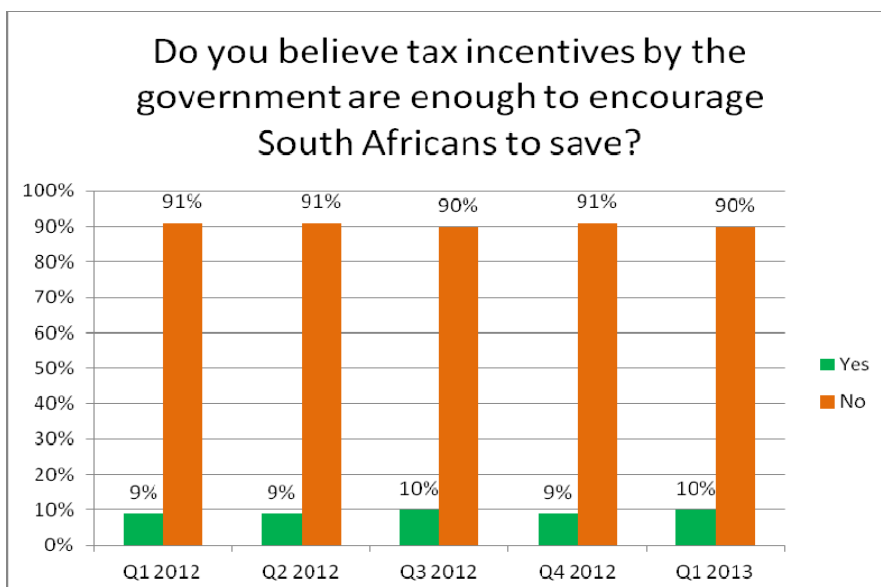
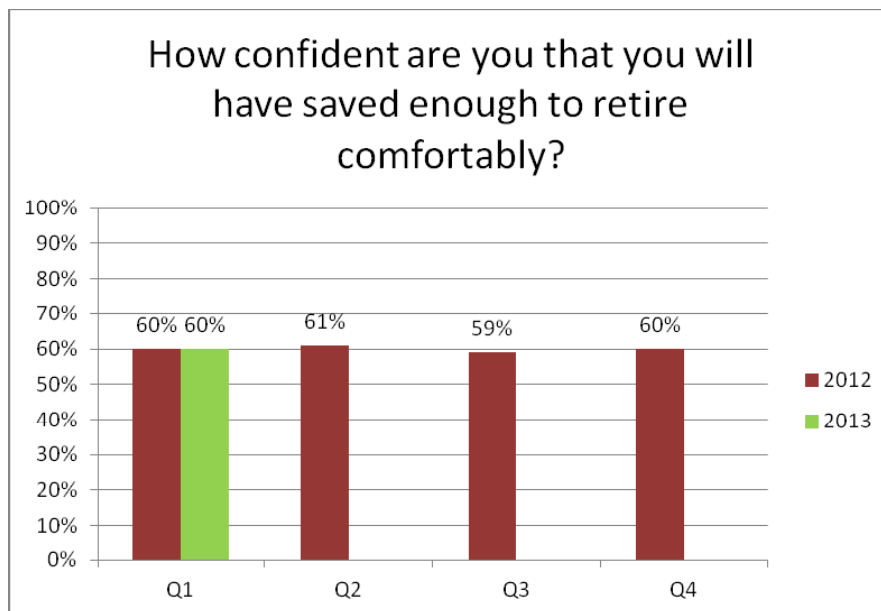
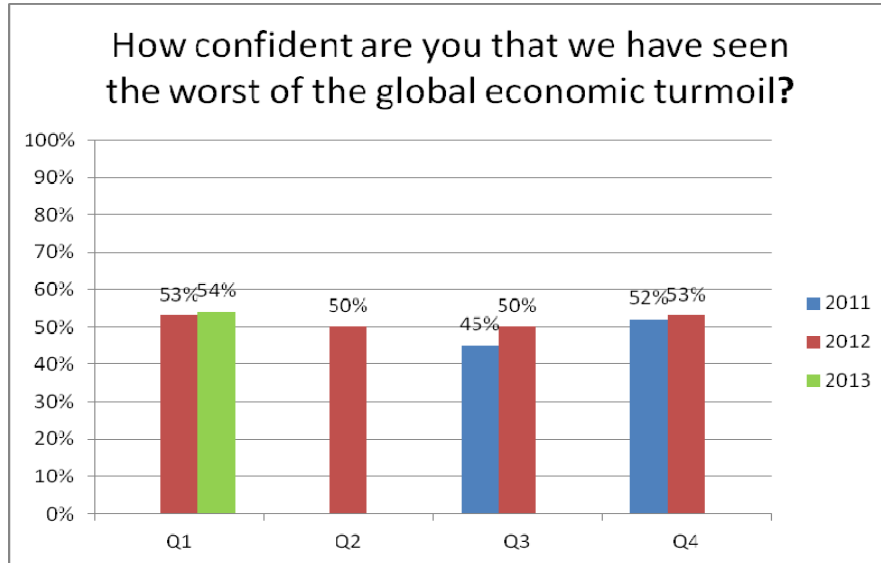
Please note that additional questions were added to the questionnaire for each quarter, as a result some of the questions may not have results for previous quarters.

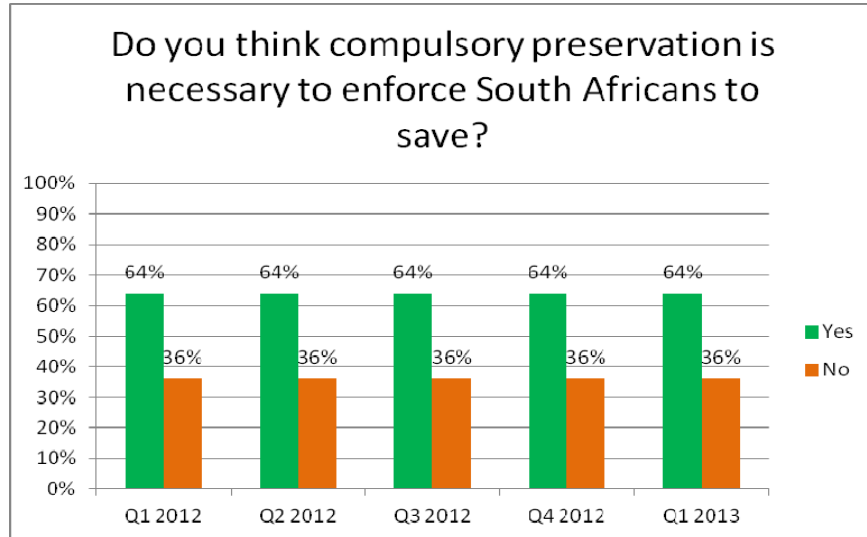
Profession specific:



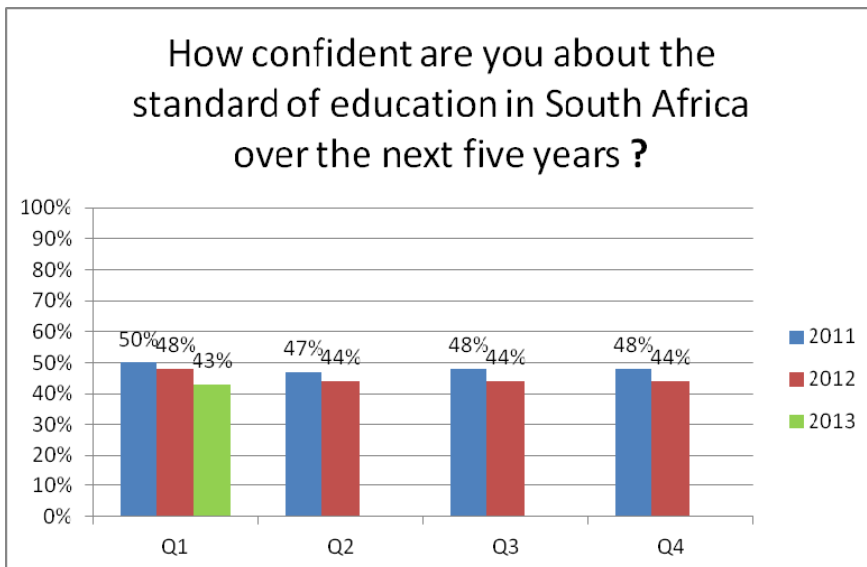
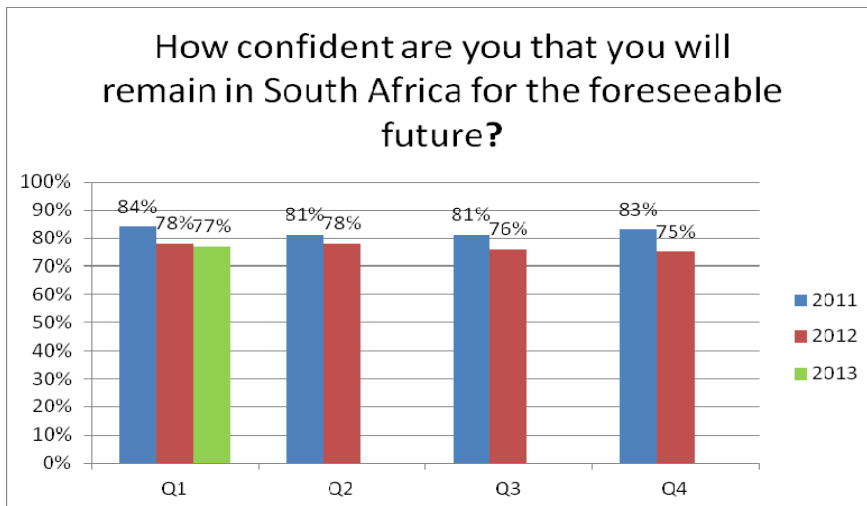
Economic:

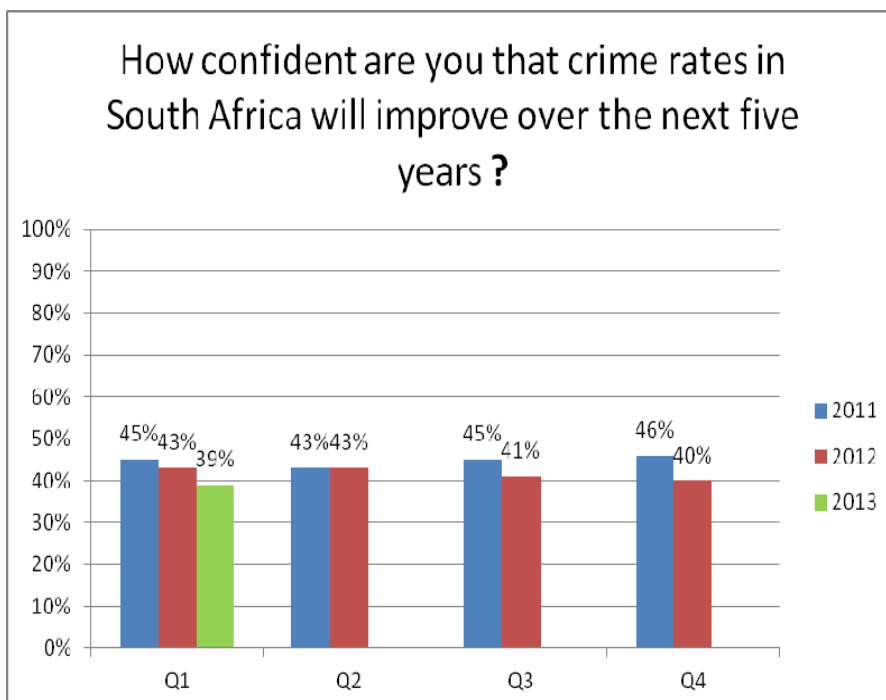
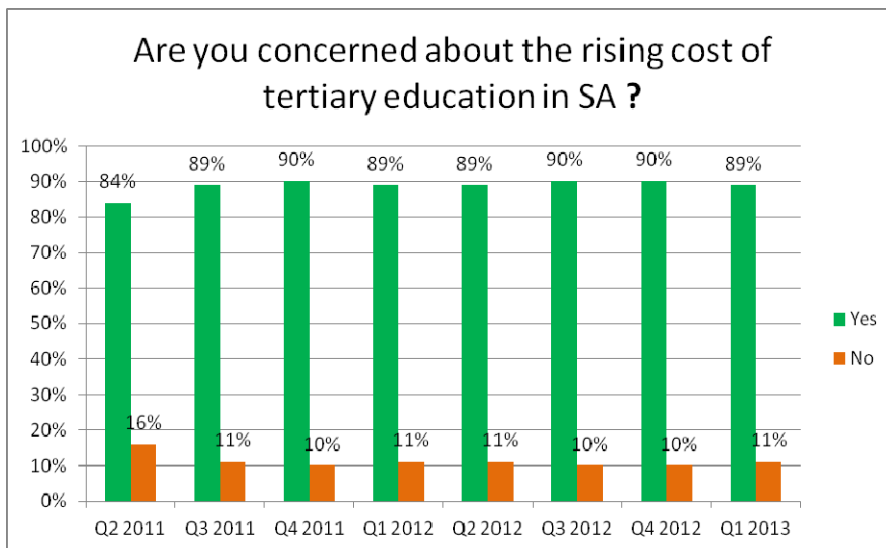
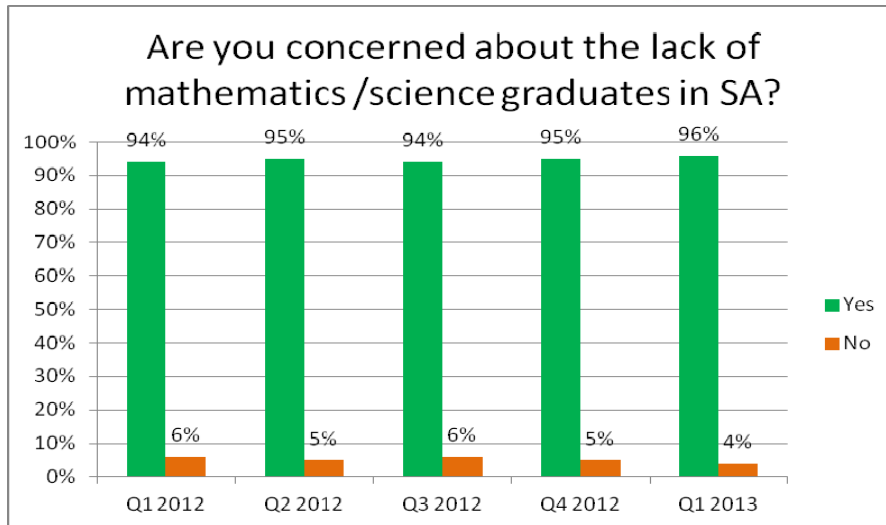


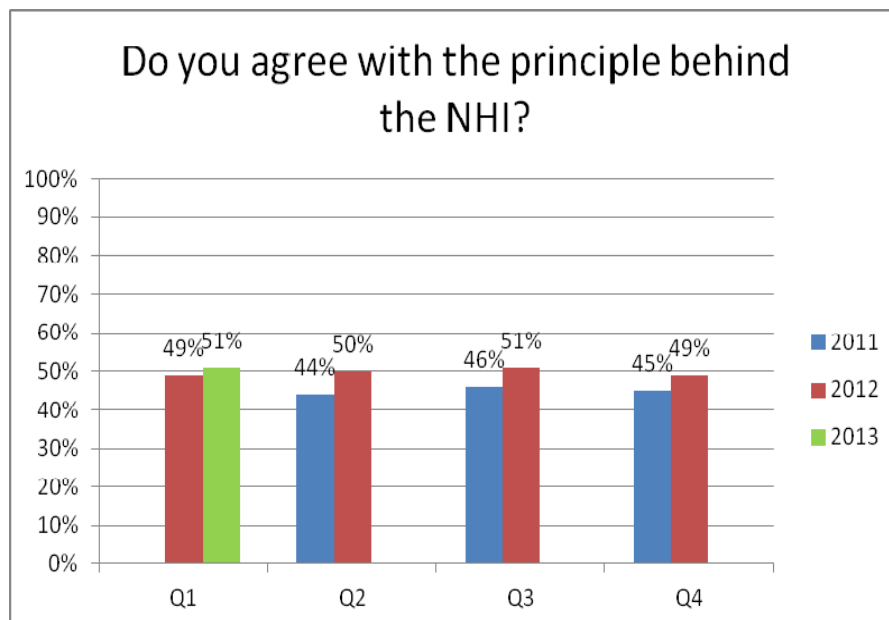
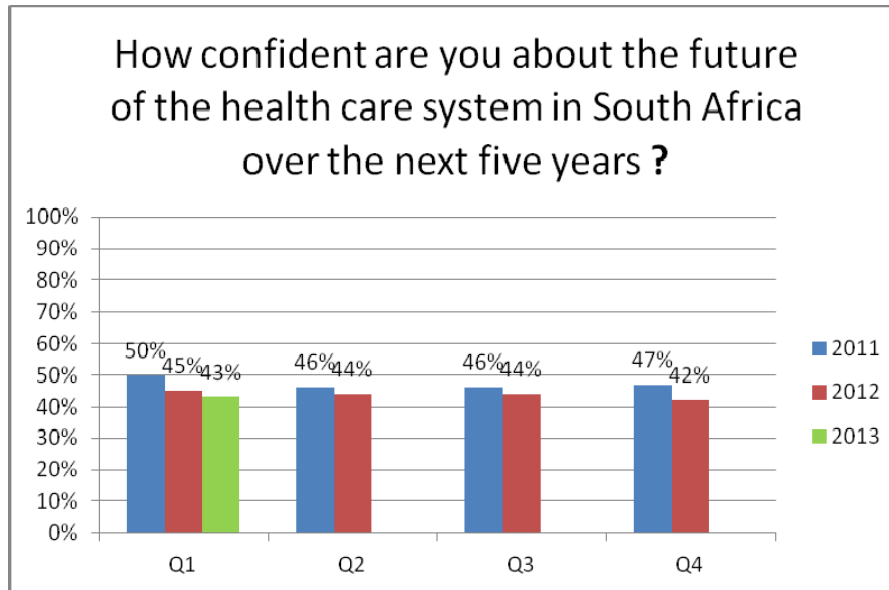
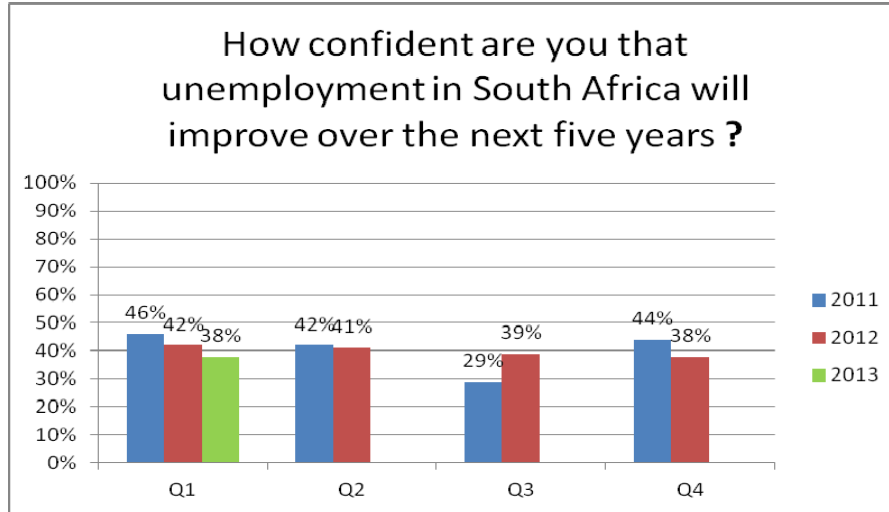


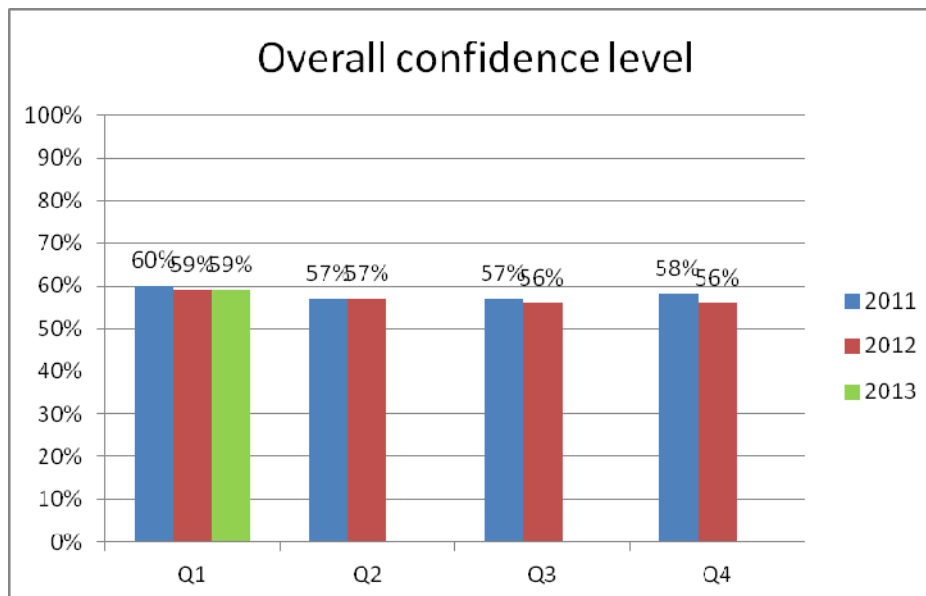
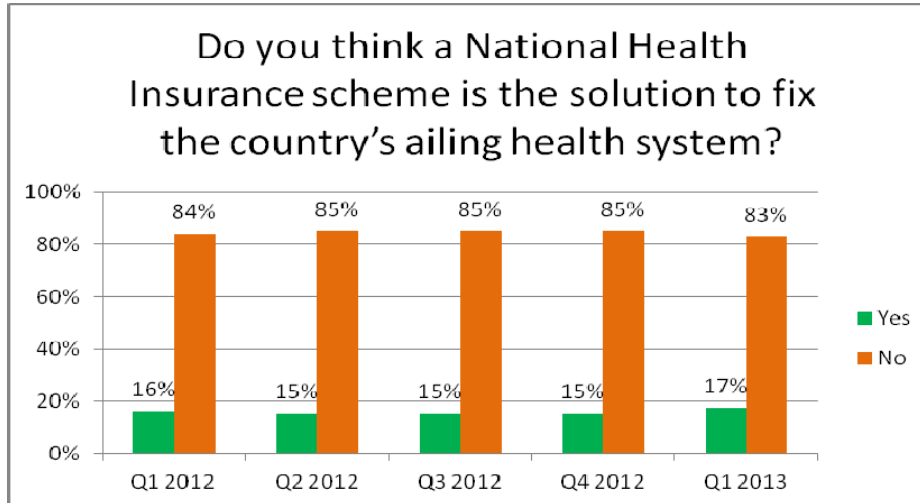


Socio-economic:









Media release:

CONFIDENCE AMONG SA PROFESSIONALS HITS 12-MONTH HIGH

22 May 2013: Confidence levels among South Africa's graduate professionals climbed to a 12-month high in the first quarter of the year, following a period of extended concern over the political climate, ongoing wildcat strikes and downgrades to the country's sovereign credit rating.

This is according to the latest results of the PPS Graduate Professionals Confidence Index (PCI) – which tracks the confidence levels of over 5 000 of South Africa's graduate professionals – for the first quarter of 2013 that revealed overall confidence climbed to 59%, up three percentage points from the previous quarter and the same as a year earlier.

Gerhard Joubert, Head of Group Marketing and Stakeholder Relations at PPS, notes that historically the PCI has shown that graduate professionals tend to be most confident at the start of the year but says it is welcome to see an increase. “All South Africans, not just professionals, have had much to contend with over the last year, so the decline in confidence levels was not a surprise. However, it is very welcome to note that some optimism is also now creeping in.”

The survey revealed that confidence on a range of economic factors has increased from the previous quarter, with respondents recording a two percentage point rise on the economic outlook for South Africa over the next 12 months and on the outlook for equity markets over the same period to 57% and 63% respectively.

Joubert notes that in line with the greater sense of optimism, professionals are also more confident that they will remain in South Africa for the foreseeable future with a confidence level of 77% for the first quarter compared with 75% for the previous three months. “This measure has continually declined since the recording a high of 84% in the first quarter of 2011 but it is pleasing to note that we are seeing a rise in optimism now – and 77% is still a very positive result.”

Joubert notes, however, that the survey also revealed a decline in confidence for a number of critical socio-economic issues in the country.

Confidence in the standard of education in South Africa improving over the next five years fell by one percentage point to 43% from the previous quarter, while 96% said they remain concerned about the lack of mathematics and science graduates in South Africa.

Unemployment remains the biggest area of concern for graduate professionals, with a 38% confidence level when asked about their optimism about the standard of unemployment improving over the next five years, the lowest reading in the PCI in the first quarter.

Joubert says this is to be expected given recent news from Statistics SA that unemployment in the country worsened in the first three months of the year. South Africa’s official unemployment rate declined to 25.2% in the first quarter of 2013 from 24.9% in the previous quarter, with the number of unemployed rising by 100 000 to 4.6-million.

Confidence in the improvement of crime rates also revealed a one percentage point drop from the previous three months to 39%.

There was some respite as confidence over the future of the healthcare system increased by one percentage point to 43%. “51% of respondents said they agree with the principle behind the National Health Insurance (NHI) scheme, up two percentage points from last time, while 17% said NHI is the solution to fix the ailing health system, also up two percentage points.

“Clearly there is still widespread concern about the implementation of NHI; but it appears the initiative is definitely going ahead, so it seems professionals are slowly beginning to accept the scheme.”

Other results from the survey

- Confidence in the future of their profession fell one percentage point to 77% from the last quarter
- Confidence that respondents have seen the worst of the global economic turmoil increased by one percentage point to 54% year-on-year
- Confidence in their ability to earn an income that keeps up with inflation increased by one percentage point to 69%
- Confidence that they have saved enough to retire comfortably was unchanged at 60%

-Ends-

Additional information:

PPS boasts in excess of 200,000 members who enjoy access to a comprehensive suite of financial and healthcare products that are specifically tailored to meet the needs of graduate professionals.

PPS is the largest South African company of its kind that still embraces an ethos of mutuality, which means that it exists solely for the benefit of its members. Thus, members who are policyholders can exclusively share in the profits of PPS Insurance and those who have PPS Investments products can also share in the profits of PPS Investments.

PPS membership provides access to the following tried, tested and trusted products and services: PPS Insurance, PPS Short-Term Insurance, PPS Beneficiaries Trust, PPS Investments and Profmed Medical Scheme. Visit www.pps.co.za for more information.

PPS is an authorised financial services provider.