



FOR PROFESSIONALS

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SA PROFESSIONALS MORE CONFIDENT IN FUTURE OF PROFESSION BUT LOSING FAITH IN ECONOMY - SURVEY

4 September 2013: South Africa's graduate professionals' confidence in the future of their professions increased in the second quarter of the year following data that showed an increase in graduate employment in the country. However, the local economy proves to be a major concern for professionals.

This is according to the latest results of the PPS Graduate Professionals Confidence Index (PCI), which tracks the confidence levels of over 3 000 of South Africa's graduate professionals, and revealed a 79% confidence level when respondents were asked about the future of the profession over the next five years, up two percentage points from the previous quarter.

Gerhard Joubert, Head of Group Marketing and Stakeholder Relations at PPS, notes that this growth is very positive as historically the PCI has shown that graduate professionals tend to lose confidence in the future of their profession as the year progresses. "This increased confidence may be linked to recent findings that graduate employment has actually grown dramatically in the country."

According to a recent report compiled by the Centre for Development and Enterprise (CDE), which analysed trends in graduate employment from 1995 to 2011, the number of graduates in the workforce has more than doubled since 1995. Approximately 460 000 graduates were present in the labour force in 1995, with 4% unemployed, compared to over 1 million graduates present in the 2011 workforce and 5% being unemployed.

"These findings also point to demand for skilled professionals in the country, as the percentage of unemployed university graduates remains minimal when compared to other non-degree tertiary education (16%), matriculates (29%) and those with less than 12 years schooling (42%)," says Joubert.

However, the PCI results indicate that graduate professionals are becoming increasingly concerned about the local economy. A three percentage point drop was noted when respondents were asked about their confidence in the local equity and share market over the next 12 months.

David Crosoer, Executive: Research and Investments at PPS Investments, says that although recent weeks have seen the Johannesburg Stock Exchange reaching record levels, the South African economy continues to perform poorly. "Challenges facing the local mining industry (which is under pressure from weak export markets and spiraling costs) and the local consumer (who, for the most part, remains poorly educated and heavily indebted) are persistent.

The survey also revealed that confidence among graduate professionals in the economic outlook for South Africa over the next 12 months fell by two percentage points to 55% for the second quarter.

Assessing the local economy, the South African Reserve Bank (SARB) revised down its expectation of economic growth to 2% in 2013, and just 3.3% in 2014, says Crosoer. “Significant structural adjustments are needed to regain competitiveness, despite our equity market recently benefiting from a significantly weaker currency.”

On a positive note, confidence in the standard of education over the next five years was up three percentage points to 46%.

This could have also been boosted by the recent announcement by President Jacob Zuma of two new universities to open in the Northern Cape and Mpumalanga provinces (Sol Plaatje University and University of Mpumalanga) in 2014. Furthermore, President Zuma said the National Development Plan (NDP) envisioned an increase in enrollments from 17.9% in 2015 to 25% by 2030.

“While graduates show concern over the economy, it is positive that they still remain optimistic about their future in the country with a confidence level of 77% about remaining in the country for the foreseeable future, unchanged from the previous quarter. It is clear that steps are being taken to improve education in the country, which has seen a positive response from graduate professionals,” concludes Joubert.

Other results from the survey

- Confidence that crime rates will improve over the next five years increased one percentage point to 40%
- Confidence that unemployment in South Africa would improve over the next five years rose by one percentage point to 39%
- Confidence in the future of the health care system in South Africa over the next five years increased one percentage point to 44%