



FOR PROFESSIONALS

SINCE 1941



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## **SA PROFESSIONALS FEEL THE PINCH OF BLEAK ECONOMIC OUTLOOK - SURVEY**

5 November 2014: South Africa's graduate professionals' confidence levels across a number of socio-economic issues has declined in the third quarter of 2014, according to the latest results from the 2014 PPS Professional Confidence Index (PCI). The overall confidence level recorded by the PCI, which included almost 3 500 graduate professional respondents, has dropped by seven percentage points to 52% since the first quarter of the year.

The results follow newly appointed Finance Minister Nhlanhla Nene's Medium-Term Budget Policy Statement (MTBPS), which saw South Africa's Gross Domestic Product (GDP) growth forecast for 2014/15 almost halve from 2.7% forecasted in February to 1.4%. In light of this, the PCI recorded a confidence level of just 51% when respondents were asked how confident they are about the economic outlook for South Africa over the next 12 months, a decline of four percentage points from the previous quarter.

According to Gerhard Joubert, Executive: Group Marketing and Stakeholder Relations, the Finance Minister's grave outlook for the local economy could have had a wider impact on professionals' outlook on other aspects such as their professional future in the country, as well as education. "It is natural that if the economic outlook is not looking bright, then other issues also begin to look a bit bleaker."

A confidence level of 76% was recorded when respondents were asked about their confidence in the future of their profession over the next five years, a drop of three percentage points from the previous quarter.

Professionals realise that a weaker economy means less income as consumers tighten their budgets, says Joubert. "Consumers will be hesitant to use professional services such as lawyers, doctors or architects unless completely necessary, which is a major concern for the livelihood of these professionals."

Slight drops in the confidence levels for education-related questions were also noted in the third quarter 2014 PCI. Joubert points out that this is quite relevant given that matric exams are currently under way.

When asked about their confidence in the standard of education in South Africa over the next five years at a basic school level, a decline of one percentage point to 45% was noted. In addition, confidence in the quality of education at tertiary institutions over the next five years declined by two percentage points to 58%, while 94% of respondents noted their concern about the lack of maths and science graduates.

The recent release of the World Economic Forum's *2014/2015 Global Competitiveness Index (GCI)* are in line with the professionals' perceptions of the education sector, says Joubert.

The GCI ranked South Africa 140 out of 144 countries for the quality of its education system, while primary education ranked 133 out of 144 and SA came last for the quality of maths and science education.

Joubert says it is imperative that steps are taken to address the negative perception of the education system in South Africa. “Not only does this hinder foreign investment, but it directly impacts the prospect of creating future skilled professionals in the country. This requires a top-down approach and must be taken seriously by all stakeholders.

“The third quarter PCI results reveal that the strength of the economy does relate to how optimistic professionals feel about their professional future in the country,” concludes Joubert.

#### **Other results from the survey**

- Confidence that crime rates would improve in SA over the next five years dropped one percentage point quarter-on-quarter to 38%;
- Confidence that unemployment in SA will improve over the next five years declined by two percentage points quarter-on-quarter to 36%;
- Confidence in the future of the healthcare system decreased two percentage points quarter-on-quarter to 44%;
- Confidence that the general public has a good understanding of financial matters declined two percentage points from the previous quarter to 36%.