

COVID-19 AND EMPLOYMENT AND TRAINING IN THE INSURANCE SECTOR

Authors

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Christopher Rooney, Tarquin Vollenhoven



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Development Policy Research Unit, School of Economics,
University of Cape Town





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List of Acronyms

ATR	Annual Training Report
Covid-19	Coronavirus disease 2019
DHET	Department of Higher Education and Training
GDP	Gross Domestic Product
GVA	Gross value added
HTFV	Hard-to-fill vacancy
INSETA	Insurance Sector Education and Training Authority
O*NET	Occupational Information Network
OFO	Organising Framework for Occupations
NQF	National Qualifications Framework
PIVOTAL	Professional, Vocational, Technical and Academic Learning
SAQA	South African Qualifications Authority
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SSP	Sector Skills Plan
WSP	Workplace Skills Plan



PART

1

INTRODUCTION

More than two years after the wave of restrictions aimed at controlling the spread of Covid-19 was rolled out by governments across the world, their social and economic effects continue to be felt. The lockdowns and resulting global disruptions to travel and trade resulted in precipitous declines in economic output in many countries, as well as significant job losses. It also disrupted activities within the education and training systems, with schools and other educational institutions forced to move to online teaching. With restrictions on movement meaning that large proportions of the workforce were forced to work remotely, workplace learning and processes of skills transfer were also disrupted.

The South African economy was not immune to these effects. Indeed, Covid-19 in many ways compounded the challenges the country faced as the economy had been on the brink of recession even before the lockdown was implemented. The financial intermediation industry—of which the insurance sector forms part—was somewhat insulated from the impact of the lockdown and was able to eke out growth of 0.8 percent in 2020, compared to a 6.4 percent contraction in the national economy (INSETA, 2022). Nevertheless, the employers and employees in the sector were required to adapt to unprecedented and rapidly evolving conditions.

The Workplace Skills Plan (WSP) and Annual Training Report (ATR) are important tools for collecting information regarding skills planning in South Africa. The minimum requirements for the WSP/ATR data submissions are outlined in Annexure 2 of Government Gazette No. 35940. Data is required to be submitted annually by skills development levy paying employers to their respective Sector Education and Training Authorities (SETA), which collates and submits the data to the Department of Higher Education and Training (DHET). From the perspective of the SETAs, the WSP/ATR data is also an important source of information on employment patterns.

This research aims to provide answers to two sets of questions. The first set of questions revolves around the impact of Covid-19 on employment and training in the insurance sector, while the second focuses on occupation-specific differences in Covid-19 risk measures. Specifically, answers to the following questions are sought: First, how has employment changed over time, in aggregate and at the employer level? Second, have changes in employment in the insurance sector been concentrated amongst particular groups or occupations and, if so, how has this impacted on the equity profile of employment? Third, what is the gap between planned and actual training within the insurance sector as reflected in the ATR? Fourth, what types of training have been impacted more significantly by the pandemic? Finally, which occupations and workers are 'vulnerable' from the perspective of not being able to work remotely or not being able to socially distance effectively if at work?

The remainder of the report is structured as follows. In the next section, the impact of Covid-19 on the South African economy is briefly discussed. Section 3 then describes the approach and the data used for the research and discusses the challenges around the cross-sectional analysis of the WSP/ATR data. In section 4, the focus turns to employment and training over the 2019–2021 period. Section 5 presents an analysis of the third round of an employer survey administered by INSETA in 2021 relating to the impact of Covid-19. Finally, section 6 concludes.



PART

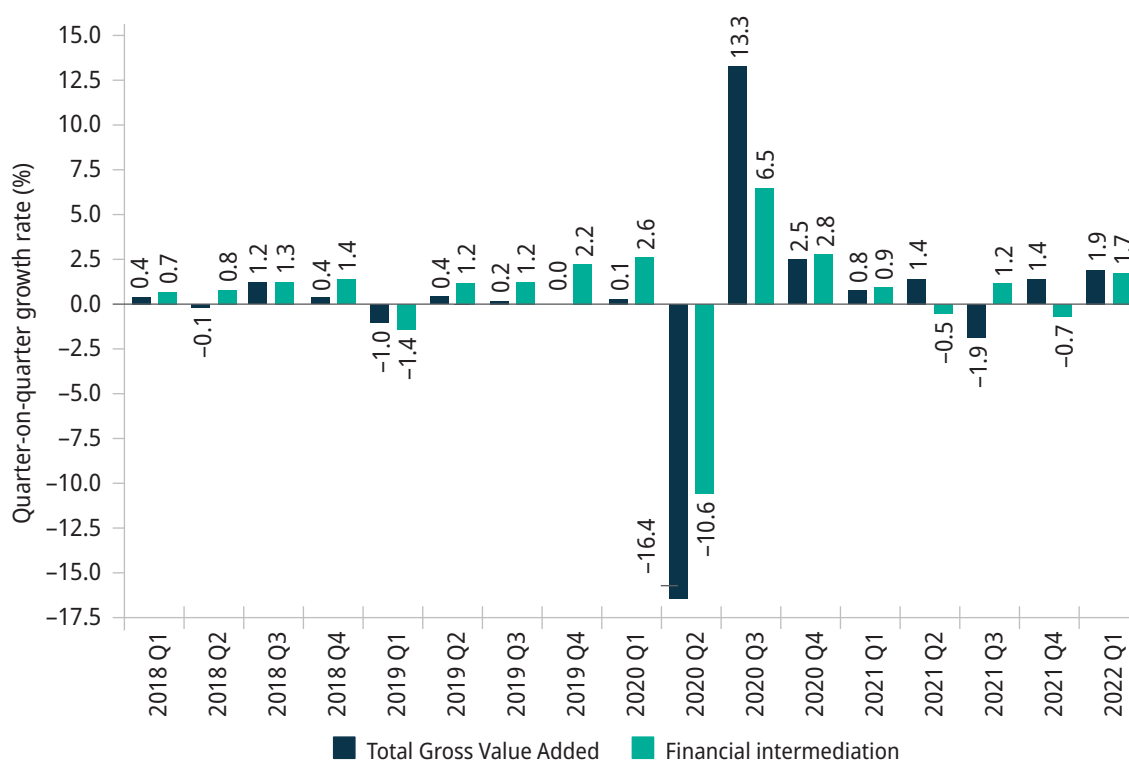
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**THE IMPACT OF
COVID-19 ON THE
SOUTH AFRICAN
ECONOMY**

The Covid-19 pandemic has had far-reaching implications for the global economy, resulting in economic and social disruptions of a scale that has rarely—if ever—been seen before. The pandemic and associated lockdown restrictions imposed since early 2020 have affected global, national and regional economies, sectors, businesses, livelihoods and communities (IFC, 2021). The pandemic triggered a global recession in 2021, with economic output contracting by 3.3 percent globally in 2020, and while it rebounded to an average of 6.1 percent in 2021 (IMF, 2022), the ripple effects of the pandemic, including extensive supply chain disruptions, continue to hamper the economic recovery.

Locally, the impact on the South African economy was felt immediately and deeply coming, as it did, on the back of an extended period of weak economic growth. Quarter-on-quarter gross value added (GVA) growth rates ranged between -1.0 percent and 0.4 percent between the first quarter of 2018 and the first quarter of 2020, before plunging to -16.4 percent in the second quarter of 2020 (Figure 1). While the economy rebounded to growth of 13.3 percent in the third quarter of 2020, growth rapidly moderated and has remained between -1.9 percent and 1.9 percent since the beginning of 2021. As a result, while it took ten quarters for output (seasonally adjusted and annualised real GDP in constant prices) to recover to the level seen in the first quarter of 2020, real GDP per capita for 2021 was still four percent lower than in 2019 and 6.6 percent lower than the peak in 2013 (South African Reserve Bank, 2022).

FIGURE 1: Seasonally adjusted quarter-on-quarter gross value added growth rates, 2018Q1–2022Q2

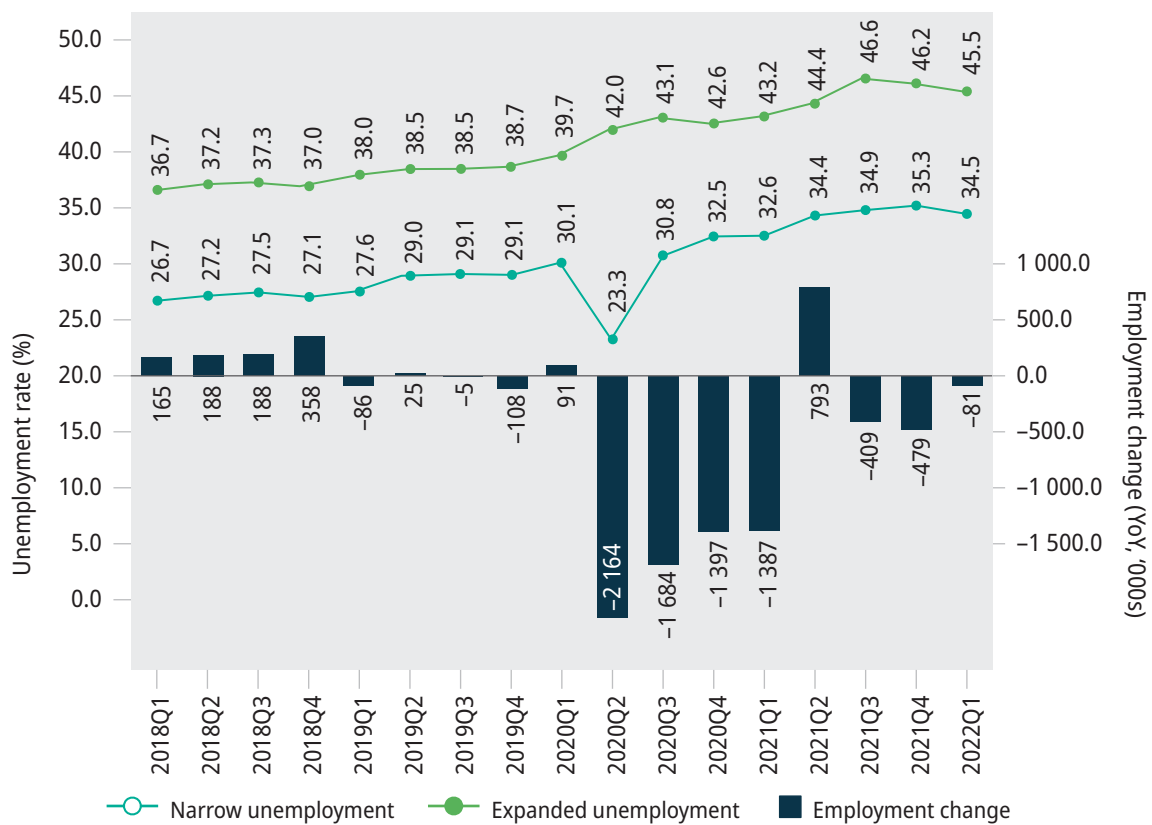


Source: Own calculations, South African Reserve Bank (2022).

For much of the period, real GVA growth within the financial intermediation industry, of which the insurance sector forms part, outpaced growth for the total economy. In the final quarter of 2019 and the first quarter of 2020, for example, the industry's real GVA growth rate was between more than two percentage points higher than the national average. The industry also managed to avoid the worst effects of the lockdown on output in the second and third quarters of 2020: output contracted by 10.6 percent in the second quarter of 2020 (compared to -16.4 percent for the total economy) and therefore had a smaller rebound in the third quarter (6.5 percent compared to 13.3 percent for the total economy). The post-Covid-19 period has been characterized by more volatility: of the final six quarters of the period, output growth in financial intermediation was within 0.3 percentage points of total output growth in three quarters, while it was around two percentage points lower in two quarters and three percentage points higher in one quarter.

The impact of Covid-19 on the labour market has been substantial, exacerbating the trends over the previous few years. While there had been some growth in employment on a year-on-year basis during 2008, by 2019 it had weakened substantially. In the second quarter of 2020, as the effects of the lockdown worked through the economy, 2.2 million jobs were lost relative to the first quarter of 2020 and just under 2.2 million jobs were lost relative to the second quarter of 2019.

FIGURE 2: Labour market trends, 2018–2022



Source: Own calculations, Statistics South Africa (various years).

As a result of the substantial contraction in employment, the unemployment rate was pushed higher. The narrow unemployment rate—which requires that unemployed individuals take active steps to find work or start a business in the reference period prior to the survey—increased from 30.1 percent in the first quarter of 2020 to 32.6 percent one year later and reached 35.3 percent in the fourth quarter of 2021 before dropping slightly in the first quarter of 2022. Expanded unemployment, which drops the requirement for active job search, increased from 39.7 percent in the first quarter of 2020 to a peak of 46.6 percent in the third quarter of 2021, before drifting slightly lower.

The effects of the lockdowns have been felt more broadly across a range of other economic and social dimensions. Results from the fifth wave of the National Income Dynamics—Coronavirus Rapid Mobile Survey (NIDS-CRAM) suggest, for example, that an “extra 500 000 children have dropped out of school during the pandemic”, with dropout rates highest in rural areas and for children in the poorest households (Spaull et al., 2021). At the same time, “most primary school learners in South Africa have lost 70%–100% (i.e., a full year) of learning relative to the 2019 cohort” between March 2020 and June 2021, while there has been an increase in the rates of household and child hunger (Spaull et al., 2021). These impacts on hunger and learning have important long-term implications for human capital development in South Africa and require deliberate interventions if they are to be remedied.

Three surveys were conducted by Statistics South Africa to understand the real-time effects that the pandemic was having on South African businesses, specifically during the level 4 and 5 lockdown periods. The first survey (707 respondents) was conducted during late March/early April 2020, followed by a second survey in the second half of April 2020 (2 182 respondents), and a third during May 2020 (1 079 respondents). The first and second surveys cover the level 5 lockdown period, while the third survey covers the level 4 lockdown period. The surveys provide a view of business operations including turnover, trading, workforce and business survival. Unfortunately, however, while the surveys covered various businesses registered for value added tax in different industries, the financial intermediation, insurance, pension funding, government and education sectors were excluded.

Some key results from these surveys are presented in Table 1 and they clearly illustrate the scale of the disruption of economic activity as a result of the pandemic. The first round of the survey, which ran immediately after the implementation of the lockdown, already highlighted strong impacts: 85 percent of respondents indicated lower-than-normal turnover, 46 percent had closed temporarily, 28 percent had decreased working hours, 20 percent had laid off staff, while 31 percent indicated that their businesses would not survive more than one month without turnover. By the second half of April (round two of the survey), 36 percent of respondents were laying off staff, 33 percent reported increased prices of inputs, while 50 percent were unable to meet business demands. At the same time, access to financial resources was deteriorating, as were expectations around the size of the workforce going forward. The third-round results from May 2020 suggest some slight improvements, although significant proportions of respondents still reported depressed turnover, temporary closures, reduced working hours, short-term layoffs, reduced access to financial resources, and price increases of inputs.

TABLE 1: Key findings from three Covid-19 business impact surveys by Statistics South Africa

	PROPORTION OF FIRMS (%)		
	Round 1	Round 2	Round 3
Business turnover below the normal range	85.4	89.6	84.3
Temporary closure or paused trading activity	46.4	47.9	20.2
Permanently ceased trading	-	8.6	2.2
Trade partially	-	34.6	51.6
Working hours (decreased)	28.3	24.9	35.1
Lay off staff (short-term)	19.6	36.4	25.8
Workforce size (expected to decrease)	36.8	45.6	26.8
Workforce size (expected to remain the same)	50.4	38.7	50.0
Access to financial resource remain the same	52.6	37.7	59.0
Access to financial resources decreased	23.8	38.3	20.3
Applied for financial assistance (government relief schemes)	38.2	30.0	39.8
Price of materials, goods and services (increased)	19.1	32.9	39.0
Survive less than a month without turnover	30.6	29.7	23.3
Survive 1 to 3 months without turnover	54.0	55.3	54.9
Able to meet business demands	46.3	35.7	61.6
Unable to meet business demands	43.0	50.4	30.2
Remain operational during lockdown level	-	56.3	86.4

Source: Own compilation, Statistics South Africa (2020a, 2020b, 2020c).

In December 2021, the South African government shifted towards a pragmatic approach in dealing with the pandemic through the easing of restrictions, with consideration for the direct and indirect effects of Covid-19 on the economy and society (South African Government, 2021). As we continue to transition to a new reality of living with Covid-19, it is important to understand the effects of the pandemic on the economy broadly and on employers in the insurance sector in particular. The latter is the focus of this report.



PART

3

DATA AND APPROACH

3.1 APPROACH

The WSP/ATR data is a rich source of data on employment and skills development within the economic sectors that correspond with the 21 SETAs. The collection of this data represents a significant investment of time and effort on the part of employers, the individual SETAs, and DHET, but is in some ways arguably underutilised. This is particularly true when it comes to cross-sectoral or national-level analysis of the data (Oosthuizen and Köhler, 2020).

Nevertheless, the WSP/ATR data is a key data source when it comes to the compilation of the Sector Skills Plans (SSP). That said, researchers must deal with an important constraint when using the WSP/ATR data as a basis for describing and analysing employment and skills development within a particular sector, namely that the employers represented in the data are only a (non-random) sample of employers in the sector. Only levy-paying employers are required to submit their data, meaning that the data excludes informal sector employers as well as a large proportion of non-levy-paying employers in the formal sector. Given the administrative requirements associated with submissions, smaller firms are also less likely to be able to submit their data than larger firms. Further, there is little that compels levy-paying employers to submit data, with the entitlement to a 20 percent rebate on the Skills Development Levy (SDL) serving as an incentive to submit.

As a result, the number of submissions may vary from year to year and may be only weakly correlated with the actual number of employers in the sector, while the decision to submit data may be influenced by a range of factors over which the SETA has little to no control. In the absence of any evidence, there does not seem to be any strong reason to expect that the variation in the number of submissions would be either small or large.

Table 2 provides an overview of the number of WSP/ATR submissions for INSETA over the past seven years, from 2015/16 to 2021/22. For the majority of this period, the number of submissions received was roughly in the 1 000–1 100 range, although submissions were substantially lower in 2016/17 and 2018/19 (in the low 600s) and 962 in 2017/18. Ignoring the two outlier years of 2017/18 and 2018/19, the relative stability of the total number of submissions obscures some significant fluctuations in submissions within different size categories. For example, the number of submissions from large employers ranges between 67 (2016/17) and 227 (2019/20) over the period, or between 87 (2015/16) and 227 (2019/20) once the two outlier years are excluded. For medium employers, submissions range between 81 (2015/16) and 135 (2017/18), while submissions from small employers range between 442 (2018/19) (or 701 in 2017/18 if the outlier years are excluded) and 879 (2015/16).

TABLE 2: WSP/ATR submissions by firm size as reported in Sector Skills Profiles, 2015/16–2021/22

YEAR	LARGE EMPLOYERS (150+ EMPLOYEES)		MEDIUM EMPLOYERS (50–149 EMPLOYEES)		SMALL EMPLOYERS (0–49 EMPLOYEES)		TOTAL	
	Number	Change	Number	Change	Number	Change	Number	Change
2015/16 (2016)	87	–	81	–	879	–	1 047	–
2016/17 (2017)	67	-23.0	102	25.9	448	-49.0	617	-41.1
2017/18 (2018)	126	88.1	135	32.4	701	56.5	962	55.9
2018/19 (2019)	71	-43.7	95	-29.6	442	-36.9	608	-36.8
2019/20 (2020)	227	219.7	132	38.9	745	68.6	1 104	81.6
2020/21 (2021)	113	-50.2	126	-4.5	861	15.6	1 103	-0.1
2021/22 (2022)	105	-7.1	132	4.8	786	-8.7	1 023	-7.3
RATIO OF MAXIMUM SUBMISSIONS TO MINIMUM SUBMISSIONS								
Full period		3.39		1.67		1.99		1.82
Period excl. outliers		2.61		1.67		1.25		1.15

Source: INSETA (2018, 2020a, 2021).

Notes: Figures for 2020/21 include three firms of unspecified size. Estimates for 2015/16–2017/18 for small employers are described as referring to “Small levy paying” firms only (INSETA 2018), although the numbers in those years are consistent with later estimates which are for all small employers. Years in brackets refer to the year of submission.

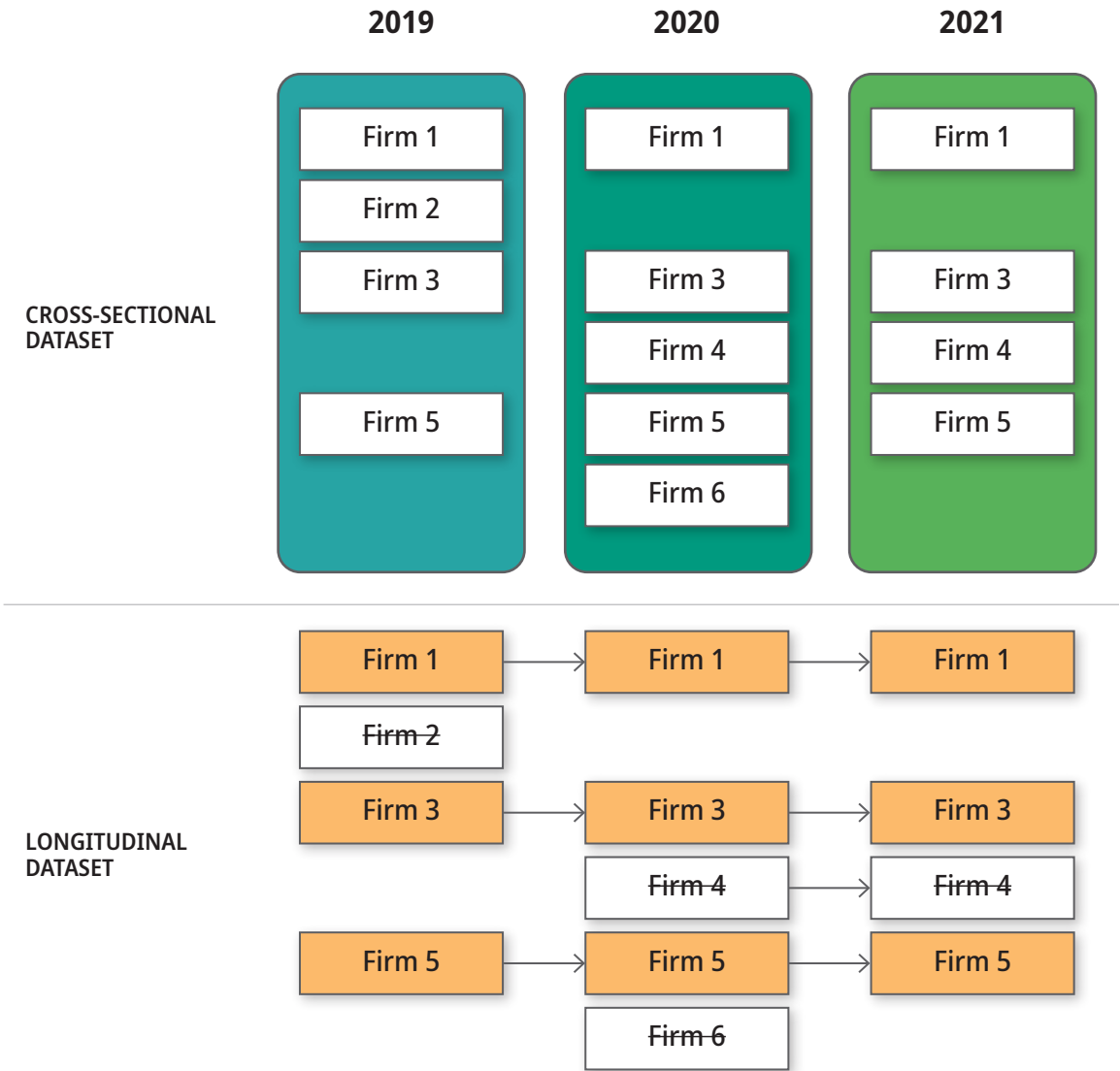
The data therefore indicates that, while the number of WSP/ATR submissions to INSETA has remained broadly stable over much of the past seven years, the numbers of submissions in each size category have been more variable. This suggests that, from year to year, the distribution of submissions across size categories also varies. At the same time, the distribution of submissions across other firm characteristics, such as subsector or location, may also be impacted significantly.

The WSP/ATR data is typically used cross-sectionally. Cross-sectional data is data that refers to a particular point in time. For example, the WSP/ATR data records employment within firms as at a specific date. If one wanted to know how employment in the insurance sector changed between two years, one might take the estimate of employment across all firm submissions from the WSP/ATR data in the first year and compare that to the estimate from the WSP/ATR data in the second year. However, as noted above, given the variation in the number and characteristics of firms submitting WSP/ATR data from year to year, it is quite possible that the trend in employment is distorted as the number of firms submitting data changes over time. Similarly, if one were to look at the breakdown of employment by race over time, the trends may be impacted by changes in the characteristics of firms submitting WSP/ATR data from year to year.

Cross-sectional data is reflected in the upper section of Figure 3: three annual datasets with various firms having submitted in each year. Using this data to investigate trends in employment, one would tally employment across all the firms in each dataset—firms 1, 2, 3, and 5 in 2019; firms 1, 3, 4, 5, 6 in 2020; and firms 1, 3, 4, 5 in 2021—and compare these totals. However, it is clear that at least some portion of the change in employment from year to year is linked to firms entering or exiting the data over time: firm 2 exits in 2020, firm 4 enters in 2020, and firm 6 is only present in 2020.

However, the WSP/ATR collects data from firms each year and it can therefore be viewed as longitudinal (or panel) data. It is possible to construct a panel dataset from the annual WSP/ATR datasets. This panel dataset would link firms over time using a unique identifier (in this case, the SDL number) across the annual WSP/ATR datasets and allow one to track their responses to a specific question—such as employment—over time. This panel dataset would make it possible to investigate the change observed between the WSP/ATR cross-sections and determine the extent to which this change may be impacted by firms who submit data sporadically.

FIGURE 3: Illustration of cross-sectional and longitudinal data



In the example in Figure 3, the highlighted firms—firms 1, 3, and 5—are present in each year and are linked using a unique identifier to form a panel dataset. To assess employment trends over time using this data, one could compare total employment across only these highlighted firms. Firm 4 might also be included in the panel, although comparisons with 2020 would use slightly different data depending on whether the comparison was with 2021 (in which case Firm 4 would be included in the comparison), or with 2019 (in which case Firm 4 would be excluded from the comparison).

3.2 DATA

3.2.1 The Workplace Skills Plan/Annual Training Report Data

In this research, we rely on two key data sources. The first is the WSP/ATR data submitted in 2019, 2020 and 2021. These datasets contain employer submissions covering a number of areas, including employment, planned training, actual training, Professional, Vocational, Technical and Academic Learning (PIVOTAL) training, hard-to-fill vacancies, and skills gaps. Some of the analysis relies on these three cross-sectional datasets. However, in addition, we use the annual datasets to construct a panel dataset, linking employers across years using their SDL numbers. This then allows us to follow individual employers over time.

Table 3 provides an overview of the resulting panel dataset from the perspectives of both employers and employees. The total number of employers submitting WSP/ATR data was stable over the period at just over 1 100 in each year. However, there is a significant amount of churn in terms of employers dropping out and entering the sample, meaning that a significant proportion of submissions in a given year are from employers who are either entering or exiting the sample. Roughly three-fifths of employers in each of the years remained within the sample in all three years. In other words, the 690 employers who submitted data in 2019, 2020, and 2021 accounted for between 61 percent and 63 percent of all submissions in those years. This means that the remaining two-fifths of employers did not submit data at least once over the three-year period.

TABLE 3: Characteristics of the WSP/ATR panel dataset, 2019–2021

	2019		2020		2021	
	Number	Share (%)	Number	Share (%)	Number	Share (%)
TOTAL EMPLOYERS	1 128	100.0	1 130	100.0	1 101	100.0
... Submitted in 2019 only	312	27.7	..	..	..	..
... Submitted in 2020 only	..	..	144	12.7	..	..
... Submitted in 2021 only	..	..	..	..	181	16.4
... Submitted in 2019 and 2020	96	8.5	96	8.5	..	..
... Submitted in 2020 and 2021	..	..	200	17.7	200	18.2
... Submitted in 2019 and 2021	30	2.7	..	..	30	2.7
... Submitted in all years	690	61.2	690	61.1	690	62.7
TOTAL EMPLOYEES	148 590	100.0	146 863	100.0	147 724	100.0
... Submitted in 2019 only	3 644	2.5	..	..	..	..
... Submitted in 2020 only	..	..	1 822	1.2	..	..
... Submitted in 2021 only	..	..	..	..	4 012	2.7
... Submitted in 2019 and 2020	3 874	2.6	3 742	2.5	..	..
... Submitted in 2020 and 2021	..	..	4 017	2.7	4 218	2.9
... Submitted in 2019 and 2021	774	0.5	..	..	1 043	0.7
... Submitted in all years	140 298	94.4	137 282	93.5	138 451	93.7

Source: INSETA (2018, 2020a, 2021).

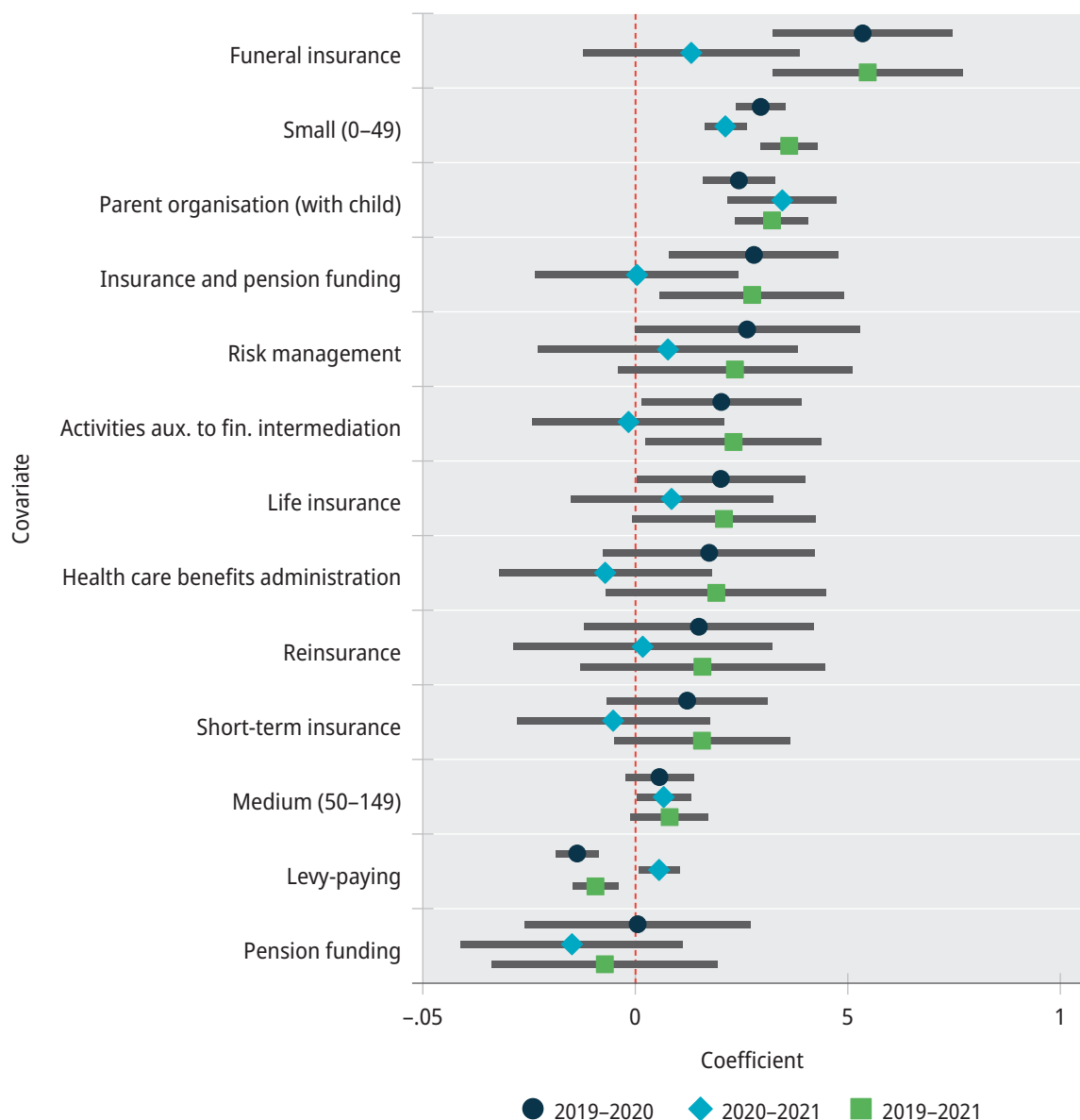
Generally, where employers did not submit data in each of the three years, they are more likely to miss only one of the years than two years. In 2021, for example, 20.9 percent of all employers that submitted data missed either 2019 or 2020 only, while 16.4 percent of employers that submitted data made no submissions in either 2019 or 2020. In 2020, the difference is even greater: 26.3 percent of employers with submissions in 2020 missed either 2019 or 2021 only, while 12.7 percent made no submissions in either 2019 or 2021. It does, however, appear that there was a break of sorts in 2020 since the figures for 2019 are very different. Nearly three out of ten employers (27.7 percent) who made submissions in 2019 made no further submissions in the remainder of the period, while just one out of ten (11.2 percent) made only one further submission in either 2020 or 2021.

However, in stark contrast to this picture of significant churn at the level of the employer, when one considers employees, there is very little churn at all. More than nine-tenths of employees recorded in the WSP data in each year were linked to the 690 employers who submitted their WSP/ATR data in each of the three years. It should be noted that this is not saying that the individual employees are the same employees in each year, but rather that the employers who made submissions in all three of the years typically employed upwards of 93 percent of the employment recorded in the WSP/ATR data. Further, employers who submitted WSP/ATR data only once over the three-year period accounted for less than three percent of total employment in any of the years.

Table 3 therefore provides important insights into the consistency of the WSP/ATR data over time. First, it is clear that there is substantial churn within the WSP/ATR data at the firm level and, as a result, a significant proportion of employers are entering or exiting the sample in any given year. However, a second insight is that this churn is much reduced when considering the sample from the perspective of employees. Such an employment-weighted approach reveals that the three-fifths of firms that submitted WSP/ATR data in each year of the 2019–2021 period accounted for roughly 94 percent of total employment recorded in the data. This means that, while the characteristics of employers may vary substantially from one year to the next due to churn at the firm level, the characteristics of employees are likely to be more stable and changes in their characteristics are more likely to emanate from changes observed within employers than from changes in which employers are represented in the data.

A key source of concern for the representivity of the cross-sectional WSP/ATR data is that, because firms are not compelled to make submissions, firms of a certain subset of characteristics may be more likely to make submissions in a given year or to make submissions consistently over time, which results in a biased representation of the sector. One specific source of bias is when firms do submit in a given year but do not in later years (which can be referred to as attrition). To illustrate this source of bias, we estimate several multivariate linear regression models which seek to highlight the determinants of attrition (in other words, what are the characteristics of firms which tend to not make submissions in a given year, conditional on submitting in a prior year). We present the results of these models in Figure 4, and consider attrition between three distinct periods.

FIGURE 4: Coefficient plot of firm-level determinants of attrition



Source: Own calculations, INSETA (2018, 2020a, 2021).

Notes: This figure plots, for three distinct periods, the average marginal effect estimates of a vector of baseline firm-level characteristics on the probability of attrition. Attrition here refers to firms submitting the WSP/ATR in an initial period (for example, for '2019-2020', they submitted in 2018/19) but not in the specified future period (2019/20). Average marginal effect coefficients obtained after estimating probit regression models with robust standard errors. Capped spikes represent 95 percent confidence intervals. Reference groups are as follows: large firm, unit trust subsector, and non-levy paying.

The models indeed suggest that firms of a particular set of characteristics are more likely than others to make WTR/ATR submissions, conditional on at least making a prior submission. We find that smaller firms, those who do not pay levies, firms linked to a 'parent' organisation, and firms in the insurance and pension funding, funeral insurance, and life insurance subsectors are more likely to not make a submission conditional on submitting in a prior period. Specifically, conditional on submitting in a prior period, small firms are between 21 and 37 percentage points more likely to not make a submission relative to large firms. The difference, though smaller at seven to eight percentage points, is also observed for medium-sized firms. Firms linked to a 'parent' organisation are 25 percentage points more likely to not make a submission relative to those who are not part

of a parent organisation¹, and levy-paying firms are 12–17 percentage points *less* likely than non-paying firms to not make a submission. By subsector, relative to unit trust firms, those in insurance and pension funding, funeral insurance, and life insurance are respectively 28 percentage points, 53–55 percentage points, and 20–21 percentage points more likely to not make a submission. Overall, these estimates highlight that the WSP/ATR data collected in a given year includes a non-random sample of firms in the insurance sector and is not representative of the sector as a whole. Additionally, such modelling can be considered to achieve better targeting of non-submitting firms and ultimately a greater response rate and consequently more consistent WSP/ATR data.

3.2.2 INSETA's Covid-19 Survey

The second data source used is the Covid-19 survey administered by INSETA to employers during 2021. This online survey administered to all companies submitting WSP/ATR data aimed to determine the impact of Covid-19 on companies within the insurance sector from the perspective of skills development. The survey was administered in three rounds, during April/May 2020, September 2020, and June 2021. The questionnaire for the third round of the survey was significantly updated to ensure that the actual and expected changes reported by firms could be specifically linked to Covid-19 as opposed to other macroeconomic or policy changes, for example. Furthermore, the updated questionnaire included distinctions with respect to the directionality of impacts—either positive or negative—which had not been included in previous iterations of the survey.

Within the third round of this survey, a total of 78 responses were received covering employers across five size categories (1–10 employees, 11–49 employees, 50–149 employees, 150–999 employees, 1 000+ employees) and across the three major subsectors within the insurance sector. Two-thirds of respondents were from the non-life insurance subsector and just under one-third were firms within the life insurance subsector, while the remaining 2.6 percent of respondents were from the collective investments subsector. This data will be discussed in further detail in section 5 below.

¹ Child organisations linked to parent organisations are not required by INSETA to make separate WSP/ATR submissions, since the parent organisation submits on their behalf.



PART

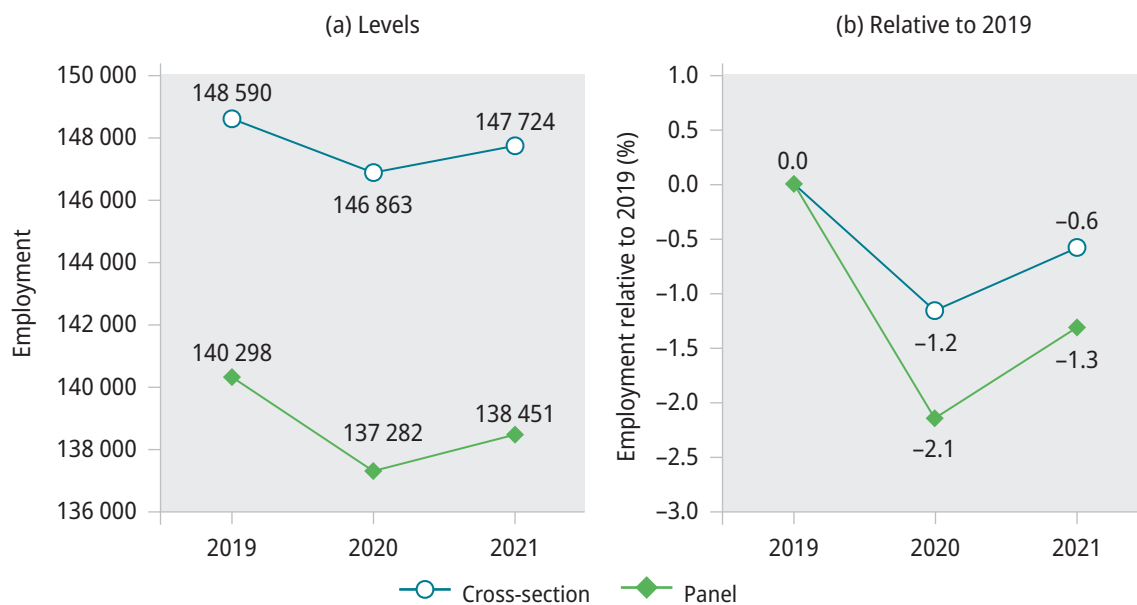
4

**EMPLOYMENT AND
TRAINING IN THE
INSURANCE SECTOR**

4.1 OVERALL EMPLOYMENT TRENDS

Employment levels in the insurance sector have remained relatively constant from 2018/19 to 2020/21, at least according to the firms who submitted the WSP/ATR. In Figure 5 we present aggregate employment trends for the sector in both absolute and relative terms, distinguishing between employers found in the cross-sectional data and those in the constructed panel dataset. The cross-sectional data includes all employers who submitted valid WSP/ATR data in a given year and aggregate employment therefore refers to the sum of employment derived from all WSP/ATR submissions in a given year. The panel data, however, includes only employers who were found to have submitted valid data in each of the three years between 2019 and 2021; here, aggregate employment includes only employment among firms who submitted in all years during the period. In other words, employers in the panel dataset are a subset of those found in the cross-sectional datasets.

FIGURE 5: Trends in aggregate employment in the insurance sector, 2019–2021



Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This figure presents the sum of employment totals as reported by firms who submitted the WSP in a given year. Employment totals are sourced from WSP Form 2 (Current Employment Profile).² Cross-section refers to all firms who submitted the WSP in a given year; Panel refers to firms who submitted the WSP in all three years.

² Unless otherwise stated, form numbers refer to the set of WSP/ATR forms for medium and large firms. Equivalent forms for small firms are not always numbered in the same way.

As discussed in section 3, these statistics ought to be interpreted with caution primarily because of sample selection bias. In other words, we do not have data on the population of employers in the sector given that not all employers make submissions; it is likely that employers that do make submissions differ in characteristics compared to non-submitters, and hence represent a non-random sample of employers in the sector. As such, any cross-sectional statistics ought to be interpreted with caution as we cannot be confident that they actually are representative of the state of the sector in a given year. The same can be said for analysing changes between years. By constructing and analysing a panel sample of employers as a comparison to these cross-sectional statistics, we can determine the extent to which changes in outcomes (like employment) are impacted by which employers choose to submit data. At the same time, it is not possible to determine the extent to which the panel of employers is representative of the full insurance sector.

According to the WSP/ATR data, in 2019 the sector comprised of approximately 148 500 employees, equivalent to just under 1 percent of total employment in the South African labour market or 6 percent of the broader finance industry.³ Although employment fell marginally the following year by just under 1.2 percent, by 2021 it had partially recovered to just under 148 000, or 0.6 percent lower than 2019 levels. This aggregate trend is consistent when alternatively considering the panel sample of employers. Using this sample, employment levels stood at just above 140 000 in 2019 and fell by over two percent in 2020, recovering partially in the following year.

This similarity in these trends in aggregate employment need not suggest that the cross-sectional estimates are accurate. Rather, the similarity is not surprising given that panel employers dominate the cross-sectional dataset. As shown in Table 3 in section 3.2.1, employers that consistently make WSP/ATR submissions represent the majority (62 percent) of all unique employers observed in the data in a given period, and account for nearly all (94 percent) of employment. Thus, Figure 5 indicates that, for this period, the cross-sectional data and the panel data provide broadly similar estimates of both the level of employment and its change over time.

Levels and changes in aggregate employment as considered above may mask underlying variation in within- and between-group employment over time. In Table 4 we present employment levels for a set of worker characteristics available in the data such as sex, race, age, and education, using the full cross-sectional sample of firms in each year.

³ Calculated using microdata from Statistics South Africa's Quarterly Labour Force Survey for the first quarter of 2019. Finance industry here refers to individuals working in financial intermediation; insurance; real estate; and business services, as per Statistics South Africa's major industry categories.

Based on this data, several observations stand out. The insurance sector is female-dominated, with women accounting for roughly 62 percent of all employees. This share has remained constant over the period, driven by a similar net reduction in employment in absolute terms from 2019 to 2021 for both men and women. Nearly all employees in the sector (99 percent) do not have a disability. Encouragingly, however, employment of individuals with a disability has notably increased in both levels (by 42 percent) and share of total employment (from 0.8 percent to 1.2 percent). Just over half (54 percent) of employees in the sector are African, followed by White (22 percent) and Coloured (14 percent) employees. However, these shares have not substantially changed during the period and, in absolute terms, the equity profile of the sector has deteriorated in some instances albeit only marginally so. For instance, African employees experienced the largest employment contraction in absolute terms (over 1 000 employees). In relative terms, because this group represents most employees in the sector, this contraction is equivalent to just 1.2 percent, which is not a particularly large change when compared with other groups. On the other hand, there has been a small rate of net employment growth for other employee-of-colour groups, although from a low base. These trends are of concern in the context of employment equity and the need for transformation within the sector.

There have been notable shifts in the age distribution of employment in the sector over time. It is concerning that the youth (younger than 35 years) have come to represent a decreasing share of employment within the sector, from just over half of all employees in 2019 to 44 percent in 2021. In absolute terms, the reduction in the number of youth employees is matched by a growth in the number of employees aged 35 to 54 years, which is indicative of either employers exhibiting a preference for hiring older over younger workers over time, or simply a process of youth employees ageing into this older age group. Unfortunately, without the availability of employer-level data on hiring practices or employee-level panel data, we are unable to confidently conclude on these potential reasons. Whatever the reason, this changing age profile is of concern considering South Africa's concentration of youth in both its total and unemployed populations (62 percent⁴ and 60 percent⁵, respectively). Overall, these statistics suggest that the insurance sector still has a way to go to achieving an employment profile that is representative of the South African population.

4 As per Statistics South Africa's 2021 Mid-Year Population Estimates, 62 percent of individuals living in South Africa are younger than 35 years.

5 As per Statistics South Africa's 2021 Quarter 1 Quarterly Labour Force Survey, 60 percent of the unemployed working-age population (by the narrow or searching definition) are aged between 15 and 34 years.

TABLE 4: Trends in aggregate employment in the insurance sector by worker characteristics (cross-sectional dataset), 2019–2021

	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Absolute	%	
Total	148 590	100.0	146 863	100.0	147 724	100.0	-866	-0.6	100.0
SEX									
Male	57 132	38.4	56 825	38.7	56 705	38.4	-427	-0.7	49.3
Female	91 458	61.6	90 038	61.3	91 019	61.6	-439	-0.5	50.7
RACE									
African/Black	81 792	54.6	80 656	54.4	80 784	54.0	-1 008	-1.2	116.4
Coloured	20 697	13.8	21 536	14.5	21 430	14.3	733	3.5	-84.6
Indian/Asian	12 441	8.3	12 604	8.5	12 994	8.7	553	4.4	-63.9
White	33 482	22.3	32 584	22.0	33 002	22.1	-480	-1.4	55.4
Other	1 407	0.9	1 014	0.7	1 255	0.8	-152	-10.8	17.6
DISABILITY STATUS									
Yes	1 229	0.8	1 530	1.0	1 741	1.2	512	41.7	-59.1
No	147 361	99.2	145 333	99.0	145 983	98.8	-1 378	-0.9	159.1
AGE									
< 35 years	74 785	50.3	70 724	48.2	64 800	43.9	-9 985	-13.4	1 153.0
35–54 years	62 206	41.9	65 464	44.6	71 421	48.3	9 215	14.8	-1 064.1
55–64 years	10 402	7.0	9 173	6.2	10 252	6.9	-150	-1.4	17.3
65+ years	1 197	0.8	1 503	1.0	1 251	0.8	54	4.5	-6.2
EDUCATION									
< NQF 1	269	0.2	185	0.1	283	0.2	14	5.2	-1.6
NQF 1–3	4 184	2.8	3 068	2.1	2 474	1.7	-1 710	-40.9	197.5
NQF 4	93 154	62.4	86 814	59.1	92 612	62.8	-542	-0.6	62.6
NQF 5–6	27 358	18.3	27 345	18.6	23 276	15.8	-4 082	-14.9	471.4
NQF 7	13 571	9.1	14 971	10.2	16 502	11.2	2 931	21.6	-338.5
NQF 8	6 644	4.5	6 226	4.2	6 260	4.2	-384	-5.8	44.3
NQF 9–10	2 010	1.3	1 747	1.2	2 502	1.7	492	24.5	-56.8
Other	2 011	1.3	6 536	4.4	3 639	2.5	1 628	81.0	-188.0

	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Absolute	%	
Total	148 590	100.0	146 863	100.0	147 724	100.0	-866	-0.6	100.0
OCCUPATION									
Managers	20 098	13.5	23 048	15.7	21 640	14.6	1 542	7.7	-178.1
Professionals	29 923	20.1	31 005	21.1	32 197	21.8	2 274	7.6	-262.6
Techn. & assoc. prof.	52 274	35.2	48 876	33.3	49 592	33.6	-2 682	-5.1	309.7
Clerical support	39 856	26.8	36 779	25.0	38 134	25.8	-1 722	-4.3	198.8
Service & sales	4 908	3.3	5 609	3.8	4 149	2.8	-759	-15.5	87.6
Skilled agricultural	96	0.1	86	0.1	125	0.1	29	30.2	-3.3
Operators/ assemblers	337	0.2	299	0.2	418	0.3	81	24.0	-9.4
Elementary	1 098	0.7	1 161	0.8	1 469	1.0	371	33.8	-42.8

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This table presents employment totals by worker characteristic as reported by firms who submitted the WSP in a given year. Employment totals for all characteristics are sourced from WSP Form 2 (Current Employment Profile) except for education which is sourced from WSP Form 3 (Highest Education Profile). Group totals may not sum to the total for a given year due to missing data.

The educational data suggests that nearly all employees in the sector have at least a matric qualification or equivalent (at least 95.6 percent in 2021 when treating those who reported 'Other' as less than matric). This education level (NQF 4) appears to be the most prevalent specific level, representing close to two-thirds of employees in any given year and remaining relatively constant during the period, apart from a slight decrease in 2020. This group is followed by those with advanced certificates or diplomas who accounted for 16 percent of employees in 2021. The period has also seen a small but notable shift in the education profile of the sector towards higher qualification levels, with employees with at least a bachelor's degree or equivalent representing 17.1 percent of employees (or over 25 200) in 2021 up from 14.9 percent (or over 22 200) in 2019. This was coupled with a reduction in the employment share of those with advanced certificates or diplomas and appears to be driven by growth in the number of employees with a bachelor's degree or equivalent (exhibiting a growth rate of 21.6 percent) or with a master's or doctoral degree (exhibiting a growth rate of 24.5 percent).

The data suggests that employment in the insurance sector is almost completely comprised of highly- and semi-skilled occupations. By major grouping, in 2021 over one-third (36 percent) of employees were managers or professionals (mostly the latter), a share which has remained largely unchanged for at least this three-year period. However, combined, the number of workers in these two occupational groups has grown by about eight percent over the period. Technicians and associate professionals comprise the largest individual share of workers, accounting for about 50 000 or 34 percent of workers in 2021. This represents a reduction of five percent relative to 2019, similar the decline observed for clerks who represent just over one-quarter of employment in the sector. The largest contraction in employment occurred amongst service and sales workers (-15.5 percent over the period), although these workers represent a very small share of employment within the sector (2.8 percent, or 4 150 employees as of 2021).

Given the concerns surrounding the representivity of the cross-sectional WSP/ATR data, it is useful to compare the employment statistics above with those derived from the panel sample of employers. As shown in Table 5, we find that the worker characteristics of the firms in this sample are consistent with those observed above. That is, this data suggests that the insurance sector is female-dominated with women representing 62 percent of employees, a share which has remained constant over the period. By the remaining characteristics (disability status, race, age, education, and major occupation group), these statistics remain consistent with those observed above. However, it is important to repeat that the similarity in these statistics by sample is not surprising given that panel employers dominate the dataset, and it does not necessarily suggest that the cross-sectional estimates are representative of the population of firms in the sector.

TABLE 5: Trends in aggregate employment in the insurance sector by worker characteristics (panel dataset), 2019–2021

	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Absolute	%	
Total	140 298	100.0	137 282	100.0	138 451	100.0	-1 847	-1.3	100.0
SEX									
Male	53 530	38.2	52 706	38.4	52 915	38.2	-615	-1.1	33.3
Female	86 768	61.8	84 576	61.6	85 536	61.8	-1 232	-1.4	66.7
RACE									
African/Black	76 889	54.3	75 192	54.2	74 786	53.4	-2 103	-2.7	113.9
Coloured	19 861	14.0	20 352	14.7	20 644	14.7	783	3.9	-42.4
Indian/Asian	11 912	8.4	11 878	8.6	12 397	8.9	485	4.1	-26.3
White	31 525	22.3	30 270	21.8	31 085	22.2	-440	-1.4	23.8
Other	1 294	0.9	964	0.7	1 143	0.8	-151	-11.7	8.2
DISABILITY STATUS									
Yes	1 183	0.8	1 373	1.0	1 604	1.2	421	35.6	-22.8
No	139 115	99.2	135 909	99.0	136 847	98.8	-2 268	-1.6	122.8
AGE									
< 35 years	70 127	50.0	65 801	47.9	60 128	43.4	-9 999	-14.3	541.4
35–54 years	59 187	42.2	61 589	44.9	67 538	48.8	8 351	14.1	-452.1
55–64 years	9 913	7.1	8 572	6.2	9 671	7.0	-242	-2.4	13.1
65+ years	1 071	0.8	1 321	1.0	1 114	0.8	43	4.0	-2.3
EDUCATION									
< NQF 1	238	0.2	162	0.1	266	0.2	28	11.8	-1.5
NQF 1–3	3 074	2.2	2 728	2.0	2 258	1.6	-816	-26.5	44.2
NQF 4	89 072	63.0	81 208	58.9	87 319	62.6	-1 753	-2.0	94.9

	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Absolute	%	
Total	140 298	100.0	137 282	100.0	138 451	100.0	-1 847	-1.3	100.0
EDUCATION									
NQF 5–6	26 182	18.5	25 714	18.6	21 604	15.5	-4 578	-17.5	247.9
NQF 7	12 977	9.2	14 219	10.3	16 006	11.5	3 029	23.3	-164.0
NQF 8	6 383	4.5	5 746	4.2	5 956	4.3	-427	-6.7	23.1
NQF 9–10	1 958	1.4	1 685	1.2	2 439	1.7	481	24.6	-26.0
Other	1 530	1.1	6 508	4.7	3 542	2.5	2 012	131.5	-108.9
OCCUPATION									
Managers	18 851	13.4	21 641	15.8	20 547	14.8	1 696	9.0	-91.8
Professionals	29 300	20.9	30 191	22.0	31 267	22.6	1 967	6.7	-106.5
Techn. & assoc. prof.	48 368	34.5	45 127	32.9	45 916	33.2	-2 452	-5.1	132.8
Clerks	38 211	27.2	34 624	25.2	35 702	25.8	-2 509	-6.6	135.8
Service & sales	4 303	3.1	4 329	3.2	3 352	2.4	-951	-22.1	51.5
Skilled agricultural	89	0.1	80	0.1	110	0.1	21	23.6	-1.1
Operators/ assemblers	246	0.2	252	0.2	270	0.2	24	9.8	-1.3
Elementary	930	0.7	1 038	0.8	1 287	0.9	357	38.4	-19.3

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This table presents employment totals by worker characteristic as reported by firms who submitted the WSP in all three years. Employment totals for all characteristics are sourced from WSP Form 2 (Current Employment Profile) except for education which is sourced from WSP Form 3 (Highest Education Profile). Group totals may not sum to the total for a given year due to missing data.

In addition to differences according to worker characteristics, there are significant employment differences by employer characteristics in the insurance sector, both in a given year and over time. The data in Table 6 suggests that employment in the sector is concentrated within large firms (which is simply a definitional consequence of firm size), with these firms accounting for 85 percent of all employees in a given year. This proportion has remained consistent over the period although, in absolute terms, employment fell marginally by one percent between 2019 and 2021. The remaining 15 percent of employment is almost equally split between small and medium firms (7.3 percent and 7.7 percent of total employment respectively). However, while small firms experienced a small contraction in employment of 2.6 percent over the period, the medium firms saw growth of 7.3 percent. Not surprisingly, most of the employment reported in the WSP/ATR data is within firms that are levy-payers and, over the period, employment has become increasingly concentrated amongst levy-paying firms. Thus, employment in levy-paying firms increased from 64 percent of employees (or 95 500) in 2019 to nearly 72 percent (106 000) two years later.

TABLE 6: Trends in aggregate employment in the insurance sector by employer characteristics (cross-sectional dataset), 2019–2021

	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Absolute	%	
Total	148 590	100.0	146 863	100.0	147 724	100.0	-866	-0.6	100.0
SIZE									
Small	11 081	7.5	10 951	7.5	10 790	7.3	-291	-2.6	33.6
Medium	10 617	7.1	10 948	7.5	11 387	7.7	770	7.3	-88.9
Large	126 890	85.4	124 965	85.1	125 637	85.0	-1 253	-1.0	144.7
LEVY-PAYER STATUS									
Yes	95 552	64.3	102 314	69.7	106 154	71.8	10 602	11.1	-1 224.2
No	53 036	35.7	44 550	30.3	41 660	28.2	-11 376	-21.4	1 313.6
SUBSECTOR									
Unit trusts	107	0.1	124	0.1	88	0.1	-19	-17.8	2.2
Risk management	1 402	0.9	1 137	0.8	1 042	0.7	-360	-25.7	41.6
Ins. & pens. funding	33 601	22.6	30 273	20.6	35 768	24.2	2 167	6.4	-250.2
Life insurance	33 863	22.8	38 055	25.9	36 530	24.7	2 667	7.9	-308.0
Pension funding	1 243	0.8	1 527	1.0	1 471	1.0	228	18.3	-26.3
Health care benefits	17 735	11.9	19 801	13.5	19 010	12.9	1 275	7.2	-147.2
Short-term insurance	31 390	21.1	30 452	20.7	29 293	19.8	-2 097	-6.7	242.1
Funeral insurance	10 451	7.0	10 316	7.0	11 069	7.5	618	5.9	-71.4
Reinsurance	741	0.5	742	0.5	742	0.5	1	0.1	-0.1
Aux. to fin. intermed.	13 928	9.4	14 391	9.8	12 776	8.6	-1 152	-8.3	133.0
Other	4 127	2.8	46	0.0	25	0.0	-4 102	-99.4	473.7
PROVINCE									
WC	27 271	18.4	27 903	19.0	27 790	18.8	519	1.9	-59.9
NC	1 169	0.8	1 051	0.7	590	0.4	-579	-49.5	66.9
EC	7 365	5.0	7 514	5.1	7 706	5.2	341	4.6	-39.4
FS	2 491	1.7	2 498	1.7	2 840	1.9	349	14.0	-40.3
GP	86 344	58.1	86 358	58.8	85 071	57.6	-1 273	-1.5	147.0
MP	2 374	1.6	2 261	1.5	2 082	1.4	-292	-12.3	33.7
LP	3 996	2.7	3 626	2.5	3 380	2.3	-616	-15.4	71.1
NW	2 269	1.5	1 924	1.3	2 332	1.6	63	2.8	-7.3
KZN	15 309	10.3	13 729	9.3	16 023	10.8	714	4.7	-82.4

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This table presents employment totals by firm characteristic as reported by firms who submitted the WSP in a given year. Employment totals for all characteristics sourced from WSP Form 5 (Provincial Breakdown) and all characteristics for medium or large firms are sourced from WSP Form 4 (Provincial Breakdown). These employment totals by characteristic are consistent with the totals in Form 2 (Current Employment Profile). Group totals may not sum to the total for a given year due to missing data. Subsectors of the insurance sector are: unit trusts; risk management; insurance and pension funding; life insurance; pension funding; health care benefits administration; short-term insurance; funeral insurance; reinsurance; and activities auxiliary to financial intermediation.

The data suggests that employment in the insurance sector is concentrated in three subsectors: life insurance, insurance and pension funding, and short-term insurance, which collectively account for nearly 70 percent of all employment in the sector. Over time, while employment in both life insurance and insurance and pension funding have grown (by 7.9 percent and 6.4 percent respectively), employment in short-term insurance contracted by 6.7 percent. As a result, the employment composition of the sector has shifted marginally towards the former group (from around 45 percent to just under 50 percent of all employees) and away from the latter (from 21.1 percent to 19.8 percent). Other subsectors of importance in employment include health care benefits administration (representing 12.9 percent of employment in 2021), activities auxiliary to financial intermediation (8.6 percent), and funeral insurance (7.5 percent). Collectively, unit trusts, risk management, pension funding, and reinsurance account for just over 2 percent of all employment in the sector.

Finally, three provinces—Gauteng, the Western Cape, and KwaZulu-Natal—collectively account for over 87 percent of all employment in the sector. Although there is little change in these provinces' employment shares over time, there exist substantial differences in trends among employment in the other provinces. Notably, although representing a small share of employment, employment in the Northern Cape contracted by nearly half in just three years, from approximately 1 200 in 2019 to 600 in 2021, and overall accounts for more than two-thirds of the total decrease in net employment over the period. Employment in Limpopo and Mpumalanga also contracted, by 15.4 percent and 12.3 percent respectively, contrasting with employment growth of 14.0 percent in the Free State over the same period.

As was done with the breakdown by worker characteristics, we compare the employment breakdown by firm characteristics from the cross-sectional data with that based on the panel sample of employers. The data presented in Table 7 shows that the firm characteristics of this sample are largely consistent with those observed in the cross-sections. However, we do observe some instances of notable differences. For instance, employees in firms who consistently make submissions are slightly more likely to work for large firms, those that pay levies, and those that operate in the life insurance subsector. Although employment shares by province and changes in employment over time are similar across the firm samples, the magnitude of these latter changes are not. Notably, while the cross-sectional estimate suggests that employment in the Free State grew by 14 percent, in the panel sample of firms employment in this province grew by twice as much (28 percent).

TABLE 7: Trends in aggregate employment in the insurance sector by employer characteristics (panel dataset), 2019–2021

	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Absolute	%	
Total	140 298	100.0	137 282	100.0	138 451	100.0	-1 847	-1.3	100.0
SIZE									
Small	7 034	5.1	7 113	5.2	6 791	4.9	-243	-3.5	13.2
Medium	9 275	6.8	8 456	6.2	9 166	6.6	-109	-1.2	5.9
Large	121 083	88.1	121 387	88.6	122 327	88.5	1 244	1.0	-67.4
LEVY-PAYER STATUS									
Yes	87 363	63.6	97 525	71.2	102 037	73.8	14 674	16.8	-794.5
No	50 029	36.4	39 431	28.8	36 247	26.2	-13 782	-27.5	746.2
SUBSECTOR									
Unit trusts	95	0.1	88	0.1	88	0.1	-7	-7.4	0.4
Risk management	1 241	0.9	1 040	0.8	976	0.7	-265	-21.4	14.3
Ins. & pens. funding	30 112	21.9	29 371	21.4	34 204	24.7	4 092	13.6	-221.5
Life insurance	33 378	24.3	37 162	27.1	36 122	26.1	2 744	8.2	-148.6
Pension funding	1 229	0.9	1 253	0.9	1 172	0.8	-57	-4.6	3.1
Health care benefits	17 248	12.6	19 598	14.3	18 374	13.3	1 126	6.5	-61.0
Short-term insurance	28 671	20.9	26 591	19.4	26 936	19.5	-1 735	-6.1	93.9
Funeral insurance	9 078	6.6	9 346	6.8	9 351	6.8	273	3.0	-14.8
Reinsurance	700	0.5	710	0.5	742	0.5	42	6.0	-2.3
Aux. to fin. intermed.	11 545	8.4	11 751	8.6	10 319	7.5	-1 226	-10.6	66.4
Other	4 095	3.0	46	0.0	0	0.0	-4 095	-100.0	221.7
PROVINCE									
WC	25 870	18.8	26 829	19.6	26 922	19.5	1 052	4.1	-57.0
NC	1 116	0.8	1 022	0.7	570	0.4	-546	-48.9	29.6
EC	6 476	4.7	6 599	4.8	6 981	5.0	505	7.8	-27.3
FS	2 092	1.5	2 394	1.7	2 683	1.9	591	28.3	-32.0
GP	80 306	58.5	79 674	58.2	79 780	57.7	-526	-0.7	28.5
MP	2 178	1.6	2 149	1.6	1 875	1.4	-303	-13.9	16.4
LP	3 526	2.6	3 361	2.5	3 016	2.2	-510	-14.5	27.6
NW	2 004	1.5	1 903	1.4	2 073	1.5	69	3.4	-3.7
KZN	13 824	10.1	13 025	9.5	14 384	10.4	560	4.1	-30.3

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This table presents employment totals by firm characteristic as reported by firms who submitted the WSP in all three years. Employment totals for all characteristics for small firms are sourced from WSP Form 5 (Provincial Breakdown) and all characteristics for medium or large firms are sourced from WSP Form 4 (Provincial Breakdown). These employment totals by characteristic are consistent with the totals in Form 2 (Current Employment Profile). Group totals may not sum to the total for a given year due to missing data. Subsectors of the insurance sector are: unit trusts; risk management; insurance and pension funding; life insurance; pension funding; health care benefits administration; short-term insurance; funeral insurance; reinsurance; and activities auxiliary to financial intermediation.

To conclude this section of the employment profile of the insurance sector according to the WSP/ATR data, in Table 8 we present the distribution of firms according to varied patterns of employment changes over two distinct periods (in other words, how many firms increased, decreased, or kept their employment levels constant). It should be noted that in order to compute these estimates we could only make use of data from firms who submitted in at least both years in a given period. As such, similar to the estimates above, these statistics ought to be interpreted with some degree of caution.

The data suggests that from 2019 to 2020, the largest share of firms (41.4 percent) kept their employment levels constant, while close to a third (31.3 percent) experienced an increase and the remainder a decrease. However, there are notable differences in patterns by firm size. During this period, small firms largely experienced no change in their employment levels, with half (50.5 percent) of all small firms experiencing a constant level. Approximately a quarter experienced an increase and another quarter a reduction. On the other hand, medium and large firms are largely characterised by an increase in employment during this period, with 50 and 46 percent of such firms exhibiting this pattern. Although larger firms were (two times) more likely than small firms to experience an increase in employment, they were also more likely to experience reductions (recall the majority of small firms neither increased nor decreased but maintained their employment levels).

TABLE 8: Employment change patterns in the insurance sector, overall and by firm size, 2019–2020 and 2020–2021

	2019–2020		2020–2021	
	Count	Share (%)	Count	Share (%)
ALL FIRMS				
Decreased	215	27.4	231	26.0
Constant	325	41.4	272	30.6
Increased	246	31.3	387	43.5
Total	786	100.0	890	100.0
SMALL FIRMS				
Decreased	140	24.3	140	20.9
Constant	291	50.5	234	34.9
Increased	145	25.2	297	44.3
Total	576	100.0	671	100.0
MEDIUM FIRMS				
Decreased	40	36.4	44	40.0
Constant	15	13.6	15	13.6
Increased	55	50.0	51	46.4
Total	110	100.0	110	100.0
LARGE FIRMS				
Decreased	35	35.0	47	43.9
Constant	19	19.0	23	21.5
Increased	46	46.0	37	34.6
Total	100	100.0	107	100.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This table presents the distribution of unique firms (in levels and relative terms) who made WSP submissions according to their pattern of employment change (that is, whether employment within the firm remained constant, increased, or decreased) over two distinct periods: 2019–2020 and 2020–2021. For a given period, the sample only includes firms who submitted the WSP in at least both years. Firm size is according to firm size in the initial year for a given period. Employment totals are sourced from WSP Form 2 (Current Employment Profile).

The firm-level employment patterns from 2019 to 2020 are suggestive of striking differences between small and larger firms; however, we observe a change in such differences in the period thereafter. From 2020 to 2021, the largest share of all firms (43.5 percent) increased their employment levels, in contrast to the 'stagnant' observation we observe in the period prior. In both periods, a similar level and share of firms reduced their employment levels. By firm size, a much larger share of small firms experienced an increase in their employment levels relative to the period prior (44.3 percent versus 25.3 percent), which appears to be driven by fewer firms keeping their employment levels constant. Among medium and large firms, such changes in employment patterns are not as severe; however, a higher share of such firms experienced a reduction in their employment levels (40.0 and 43.9 percent of medium and large firms, respectively) and a lower share experienced increases (46.4 and 34.6 percent of medium and large firms, respectively). The reader should keep in mind that because of the way WSP/ATR data is collected, these differences in patterns between the 2019–2020 and 2020–2021 periods may partially be due to change in the composition of firms who submitted in the two periods.

It is additionally useful to consider transitions between states of the above patterns amongst firms over the entire period. For instance, how many firms who experienced an increase in their employment levels during 2020–2021 were already experiencing increasing levels during 2019–2020? To conduct this analysis, we generate a transition matrix (Table 9) which describes the number of firms, in absolute and relative terms, that experience a given pair of employment change patterns in the two periods (2019–2020, and 2020–2021). Importantly, to arrive at these estimates, only firms that submitted the WSP in all three years were included. The data is indicative of a large degree of 'churn' (the extent of changes between states) amongst firms in the sector, among both small and larger firms. First, considering all firms in the top left panel, nearly one-third (29.0 percent) experienced no change in their employment levels from 2019 to 2021. Just 12.5 percent of firms in the sector experienced a continuous increase in employment, from 2019–2020 and then again from 2020–2021, while a marginally smaller share (10.9 percent) experienced a continuous decrease. Of some concern is the 16.4 percent of firms (or one in every six) that initially experienced an increase in 2019–2020 followed by a decrease in 2020–2021, a reversal that may be attributable to the labour market effects of the Covid-19 pandemic. However, such a trajectory does not appear inevitable during this period, considering that nearly one in ten firms initially experienced a contraction in employment from 2019–2020 but thereafter growth from 2020–2021.

TABLE 9: Transition matrix of employment change patterns in the insurance sector, overall and by firm size, 2019–2020 to 2020–2021

		2020–2021							
		Constant	Increase	Decrease	Total	Constant	Increase	Decrease	Total
2019–2020	ALL FIRMS					SMALL FIRMS			
	Constant	200 29.0%	36 5.2%	43 6.2%	279 40.4%	169 34.5%	36 7.4%	41 8.4%	246 50.2%
	Increase	26 3.8%	86 12.5%	113 16.4%	225 32.6%	24 4.9%	45 9.2%	58 11.8%	127 25.9%
	Decrease	46 6.7%	65 9.4%	75 10.9%	186 27.0%	39 8.0%	40 8.2%	38 7.8%	117 23.9%
	Total	272 39.4%	187 27.1%	231 33.5%	690 100.0%	232 47.4%	121 24.7%	137 28.0%	490 100.0%
	MEDIUM FIRMS					LARGE FIRMS			
	Constant	12 11.7%	0 0.0%	2 1.9%	14 13.6%	19 19.6%	0 0.0%	0 0.0%	19 19.6%
	Increase	1 1.0%	25 24.3%	27 26.2%	53 51.5%	1 1.0%	16 16.5%	28 28.9%	45 46.4%
	Decrease	5 4.9%	12 11.7%	19 18.5%	36 35.0%	2 2.1%	13 13.4%	18 18.6%	33 34.0%
	Total	18 17.5%	37 35.9%	48 46.6%	103 100.0%	22 22.7%	29 29.9%	46 47.4%	97 100.0%

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This table presents a transition matrix of the distribution of unique firms (in levels and relative terms) who made WSP submissions in all three years according to their patterns of employment change (that is, whether employment within the firm remained constant, increased, or decreased) over two distinct periods: 2019–2020 and 2020–2021. The sample only includes firms who submitted the WSP in all three years. Firm size is according to firm size in 2019. Employment totals are sourced from WSP Form 2 (Current Employment Profile).

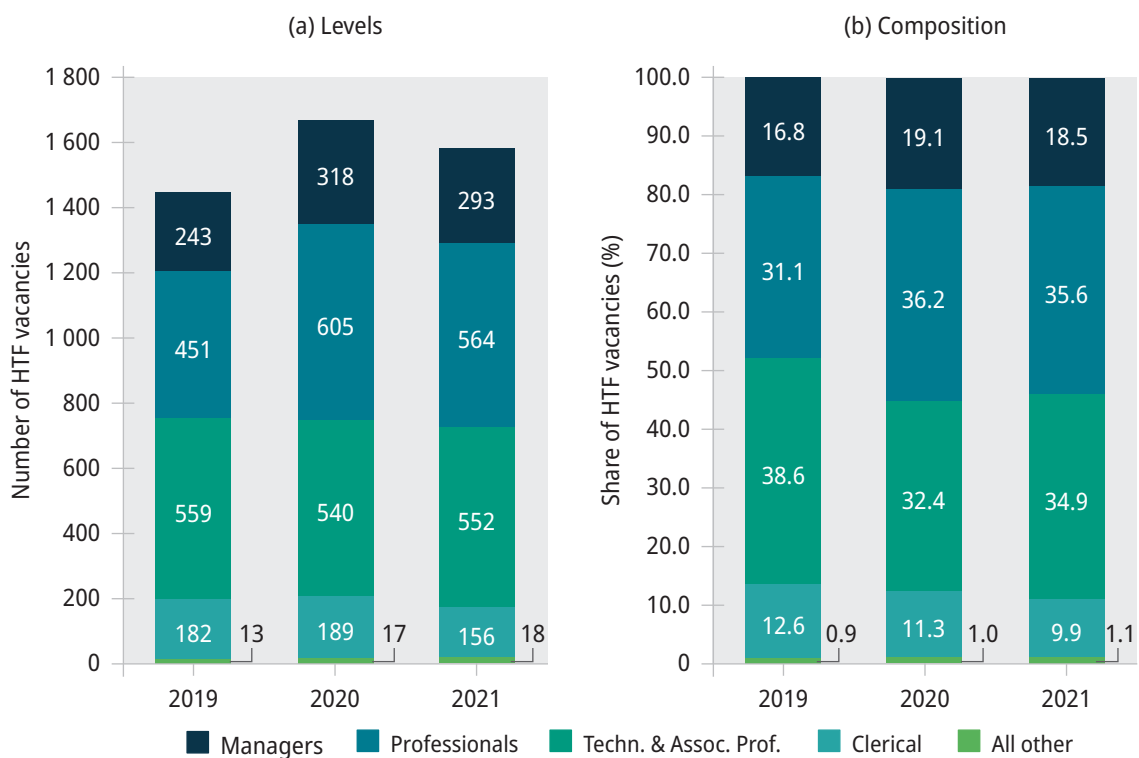
Small firms were significantly more likely to experience constant employment levels during this three-year period compared to larger firms. Over one-third (34.5 percent) experienced constant employment levels in 2019–2020 and 2020–2021, in contrast to 11.7 percent of medium firms and 19.6 percent of large firms. On the other hand, both medium and large firms were more likely than small firms to experience a continuous increase in employment over the period, although they were also more likely to initially experience an increase in 2019–2020 and then a contraction in 2020–2021. This latter pattern affected almost three in ten large firms and over a quarter of medium-sized firms. Continuous contractions in employment over the whole period were also more prevalent amongst larger firms, affecting approximately 19 percent of such firms during the period.

4.2 HARD-TO-FILL VACANCIES

While labour demand from firms is matched by labour supply from the economically active population, observable in the form of employment, mismatches between demand and supply may be more difficult to observe or measure. One form of skills mismatch between the demand for and supply of skills is hard-to-fill vacancies (HTFV). A hard-to-fill vacancy is a vacancy that an employer has been unable to fill for a period of at least six months and, as such, may be symptomatic of skills shortages within the labour force.

The data suggests that there were about 1 600 vacancies that were considered hard to fill in the insurance sector as of 2021. This is slightly lower than in 2020 (approximately 1 680), but higher than the 1 450 of 2019. In Figure 6 we present the composition of these HTFVs by major occupation group over time, both in absolute and relative terms. HTFVs are concentrated in two major occupations, namely professionals and technicians and associate professionals. Together, these occupations account for approximately 70 percent of all HTFVs in a given year on average during the period. The dominance of vacancies in these occupations is not necessarily surprising given these occupations together account for most employment in the insurance sector (56 percent in 2021).

FIGURE 6: Hard-to-fill vacancies in the insurance sector by major occupation group, 2019–2021



Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This figure presents the number and composition of HTFVs by major occupation group over time for all employers who made WSP/ATR submissions in a given year. Data sourced from ATR Form 3 (hard to fill vacancies) for small firms and ATR Form 5 (hard to fill vacancies) for medium or large firms. The all other category includes service and sales workers; skilled agricultural workers and crafts and related trades; and operators and assemblers.

Over time, professional occupations' share of HTFVs has grown from 31 percent in 2019 to 36 percent in 2021, while that of technicians and associate professionals has contracted from 39 percent to 35 percent. HTFVs for clerical and managerial occupations have, together, remained at around 30 percent over the period; however, as a share of all HTFVs, the former has decreased while the latter has increased. Almost no HTFVs exist for the three other major occupational groups.

There are distinct differences by firm size in the occupations in which HTFVs are concentrated. As shown in Table 10, HTFVs in small firms are most likely to be for technicians and associate professional occupations; these occupations accounted for 45.8 percent of HTFVs in small firms as of 2021, but otherwise ranged between 40 percent and 49 percent of small firms' HTFVs over the period. In contrast, HTFVs in medium and large firms are most likely to be for professional occupations (45.0 percent in 2021, up from 41.6 percent in 2019). Indeed, the share of professional occupations within HTFVs amongst medium and large firms is approximately twice that of small firms, while that of technicians and associate professionals is approximately half that of small firms. Thus, between these two occupational groups, between two-thirds and three-quarters of HTFVs are accounted for, irrespective of firm size. Notably, over time, HTFVs for managers and professionals have gradually increased in both absolute and relative terms in medium and large employers, potentially suggesting increasing demand relative to supply within the labour market.

TABLE 10: Hard-to-fill vacancies in the insurance sector by major occupation group and firm size, 2019–2021

	2019				2020				2021			
	Small		Med/Large		Small		Med/Large		Small		Med/Large	
	N	%	N	%	N	%	N	%	N	%	N	%
Total	833	100.0	615	100.0	896	100.0	773	100.0	836	100.0	747	100.0
Managers	108	13.0	135	22.0	129	14.4	189	24.5	102	12.2	191	25.6
Professionals	195	23.4	256	41.6	262	29.2	343	44.4	228	27.3	336	45.0
Techn. & assoc. prof.	406	48.7	153	24.9	361	40.3	179	23.2	383	45.8	169	22.6
Clerks	120	14.4	62	10.1	139	15.5	50	6.5	111	13.3	45	6.0
Service & sales	2	0.2	8	1.3	5	0.6	11	1.4	8	1.0	6	0.8
Skilled agricultural	1	0.1	0	0.0	0	0.0	1	0.1	2	0.2	0	0.0
Operators & assemblers	1	0.1	1	0.2	0	0.0	0	0.0	2	0.2	0	0.0
Elementary	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This table presents the number and composition of HTF vacancies by major occupation group and firm size over time for firms who made WSP/ATR submissions in a given year. Data sourced from ATR Form 3 (hard to fill vacancies) for small firms and ATR Form 5 (hard to fill vacancies) for medium or large firms.

HTFVs for managers and clerks are reported by employers of all sizes. HTFVs for managers are, however, somewhat more prevalent in medium and large employers, accounting for one-quarter (25.6 percent) of HTFVs compared to 12.2 percent for small employers in 2021. This difference between small and medium and large employers is also observable for HTFVs for clerks, although here the proportions are higher for small employers (13.3 percent of HTFVs in 2021, compared to 6.0 percent for medium and large employers). Only a handful of employers report HTFVs in the remaining four occupational categories—service and sales occupations, skilled agricultural occupations, operators and assemblers, and elementary occupations—reflecting their small proportion of employment in the insurance sector as well as the relative abundance of potential workers in these occupations.

The highly aggregated picture presented in Table 10 does not easily translate to concrete interventions in support of addressing HTFVs given the wide range of occupations within major occupational categories. To address this and, at the same time, avoid becoming overwhelmed by the sheer volume of detailed occupations at the four-digit level, Table 11 considers the ten most frequently mentioned HTFVs at the level of sub-major occupations, ranked as per the 2021 WSP/ATR data. It should be noted that, firstly, although ranking may differ slightly across years, all occupations listed here comprise the top ten HTFVs in each of the three years, reflecting a degree of consistency in the pattern of skills mismatches at this level of disaggregation. Secondly, although we list only the top ten HTFVs, these occupations account for the overwhelming majority (95 percent) of all reported HTFVs on average across the period. Consequently, there should be no real concerns that major types of HTVs are omitted by choosing to focus on the top ten.

TABLE 11: Top ten HTFVs in the insurance sector at the sub-major occupation group level, 2019–2021

	2019		2020		2021		CHANGE (2019– 2021)		SHARE OF CHANGE (%)
	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	%	
Total HTFVs	1 448	100.0	1 669	100.0	1 583	100.0	135	9.3	100.0
Business & Admin Associates	544	37.6	515	30.9	534	33.7	-10	-1.8	-7.4
Business and Admin Professionals	248	17.1	304	18.2	269	17.0	21	8.5	15.6
Administrative and Commercial Managers	166	11.5	184	11.0	188	11.9	22	13.3	16.3
Physical, Mathematical and Engineering Science Professionals	76	5.3	138	8.3	132	8.3	56	73.7	41.5
Information and Communications Technology Professionals	95	6.6	134	8.0	130	8.2	35	36.8	25.9

	2019		2020		2021		CHANGE (2019– 2021)		SHARE OF CHANGE (%)
	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	%	
Total HTFVs	1 448	100.0	1 669	100.0	1 583	100.0	135	9.3	100.0
Numerical and Material Recording Clerks	139	9.6	150	9.0	122	7.7	-17	-12.2	-12.6
Production and Specialised Services Managers	53	3.7	101	6.1	75	4.7	22	41.5	16.3
Chief Executives, Senior Officials and Legislators	22	1.5	25	1.5	28	1.8	6	27.3	4.4
Health Professionals	25	1.7	13	0.8	20	1.3	-5	-20.0	-3.7
Legal, Social, Cultural and Related Associate Professionals	10	0.7	10	0.6	15	1.0	5	50.0	3.7
<i>All other</i>	70	4.8	95	5.7	70	4.4	0	..	0.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This figure presents the cross-sectional number and composition of HTF vacancies by sub-major occupation group over time for firms who made WSP/ATR submissions in a given year. Vacancies ranked according to 2021 frequency. Only top 10 HTF vacancies included. Data sourced from ATR Form 3 (hard to fill vacancies) for small firms and ATR Form 5 (hard to fill vacancies) for medium or large firms.

Based on the employer submissions across the three years, the dominant sub-major occupation in terms of HTFVs—accounting for between 31 percent and 38 percent of HTFVs over the period—is business and administrative associates. This occupation is ranked first in terms of HTFVs in the insurance sector in each year over the period. This occupation is followed by business and administrative professionals, accounting for just over one-sixth of reported HTFVs, and administrative and commercial managers, which account for just over one-tenth of reported HTFVs. Over time, HTFVs for business and administrative associates have decreased marginally, while those for business and administrative professionals and administrative and commercial managers has remained relatively constant. Together, these three sub-major occupations accounted for almost two-thirds (62.6 percent) of HTFVs reported in the insurance sector in 2021, slightly down from the 66.2 percent in 2019 but slightly up from the 60.1 percent in 2020.

Outside of these top three occupations, only four other sub-major occupations accounted for more than two percent of reported HTFVs in any of the three years. These were physical, mathematical and engineering science professionals; information and communications technology professionals; numerical and material recording clerks; and production and specialised services managers. Over time, the former two occupations—physical, mathematical and engineering science professionals; and information and communications technology professionals—have accounted for a rising share of reported HTFVs, from 5.3 percent and 6.6 percent respectively in 2019 to 8.3 percent and 8.2 percent respectively in 2021. In contrast, numerical and material recording clerks have seen their share of HTFVs decline slightly from 9.6 percent to 7.7 percent over the period.

Table 12 takes the occupational disaggregation a step further and presents the top ten HTFVs reported by employers in the insurance sector at the six-digit occupation level, which is the highest degree of disaggregation that the data allows. Here however, due to the level of disaggregation, it should be noted that the top ten occupations only cover just over half (51.4 percent) of all reported HTFVs in the average year. The data highlights two occupations that are consistently dominant in terms of the frequency of HTFVs, namely insurance agent and insurance brokers. Together, these two occupations represent between one-fifth and one-quarter of all reported HTFVs in any given year between 2019 and 2021. While excess demand, as proxied by HTFV frequency, for insurance brokers has decreased by 15.0 percent over the period, that for insurance agents has increased by 10.4 percent.

TABLE 12: Top ten HTFVs in the insurance sector at the six-digit occupation level, 2019–2021

	2019		2020		2021		CHANGE (2019– 2021)		SHARE OF CHANGE (%)
	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	%	
Total HTFVs	1 448	100.0	1 669	100.0	1 583	100.0	135	9.3	100.0
Insurance Agent	202	14.0	154	9.2	223	14.1	21	10.4	15.6
Insurance Broker	180	12.4	189	11.3	153	9.7	-27	-15.0	-20.0
Actuary	65	4.5	117	7.0	113	7.1	48	73.8	35.6
Fin. Investment Advisor	80	5.5	105	6.3	89	5.6	9	11.3	6.7
Insurance Administrator	66	4.6	71	4.3	56	3.5	-10	-15.2	-7.4
Insurance Claims Admin.	67	4.6	66	4.0	55	3.5	-12	-17.9	-8.9
Sales and Marketing Mngr	23	1.6	26	1.6	46	2.9	23	100.0	17.0
Insurance Risk Surveyor	19	1.3	22	1.3	42	2.7	23	121.1	17.0
Financial Accountant	23	1.6	19	1.1	36	2.3	13	56.5	9.6
Insurance Loss Adjuster	34	2.3	36	2.2	36	2.3	2	5.9	1.5
<i>All other</i>	<i>689</i>	<i>47.6</i>	<i>864</i>	<i>51.8</i>	<i>734</i>	<i>46.4</i>	<i>45</i>	<i>6.5</i>	<i>33.3</i>

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This table presents the cross-sectional number and composition of disaggregated HTF vacancies over time for firms who made WSP/ATR submissions in a given year. Vacancies ranked according to 2021 frequency. Only top 10 HTF vacancies included. Data sourced from ATR Form 3 (hard to fill vacancies) for small firms and ATR Form 5 (hard to fill vacancies) for medium or large firms.

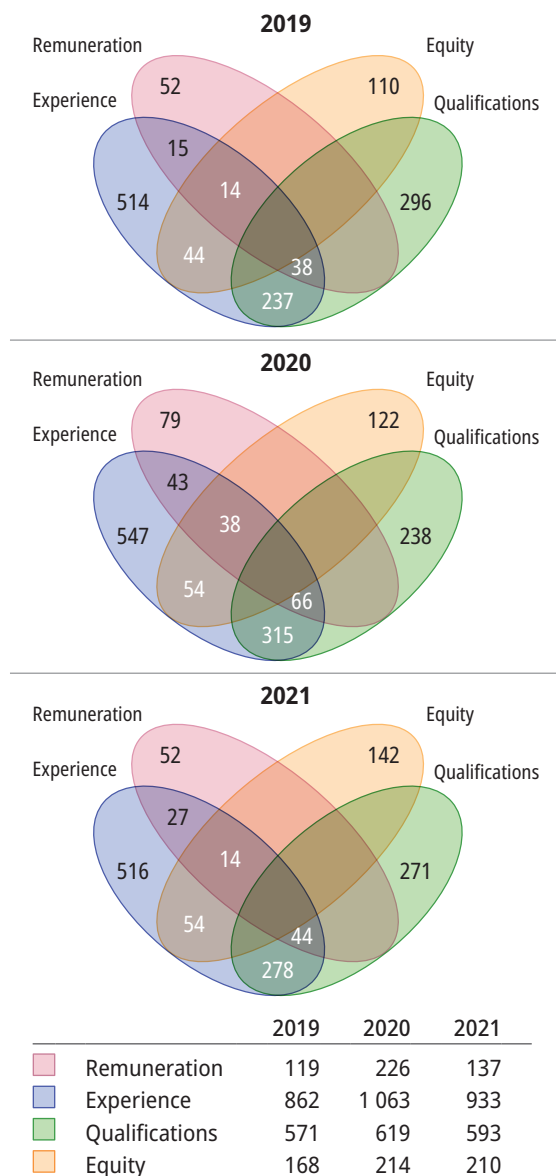
Some distance behind insurance agent and insurance broker, a second tier of occupations account for between three percent and just over seven percent of reported HTFVs. These include actuary, financial investment advisor, insurance administrator, and insurance claims administrator, which respectively accounted for 7.1 percent, 5.6 percent, 3.5 percent and 3.5 percent of reported HTFVs in 2021. The top ten is rounded out by sales and marketing manager (2.9 percent of HTFVs in 2021), insurance risk surveyor (2.7 percent), financial accountant (2.3 percent), and insurance loss adjuster (2.3 percent). A number of occupations have seen substantial growth in the number of reported HTFVs over the period, including financial accountant (up by 56.5 percent), actuary (73.8 percent), sales and marketing manager (100.0 percent), and insurance risk surveyor (121.1 percent). However, growth in HTFVs for the latter two occupations occurred from a relatively low base.

Other than the top 10 HTF vacancies presented above, there are few other occupations which represent a non-negligible share of vacancies in the sector. In Table 28 in the appendix, we present estimates on all HTFVs which account for at least 1 percent of all HTF vacancies in the sector, as reported by employers in the sector at the six-digit occupation level. Collectively, these HTF vacancies account for most (66 – 71 percent) HTF vacancies in the sector during the period. The occupations not included in the table above include software developers, office administrators, sales representatives, ICT systems analysts, corporate general managers, management consultants, insurance policy administrators, enterprise or organisation directors, compliance officers, and developer programmers. In terms of change over time, the number of vacancies for software developers has grown considerably over the period (82 percent), in addition to enterprise or organisation directors (42 percent), insurance policy analysts (21 percent), and compliance officers (14 percent), although the latter has grown from a low base.

It is important to recognise that the reported HTFVs represent only a partial picture of the true extent of excess demand for skills. At the most basic level, these estimates of HTFVs reflect the situation amongst employers who reported HTFVs. As a result, HTFVs for employers who did not submit WSP/ATR data remain unknown, while it is also possible that some employers did not necessarily report the HTFVs that they experienced. Furthermore, these estimates reflect only the responses of employers within the insurance sector and do not account for HTFVs experienced in other economic sectors. For some occupations, this seems unlikely to be a significant issue: insurance agents, insurance administrators, and insurance loss adjusters, for example, may only rarely be employed outside the insurance sector. However, for occupations such as actuary, sales and marketing manager, and financial accountant, HTFVs in other sectors may be significant, emphasising the need for analysis of HTFVs across SETAs in order to fully understand the situation.

What are the reasons for the existence of these HTFVs? Employers were asked to indicate up to three reasons including equity considerations, lack of relevant experience, lack of relevant qualifications, poor remuneration, and unsuitable job location. In Figure 7, a series of Venn diagrams highlight the top reasons for the existence of reported HTFVs over time. This approach was chosen since HTFVs may not have a single root cause and, instead, may result from reinforcing constraints. The Venn diagrams allow one to see these combinations of reasons. Specifically, the diagram shows the frequency with which different reasons for HTFVs were reported by employers; the diagram does not show the number of firms reporting them.

FIGURE 7: Top reasons for HTFVs in the insurance sector, 2019–2021



Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This figure presents the cross-sectional number of reports for the existence of a HTF vacancy over time for firms who made WSP/ATR submissions in a given year. Only top 4 reasons included. Data sourced from ATR Form 3 (hard to fill vacancies) for small firms and ATR Form 5 (hard to fill vacancies) for medium or large firms. 'Remuneration' = Poor remuneration; 'Experience' = Lack of relevant experience; 'Qualifications' = Lack of relevant qualifications; and 'Equity' = Equity considerations.

In any given year assessed here, a lack of relevant experience (either solely reported or reported alongside another reason) appears to be the dominant reason, accounting for nearly half of all instances of reasons reported. This is followed by a lack of relevant qualifications (approximately one-third of reported reasons). Over time, this ranking of top reasons is relatively constant. Although a lack of relevant experience remains the dominant reason even if it was reported as the only reason, in many instances firms reported multiple reasons for a particular HTFV. In 2021, a lack of relevant experience *and* qualifications is more often cited as a reason for an HTFV than a lack of relevant qualifications alone (278 instances as opposed to 271 instances). The dominance of qualifications and experience as reasons for vacancies point to the importance of skills development in general and INSETA's mandate in the sector specifically.

Finally, the interaction between equity considerations and lack of relevant experience, lack of relevant qualifications, and poor remuneration deserves further attention. In each year, equity considerations are more often cited as the sole reason for HTFVs than any combination of reasons that includes equity considerations. There are likely to be important nuances within the broad term 'equity considerations', reflecting challenges and revealing opportunities at the occupational level, in firms of different sizes, and in different locations. In terms of addressing skills shortages and ensuring that the sector is able to meaningfully transform its workforce, understanding how equity considerations interact—or do not interact—with other factors would be important.

4.3 VULNERABILITY OF EMPLOYMENT TO COVID-19

From May 2020, the South African government introduced a five-level risk adjusted lockdown strategy which entailed the gradual re-opening of industries based on their transmission risk of the virus in the workplace. The selection of industries was determined by its estimated risk of transmission of Covid-19 in the workplace. As such, occupations which exhibit higher degrees of workplace physical interaction may be associated with a higher likelihood of job loss during the pandemic period. A measure of workplace physical interaction may then be useful to identify workers whose jobs are vulnerable to surges in the transmission of Covid-19 or, indeed, any future similar epidemic.

In order to better understand the risk to occupations within the insurance sector, we follow Borat et al. (2020) to construct an occupation-level index of workplace physical interaction (PI), which can be said to measure one aspect of transmission risk. We use the computed index then to analyse pandemic-related job vulnerability in the insurance sector, both in aggregate and across different groups of workers.

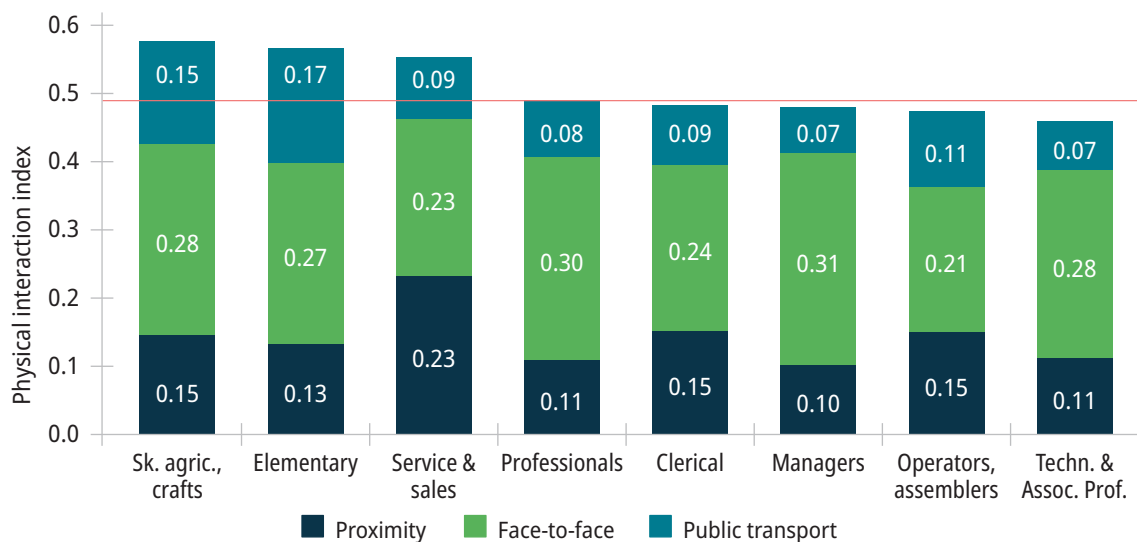
To construct this index, we merge the WSP/ATR data with occupational work context data from the Occupational Information Network (O*NET), an American survey of detailed occupational information collected by the Bureau of Labour Statistics (unfortunately, such data does not exist for the South African labour market). We make use of two relevant components from this dataset related to physical interaction: physical proximity (P_o , which varies on a scale of five categories from 'I don't work near other people (beyond 100 ft.)' to 'Very close (near touching)'), and frequency of face-to-face discussions (F_o , which varies on a scale of five categories from 'Never' to 'Every day'). Additionally, we incorporate a third T_o component into the index which measures the share of workers who use public transportation to travel to and from work for each occupation, based on the assumption that workers who use public transport to get to work experience greater physical interaction relative to those using private transport. To include this third component, we merge in work travel data from Statistics South Africa's most recent Time Use Survey conducted in 2010. These three components are then equally weighted to generate index scores for each occupation at the four-digit level. The index is then rescaled so that it ranges between zero and one, with higher values indicating higher levels of workplace physical interaction.⁶ We make use of this index to analyse how physical interaction varies between major occupation groups in the insurance sector, as well as variation across several firm-specific characteristics.

Figure 8 presents the index of workplace physical interaction, as well as its individual components, and shows how they vary by major occupation group in the insurance sector. Overall, the insurance sector exhibits a workplace physical interaction index value of 0.49 for the average worker, based on the 2021 WSP/ATR data. This is lower than the estimated physical interaction index values for both the South African labour market as a whole (0.55) and the finance industry in particular (0.53), reported by Borat et al. (2020). The majority (58.5 percent) of workplace physical interaction in the sector is attributable to frequent face-to-face discussions, followed by physical proximity (24.5 percent) and public transport (17.0 percent).

6 Further detail on the construction of the index are available in Borat et al. (2020).

However, there is also notable variation in physical interaction across major occupation groups within the insurance sector. Relative to the median index value, skilled agricultural workers, those in crafts and related trades, workers in elementary occupations, and service and sales workers exhibit relatively high degrees of physical interaction in the workplace (with index values all close to 0.60). Such high workplace physical interaction for service and sales workers appears equally driven by physical proximity to other people and frequent face-to-face discussions, which collectively explain 84 percent of the occupation's degree of workplace physical interaction according to this index. This is in contrast to skilled agricultural workers, crafts and related trades workers, and elementary workers, whose physical interaction is driven by frequent face-to-face discussions. Despite these relatively high degrees of physical interaction, it should be kept in mind that, according to the WSP/ATR data, these workers represent just four percent of all workers in the insurance sector as of 2021.

FIGURE 8: Workplace physical interaction by major occupation group and index component



Source: Own calculations, INSETA WSP/ATR 2021.

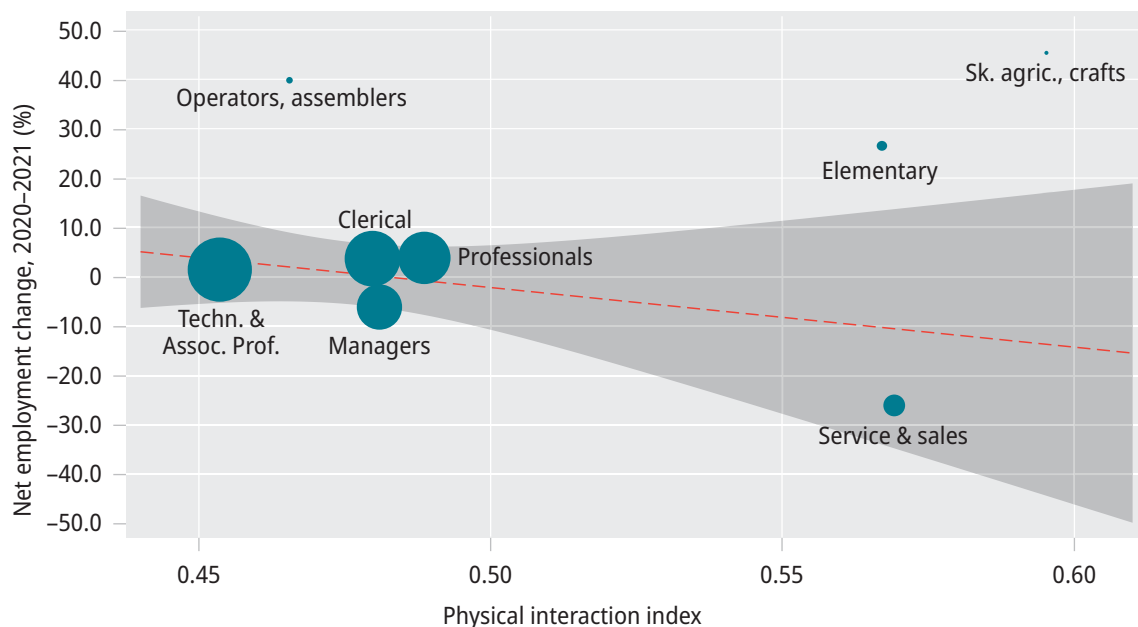
Notes: This figure presents the computed physical interaction (PI) index values and individual components for each major occupation group for firms who made WSP/ATR submissions in 2020/21. Employment data sourced from 2020/21 WSP Form 2 (Current Employment Profile). Following Borhat et al. (2020), the PI index is a simple weighted average of three workplace characteristics (physical proximity, face-to-face discussions, and use of public transport to get to and from work) for each occupation at the four-digit level, generated using data from O*NET and Statistics South Africa's 2010 Time Use Survey.

Professionals, clerks, managers, operators and assemblers, and technicians and associate professionals all have index values below the sectoral mean of 0.49. Together, these occupational groups (excluding operators and assemblers) represent nearly 96 percent of workers in the sector. For all of these occupations, face-to-face interactions contribute the largest share to the physical interaction index. This is particularly true for managers (65 percent of the index value) and professionals (61 percent).

As noted above, because of the design of the South African government's risk-adjusted lockdown strategy, occupations which exhibit higher degrees of workplace physical interaction may be associated with a higher likelihood of job loss during the pandemic period. To investigate whether this relationship holds in the case of the insurance sector, Figure 9 presents a scatterplot of workplace physical interaction and net employment change between 2020 and 2021 (i.e.,

based on the 2019/20 and 2020/21 WSP/ATR data) at the level of major occupations, weighted by 2019/20 employment shares. Overall, we do not find any evidence of a significant relationship between workplace physical interaction and net employment change in the insurance sector. The scatterplot is not suggestive of a strong relationship and although the modelled regression coefficient on the relationship is negative (in other words, the line is downwards sloping), it is very weak and is not statistically significantly different from zero (as indicated by the 95% confidence interval band). We find a similar result when using more disaggregated occupational data. Overall, this suggests that occupations within the insurance sector may have been relatively well-guarded against the job loss effects of the pandemic, at least with respect to Covid-19-related regulations on permission to work at one's usual workplace. However, it is important to keep in mind that due to data availability, we are only able to compare net employment changes one year apart. Because industry-relevant government regulations evolved rapidly in the pandemic period, it is plausible that this year-on-year comparison of net employment masks underlying temporal variation in job loss, recovery, and growth within a given year.

FIGURE 9: Workplace physical interaction and net employment change by major occupation group



Source: Own calculations, INSETA WSP/ATR 2019/20 and 2020/21.

Notes: This figure presents a scatterplot of the computed physical interaction (PI) index values and net employment change (%) from 2019/20 to 2020/21 by major occupation group for firms who made WSP/ATR submissions in 2020/21. Employment data sourced from WSP Form 2 (Current Employment Profile). Following Borat et al. (2020), the PI index is a simple weighted average of three workplace characteristics (physical proximity, face-to-face discussions, and use of public transport to get to and from work) for each occupation at the four-digit level, generated using data from O*NET and Statistics South Africa's 2010 Time Use Survey. Line represents the linear relationship between net employment change and workplace physical interaction at the major occupation group level, estimated using a bivariate linear regression model. Shaded region represents 95% confidence interval of the regression line.

In addition to occupation, how does workplace physical interaction vary by other characteristics within the insurance sector? Table 13 presents estimates of the workplace physical interaction index, as well as its components, across an array of employer characteristics including size, subsector, levy-paying status, and province. Workplace physical interaction does not vary systematically on average across employers of different sizes, although smaller employers exhibit marginally higher shares of workers who use public transport to travel to and from work. There is also no observable difference in workplace physical interaction by levy-paying status.

TABLE 13: Workplace physical interaction by employer characteristic and index component

	PI INDEX	COMPONENT		
		Proximity	Face-to-face	Public Transport
Overall average	0.49	0.36	0.86	0.26
SIZE				
Small	0.49	0.35	0.85	0.28
Medium	0.49	0.34	0.86	0.26
Large	0.49	0.36	0.86	0.24
LEVY-PAYING STATUS				
Yes	0.49	0.35	0.86	0.25
No	0.49	0.37	0.85	0.26
SUBSECTOR				
Unit trusts	0.47	0.34	0.84	0.23
Risk management	0.48	0.34	0.85	0.25
Insurance and pension funding	0.48	0.33	0.86	0.24
Life insurance	0.50	0.36	0.86	0.26
Pension funding	0.48	0.33	0.87	0.23
Health care benefits administration	0.49	0.37	0.86	0.24
Short-term insurance	0.49	0.36	0.86	0.26
Funeral insurance	0.50	0.40	0.83	0.26
Reinsurance	0.48	0.29	0.87	0.28
Auxiliary activities	0.49	0.35	0.85	0.28
Other				
PROVINCE				
Western Cape	0.49	0.34	0.86	0.26
Eastern Cape	0.50	0.37	0.83	0.29
Northern Cape	0.46	0.29	0.88	0.20
Free State	0.47	0.31	0.84	0.27
KwaZulu-Natal	0.49	0.35	0.86	0.27
North West	0.46	0.34	0.79	0.26
Gauteng	0.49	0.36	0.86	0.25
Mpumalanga	0.53	0.38	0.84	0.37
Limpopo	0.48	0.40	0.82	0.22

Source: Own calculations, INSETA WSP/ATR 2020/21.

Notes: This table presents the computed physical interaction (PI) index values and individual components for a given firm characteristic for firms who made WSP/ATR submissions in 2020/21. Data for all characteristics for small firms are sourced from WSP Form 5 (Provincial Breakdown) and all characteristics for medium or large firms are sourced from WSP Form 4 (Provincial Breakdown). Following Borat et al. (2020), the PI index is a simple weighted average of three workplace characteristics (physical proximity, face-to-face discussions, and use of public transport to get to and from work) for each occupation at the four-digit level, generated using data from O*NET and Statistics South Africa's 2010 Time Use Survey.

There is limited variation in the average PI index at the subsectoral level, with funeral insurance and life insurance having the highest degree of physical interaction (both with mean values of 0.50), with the former exhibiting a relatively higher degree of physical proximity and the latter a higher degree of frequent face-to-face discussions. Workers within the unit trusts subsector have the lowest average index value at 0.47, with four subsectors—risk management, insurance and pension funding, pension funding, and reinsurance—averaging 0.48. Reinsurance and, to a lesser extent, insurance and pension funding, and pension funding have the lowest scores on the proximity dimension; the latter two subsectors have scores of 0.33, while reinsurance is at 0.29. Public transport scores are highest for workers in reinsurance and activities auxiliary to financial intermediation (both 0.28) and lowest for workers in unit trusts and pension funding (both 0.23).

There is, perhaps surprisingly, wider variation in average PI index scores across provinces. Indeed, this wider variation is in evidence in each of the three dimensions (physical interaction, face-to-face discussions, and use of public transport). Average levels of physical interaction are highest in Mpumalanga (0.53) and the Eastern Cape (0.50), and lowest in the Northern Cape (0.46) and North West (0.46). It is notable that in the provinces in which insurance sector employment is concentrated (Gauteng, the Western Cape, and KwaZulu-Natal), workplace physical interaction and its components are remarkably similar. Public transport use plays a particularly large role in driving workplace physical interaction in Mpumalanga compared to all other provinces, while physical proximity is most important in Limpopo, Mpumalanga and the Eastern Cape.

4.4 TRAINING

4.4.1 The Occurrence of Training Variances

Workplace training is an important facet of the modern business. Global trends—such as the Fourth Industrial Revolution, climate change and demographic change—along with specific sector trends mean that workers are required to reskill themselves consistently in order to keep themselves relevant in the modern labour market. According to the World Economic Forum's *Future of Jobs* report (2020), business leaders estimate that 50.0 percent of all workers will need reskilling by 2025.

The importance of workplace training, besides keeping up with the latest trends, is due to the large number of benefits that it provides to both the employee and the employer. From the perspective of the employee, workplace training can boost productivity, improve key team-working competencies such as communication or conflict resolution skills, and increase their sense of job security (Hastings, 2022). On the other hand, the benefits to employers include reduced employee turnover, improved employee engagement, the establishment of a competitive advantage and the creation of a talent pipeline (Hastings, 2022).

Given these benefits, it is important to track the amount and type of training that is done each year by employers. In terms of regularly available data for the SETAs, this is captured in the ATR component of the annual WSP/ATR submissions. The focus here is on Form 3 of the ATR, which collects data on the number of people trained in a given year, as well as the number of people employers had planned to train in that year, from medium and large employers. Table 6 presents this comparison of planned and actual training for the three years between 2019 and 2021. Because the number of firms in each year differed marginally across the three years, the average number of employees actually trained per employer and the average number of employees planned to be trained per employer are also presented (columns C and E).

Planning for training has been relatively consistent over the three-year period. Across all responding employers, planned training covered just over 76 000 employees in 2019, rising to almost 89 000 in 2020 before falling marginally to 88 000 in 2021. This increase can at least partially be attributed to an increase in the number of employers reporting data in Form 3: from 193 in 2019 to 204 in 2021, an increase of 5.7 percent. With planned training increasing by 15.5 percent over the period, the average number of employees planned to be trained per employer increased by 9.4 percent from 395 to 432.

TABLE 14: Actual as opposed to planned level of training, 2019–2021

YEAR	NUMBER OF EMPLOYERS	NUMBER OF EMPLOYEES PLANNED TO BE TRAINED	NUMBER OF EMPLOYEES PLANNED TO BE TRAINED PER EMPLOYER	NUMBER OF EMPLOYEES ACTUALLY TRAINED	NUMBER OF EMPLOYEES ACTUALLY TRAINED PER EMPLOYER	TRAINING RATIO: ACTUAL ÷ PLANNED (E ÷ C, %)
	A	B	C	D	E	F
2019	193	76 232	395	126 583	656	166
2020	205	88 792	433	126 854	619	143
2021	204	88 074	432	553 616	2 714	629
<i>Change: 2019–2021 (%)</i>	5.7	15.5	9.3	337.4	313.8	278.5

Source: Own calculations, INSETA WSP/ATR 2020/21.

Notes: Data extracted from Form 3 of the Annual Training Reports. Estimates from the panel dataset are presented in Table 27 in the appendix. Only medium and large employers are required to submit this data.

In the pre-Covid-19 period—2019 and 2020—actual training was also stable at the aggregate level at just under 127 000 employees, exceeding the planned amount of training by 166 percent in 2019 and 143 percent in 2020. However, in 2021, the number of employees actually trained more than quadrupled to roughly 554 000 employees. As a result, the average number of employees actually trained per employer increased from 656 in 2019 and 619 in 2020 to 2 714 in 2021. Put differently, actual training consistently exceeded planned training over the period, but while actual training exceeded planned training by an average of around 50 percent in 2019 and 2020, in 2021 this jumped to a massive 529 percent.

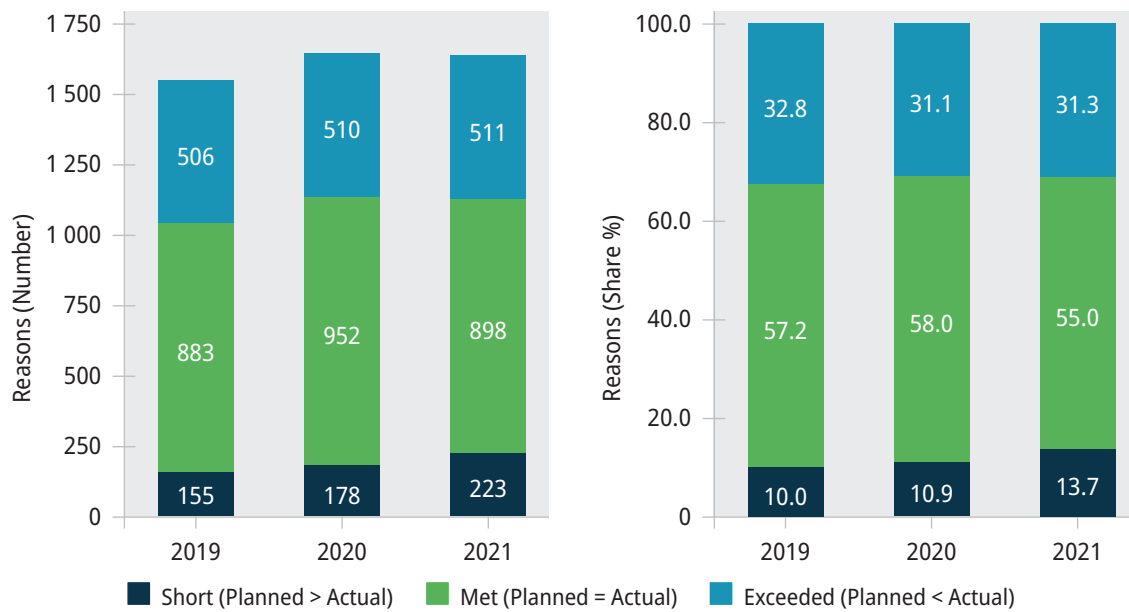
A potential explanation for this explosion in the number of individuals trained in 2021 is the impact of the Covid-19 lockdown in South Africa. As was noted by Oosthuizen et al. (2021), the lockdown forced training online and a number of stakeholders in the insurance sector noted that this made training more broadly accessible. Thus, improved accessibility may have contributed significantly to training levels, since it seems clear from the data on planned training that this massive increase was not anticipated by employers.

4.4.2 Reasons for Training Variances

Medium and large employers were asked to provide reasons for the variance between the planned volume of training and the actual volume trained, with employers able to provide multiple reasons. Since employers report training variances and reasons at the occupational level, it is possible that one employer may provide multiple different reasons across occupations. In the analysis of reasons for training variances that follows, each employer-occupation combination is analysed separately. In other words, the analysis focuses on the distribution of reasons, rather than providing an employer-level analysis.

To begin, Figure 10 presents an overview of actual training relative to planned training across the full set of employer-occupation combinations in the data. The data is categorised in terms of whether or not actual training exceeded planned training: actual training was short of planned training (planned>actual), planned training was met (planned=actual), or planned training was exceeded (planned<actual). In the majority of employer-occupation combinations in each year, planned training equalled actual training. This was true of between 55.0 percent and 58.0 percent of employer-occupation combinations. In line with the earlier observation that actual training consistently exceeded planned training at the aggregate level, in just under one-third of employer-occupation combinations (31.1 percent to 32.8 percent over the period), actual training exceeded planned training. This means that around one in ten employer-occupation combinations are classified as short, with actual training falling short of planned training.

FIGURE 10: Training variances across employer-occupation combinations, 2019–2021



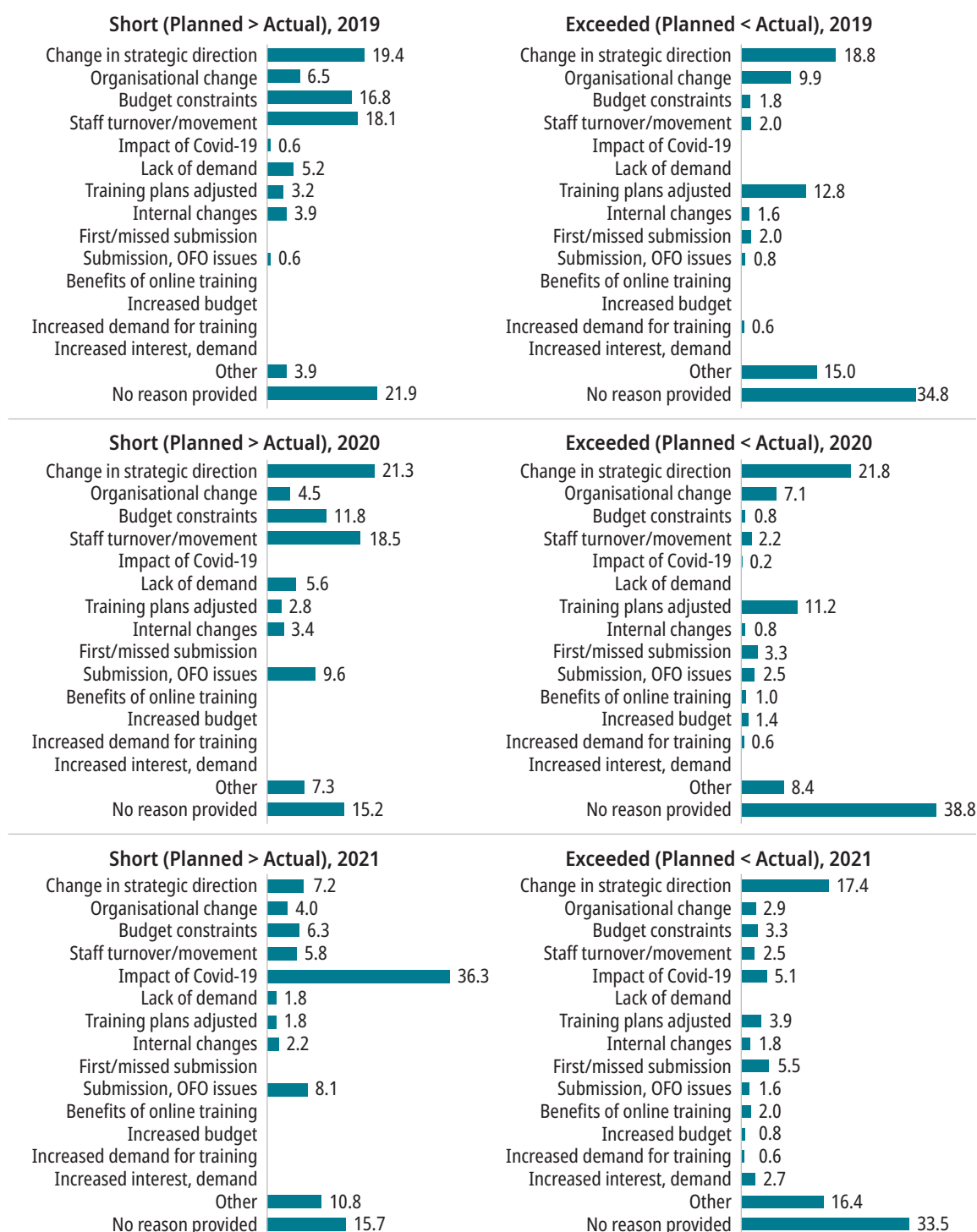
Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 3 of the Annual Training Reports. Only medium and large employers are required to submit this data.

Form 3 of the ATR is essentially set up to identify departures of actual training from planned training and, as such, the reasons that employers are asked to provide are reasons for variances. Figure 11 presents the distribution of these reasons over the period, separately for employer-occupation combinations where actual training fell short of planned training and for those where actual training exceeded planned training. Employers are provided with a choice of six specific reasons—change of strategic direction, company restructure, lack of budget, resignation of participants, retrenchment, and termination—or they may opt to select ‘Other’ and input a reason in a free-text field. Figure 11 reflects a combination of these six standard reasons and the more than 500 reasons provided in the free-text field, which are recoded into 15 new categories. These are: change in strategic direction; organisational change (including changes in the size or structure of the organisation); budget constraints (where no mention is made of Covid-19); staff turnover or movement (including resignations, retrenchments, internal moves and promotions); the impact of Covid-19; a lack of demand for training or a lack of capacity (time) on the part of staff to participate in training; adjustments to training plans in response to changing needs or requirements, or new opportunities; internal changes (including changes in policies or processes); the fact that employers were either submitting WSP/ATR for the first time, or for the first time to INSETA, or after having not submitted in the previous year; issues around the accuracy of submissions and changes to OFO codes; the benefits of online training (particularly in terms of improved accessibility); increased budget for training; increased demand for training (specifically including new requests for training); increased interest, need or capacity to do training (often because of the Covid-19 lockdown); and other diverse reasons. A 16th category—no reason provided—reflects instances where employers provided no explanation whatsoever for the variance.

Interestingly, the increase in the number and proportion of employer-occupation combinations where actual training fell short of employers' plans was relatively muted in 2021, the year in which one would expect the impact of Covid-19 to be evident. The number of combinations where actual training fell short increased from 178 in 2020 to 223 in 2021 (an increase of 25 percent); as a proportion of all combinations, it increased from 10.9 percent in 2020 to 13.7 percent in 2021.

FIGURE 11: Reasons for difference between planned and actual training, share of reasons



Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 3 of the Annual Training Reports. Only medium and large employers are required to submit this data.

Despite the recategorisation of reasons, a large proportion of reasons provided for training variances in each year were blank. This was true both where actual training was short of planned training, and where actual training exceeded planned training, and ranged between 15 percent and 22 percent for the former and between 33 percent and 39 percent for the latter. This difference further reinforces the impression that the emphasis is on explaining why actual training fell short of the plans made.

In 2019 and 2020, missed training targets were most frequently explained by change in strategic direction (19.4 percent in 2019 and 21.3 percent in 2020), followed by staff turnover or movement (18.1 percent and 18.5 percent respectively), and budget constraints (16.8 percent and 11.8 percent respectively). In 2019, other important reasons were organisational change (6.5 percent of employer-occupation combinations), a lack of demand (5.2 percent), internal changes (3.9 percent) and adjusted training plans (3.2 percent). In 2020, submission and OFO issues accounted for 9.6 percent of responses, followed by lack of demand (5.6 percent) and organisational change (4.5 percent). The impact of Covid-19 is starkly evident in the 2021 figures. More than one-third of responses (36.3 percent) cited the impact of Covid-19 as the reason for not meeting planned training numbers in 2021; in contrast, just 8.1 percent of responses related to submission and OFO issues, 7.2 percent to changes in strategic direction, 6.3 percent to budget constraints, and 5.8 percent to staff turnover and movement. Thus, although the increase in the number and proportion of employer-occupation combinations where actual training fell short of employers' plans was relatively muted, there was an immediate and strong shift in the distribution of reasons towards Covid-19. In this regard, it is important to note that numerous other reasons—such as budget constraints, organisational change, and staff turnover—may also potentially be linked to the impact of Covid-19.

For those employer-occupation combinations where planned training targets were exceeded, reasons offered were much more stable over the period. Change in strategic direction was most frequently cited in each of the three years, accounting for between 17.4 percent (2021) and 21.8 percent (2020) over the period. Adjustment of training plans (11–13 percent) and organisational change (7–10 percent) were next most important in 2019 and 2020, with few other reasons exceeding two percent of combinations. In 2021, there was a more even distribution of reasons across the categories (excluding change in strategic direction). Interestingly, the impact of Covid-19 emerges as the third-most frequently cited reason for exceeding planned training (5.1 percent of combinations), while employers mention increased interest in and capacity to participate in training (2.7 percent of employer-occupation combinations), the benefits of online training (2.0 percent), increased budget for training (0.8 percent), and increased demand for training (0.6 percent).

The analysis highlights the potential for this data to be used to monitor reasons for deviations from planned training and inform INSETA interventions and, indeed, policymaking in this area more broadly. Importantly, it is clear that a more balanced approach is necessary so that such monitoring is not just about explaining why actual training fell short of plans, but that it also explores reasons for exceeding planned training targets. This can be achieved by including a more balanced set of standard reasons for variations. At the same time, if this data is to be useful, the large proportion non-responses would need to be addressed by, for example, requiring reasons to be provided where variations exist (or where variations above a particular threshold exist). Indeed, the expansion of the set of standard reasons may go some way to improving non-

response particularly where planned training numbers were exceeded. Whatever changes are made, it would be important to ensure that they do not distort reporting by employers, such as through non-reporting of additional training.

4.4.3 Training Interventions and Participants

In this section, the focus turns to the types of training interventions reported by employers in the insurance sector and the characteristics of training participants. Seven types of training interventions are listed in the ATR data, namely informal work-based learning, occupational/professional learning, occupationally-directed learning, structured information sharing, theoretical/institutional learning, theoretical/practical learning, and work-based learning. It must be noted that this data emanates from ATR Form 1 (rather than ATR Form 3 as was the case with all the previous tables/graphs analysed), so the sample is not the same. Importantly, while this data covers medium and large employers like the data presented on variances in sections 4.4.1 and 4.4.2, it also covers small employers.

Table 15 presents the distribution of training interventions as reported by employers in the insurance sector covering the years from 2019 to 2021. Based on this data, the number of training interventions in the sector increased from 111 476 in 2019 to 151 590 in 2021 (an increase of more than one-third), with three-quarters of that increase occurring between 2020 and 2021. It is clear that there was substantially more training in the first year of the Covid-19 pandemic in terms of numbers of interventions than there had been in 2020 (reporting for 2020 occurred in the weeks following the announcement of the lockdown).

TABLE 15: Type of training intervention, 2019–2021

TYPE OF INTERVENTION	2019		2020		2021	
	Count	Share (%)	Count	Share (%)	Count	Share (%)
Informal Work-Based Learning	20 115	18.0	11 252	9.3	22 383	14.8
Occupational/Professional Learning	9 069	8.1	15 912	13.1	6 846	4.5
Occupationally-Directed Learning	12 053	10.8	17 653	14.5	40 699	26.8
Structured Information Sharing	24 150	21.7	15 970	13.2	33 117	21.8
Theoretical/Institutional	11 666	10.5	17 875	14.7	12 755	8.4
Theoretical/Practical	8 072	7.2	7 973	6.6	10 473	6.9
Work-Based Learning	26 351	23.6	34 804	28.7	25 317	16.7
Total	111 476	100.0	121 439	100.0	151 590	100.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 1 of the Annual Training Reports and includes both completed and incomplete training. Estimates from the panel dataset are presented in Table 29 in the appendix.

There is a relatively even distribution of training interventions across the seven types and, as a result, no consistent ranking of intervention types over the period. In 2019, work-placed learning (23.6 percent), structured information sharing (21.7 percent), and informal work-based learning (18.0 percent) were the three most common training interventions, while in 2020 they were work-based learning (28.7 percent), theoretical/institutional learning (14.7 percent), and occupationally-directed learning (14.5 percent).

In 2021, the impact of Covid-19 is perhaps evident in the change in the mix of training interventions, with work-based learning declining significantly from 28.7 percent in 2020 to 16.7 percent in 2021. However, informal work-based learning increased to 14.8 percent of the total in 2021 from 9.3 percent in 2019. Occupationally-directed learning was the most common type of training intervention in 2021 (26.8 percent of the total) and was followed by structured information sharing (21.8 percent) and work-based learning (16.7 percent). It is, though, also important to consider the absolute numbers of the different types of training interventions, given the large increase at the aggregate level in 2021. Thus, the number of informal work-based learning interventions almost doubled between 2020 and 2021, while occupationally-directed learning and structured information sharing interventions more than doubled. Together, these three intervention types accounted for 170 percent of the increase in reported training interventions between 2020 and 2021.

The substantial increase in the number of reported training interventions observed between 2020 and 2021 underestimates the true magnitude of the expansion in training that occurred in 2021. Indeed, the aggregate number of training participants in 2021 is more than four times that of 2020, after having increased by just 0.5 percent between 2019 and 2020 (Table 16). The table's primary focus is, however, on the demographic characteristics of individuals who were trained in each year. In 2019 and 2020, when roughly 137 000 individuals were trained, the majority of trainees were female (61.5 percent in 2020), African (57.9 percent), and youth under 35 years (54.3 percent). This is largely in line with the composition of employment in the sector (61.3 percent female, 54.4 percent African), although youth represented a somewhat larger proportion of trainees than employees (48.2 percent in 2020). Thus, although trainees are predominantly from groups that have historically been marginalised within the broader South African labour market, training does not appear to have been disproportionately directed towards these groups when one considers the structure of employment in the insurance sector. From a transformation perspective, the figures by race and age may suggest an underinvestment in training for marginalised groups that are underrepresented within insurance sector employment when compared with the rest of the economy. This underrepresentation is also highlighted by Oosthuizen et al. (2021).

TABLE 16: Demographic composition of trainees, 2019–2021

	2019		2020		2021		CHANGE (%)		
	Count	Share (%)	Count	Share (%)	Count	Share (%)	2019–2020	2020–2021	2019–2021
GENDER	136 125	100.0	136 863	100.0	561 989	100.0	0.5	310.6	312.8
Male	52 299	38.4	52 733	38.5	249 177	44.3	0.8	372.5	376.4
Female	83 826	61.6	84 130	61.5	312 812	55.7	0.4	271.8	273.2
RACE	136 682	100.0	137 376	100.0	566 618	100.0	0.5	312.5	314.6
African	79 004	57.8	79 541	57.9	214 366	37.8	0.7	169.5	171.3
Coloured	19 685	14.4	19 150	13.9	75 267	13.3	-2.7	293.0	282.4
Indian/Asian	10 626	7.8	10 951	8.0	92 810	16.4	3.1	747.5	773.4
White	27 367	20.0	27 734	20.2	184 175	32.5	1.3	564.1	573.0

	2019		2020		2021		CHANGE (%)		
	Count	Share (%)	Count	Share (%)	Count	Share (%)	2019-2020	2020-2021	2019-2021
AGE GROUP	136 665	100.0	136 863	100.0	561 989	100.0	0.1	310.6	311.2
Under 35 years	72 931	53.4	74 384	54.3	276 534	49.2	2.0	271.8	279.2
35–54 years	56 385	41.3	54 949	40.1	247 497	44.0	-2.5	350.4	338.9
55–64 years	6 693	4.9	6 472	4.7	31 667	5.6	-3.3	389.3	373.1
65+ years	656	0.5	1 058	0.8	6 291	1.1	61.3	494.6	859.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 1 of the Annual Training Reports and includes both completed and incomplete training. Totals by gender, race and age group are not consistent as they are reported separately. Estimates from the panel dataset are presented in Table 30 in the appendix.

The massive increase in training that occurred in 2021 was accompanied by a notable shift in the composition of trainees that was largely in favour of groups that would typically be considered as privileged in the context of the South African labour market. Thus, males increased as a share of trainees from 38.5 percent in 2020 to 44.3 percent in 2021; and Whites and, to a lesser extent, Indians/Asians both increased their share of trainees so that the share of Africans declined by 20 percentage points to 37.8 percent. Non-youth age groups also increased their shares of trainees slightly, with the result that the youth share declined by five percentage points to 49.2 percent in 2021. This, however, remained six percentage points above the youth share of employment in that year. This does not negate the rapid expansion in the number of trainees across all groups defined by gender, race and age, although this expansion was certainly slower for females, Africans and youth.

4.5 PIVOTAL TRAINING

While the previous section focused broadly on training in the insurance sector, this section turns to PIVOTAL training. PIVOTAL training includes any type of formal training that leads to the achievement of a full or part qualification. As such, PIVOTAL training programmes are aligned to the National Qualifications Framework (NQF) and registered with the South African Qualifications Authority (SAQA). Details relating to PIVOTAL training undertaken are recorded by employers in Form 6 of the ATR, providing a range of details including the occupations and demographic characteristics of the individuals being trained.

Table 17 presents the distribution of PIVOTAL training across occupations from 2019 to 2021 and shows a sharp reduction in PIVOTAL training in 2021 relative to the two prior years. The number of individuals receiving PIVOTAL training fell by 3 852 between 2019 and 2021, from almost 16 000 to just over 12 000, equivalent to a 24.1 percent decline over the period. Almost two-thirds of individuals receiving PIVOTAL training were employed in skilled occupations (63.0 percent in 2021), while around one-third were employed in high skilled occupations (36.3 percent).⁷ Low skilled individuals accounted for less than one percent of PIVOTAL training in each year of the period.

⁷ High skilled occupations refer to managers and professionals; skilled occupations include technicians and associate professionals, clerical support workers, skilled agricultural workers and crafts, and operators and assemblers; and low skilled occupations are elementary occupations.

TABLE 17: PIVOTAL training by occupation, 2019–2021

OCCUPATION	2019		2020		2021		CHANGE (2019–2021)		
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Count	%	Share (%)
HIGH SKILLED	5 639	35.3	4 285	29.4	4 402	36.3	-1 237	-21.9	32.1
Managers	1 809	11.3	1 928	13.2	2 349	19.4	540	29.9	-14.0
Professionals	3 830	24.0	2 357	16.2	2 053	16.9	-1 777	-46.4	46.1
SKILLED	10 268	64.3	10 210	70.2	7 637	63.0	-2 631	-25.6	68.3
Techn. & assoc. prof.	5 419	33.9	5 481	37.7	3 838	31.7	-1 581	-29.2	41.0
Clerical support	4 532	28.4	4 473	30.7	3 627	29.9	-905	-20.0	23.5
Service & sales	301	1.9	153	1.1	169	1.4	-132	-43.9	3.4
Skilled agric.	5	0.0	0	0.0	1	0.0	-4	-80.0	0.1
Operators, assemblers	11	0.1	103	0.7	2	0.0	-9	-81.8	0.2
LOW SKILLED	70	0.4	59	0.4	86	0.7	16	22.9	-0.4
Elementary	70	0.4	59	0.4	86	0.7	16	22.9	-0.4
Total	15 977	100.0	14 554	100.0	12 125	100.0	-3 852	-24.1	100.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 6 of the Annual Training Reports reflecting the number of individuals receiving PIVOTAL training. Estimates from the panel dataset are presented in Table 31 in the appendix.

The occupation that accounted for the largest share of PIVOTAL training in all three years was technicians and associate professionals, ranging from 31.7 percent in 2021 to 37.7 percent in 2020. This was followed by clerical support occupations (accounting for between 28 percent and 31 percent of training) and professionals (16–17 percent in 2020 and 2021, but 24.0 percent in 2019). The only other occupation that accounted for more than two percent of PIVOTAL training in any of the years is managers, which accounted for 11.3 percent in 2019 rising to 19.4 percent in 2021). In 2021, therefore, these four occupations accounted for almost 12 000 PIVOTAL training opportunities (or 97.9 percent of the total).

Declines in PIVOTAL training over the 2019–2021 period were observed across most occupational categories as total PIVOTAL training fell by 24.1 percent. Amongst the top four occupations, the largest declines in numerical terms as well as the most rapid declines were observed amongst professionals (-1 777 or -46.4 percent between 2019 and 2021), and technicians and associate professionals (-1 581 or -29.2 percent). The only occupation to buck the trend in a substantive way was managers, where PIVOTAL training increased by 29.9 percent.

Table 18 further disaggregates the occupational data and presents the top sub-major occupations in terms of the volume of PIVOTAL training. The 11 occupations presented in the table are the only occupations that featured in the top ten sub-major occupations in any year of the 2019–2021 period. As is the case for major occupation groups, PIVOTAL training is concentrated in a relatively small number of sub-major occupations. In 2021, for example, business and administration associate professionals accounted for 31.0 percent of PIVOTAL training, followed by administrative and commercial managers (16.3 percent), general and keyboard clerks (12.6 percent), and business and administration professionals (11.8 percent). These four occupations accounted for between 71 percent and 73 percent of PIVOTAL training throughout the period and, apart from administrative and commercial managers only just being displaced by numerical and material recording clerks in 2019, were the top four occupations in all three years. Indeed, the top six occupations accounted for upwards of 85 percent of PIVOTAL training throughout the period, with less than five percent accounted for by occupations not included on this list.

Most of the occupations on the list saw declines in PIVOTAL training over the 2019–2021 period. The largest declines in numerical terms were observed for business and administration professionals (–1 682 between 2019 and 2021), followed by business and administration associate professionals (–1 574) and numerical and material recording clerks (–530). However, of these, it is only the first-mentioned sub-major occupation that did not see a substantial decline in PIVOTAL training between 2019 and 2020 (i.e., in the pre-Covid-19 period). These three occupations alone accounted for almost the entire decline in PIVOTAL training at the aggregate level (98.3 percent of the decline). In contrast, PIVOTAL training of administrative and commercial managers increased by 538 over the period—and by 602 between 2020 and 2021—an increase of 37.5 percent, dwarfing the marginal increases observed for physical, mathematical and engineering science professionals (up 12 or 4.5 percent over the full period), and production and specialised services managers (up 41 or 22.9 percent).

TABLE 18: PIVOTAL training by sub-major occupation, 2019–2021

Sub-Major Occupation	2019		2020		2021		Change (2019–2021)		
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Count	%	Share (%)
Business & admin. assoc. professionals	5 332	33.4	5 348	36.7	3 758	31.0	–1 574	–29.5	40.9
Administrative & commercial managers	1 435	9.0	1 371	9.4	1 973	16.3	538	37.5	–14.0
General & keyboard clerks	1 723	10.8	1 961	13.5	1 531	12.6	–192	–11.1	5.0
Business & admin. professionals	3 109	19.5	1 673	11.5	1 427	11.8	–1 682	–54.1	43.7
Numerical & material recording clerks	1 445	9.0	1 148	7.9	915	7.5	–530	–36.7	13.8

Sub-Major Occupation	2019		2020		2021		Change (2019–2021)		
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Count	%	Share (%)
Customer services clerks	970	6.1	1 006	6.9	850	7.0	-120	-12.4	3.1
Other clerical support workers	394	2.5	358	2.5	331	2.7	-63	-16.0	1.6
Physical, mathematical & engineering science prof.	268	1.7	302	2.1	280	2.3	12	4.5	-0.3
Information & communications tech. professionals	371	2.3	312	2.1	269	2.2	-102	-27.5	2.6
Production & specialised services managers	179	1.1	309	2.1	220	1.8	41	22.9	-1.1
Sales workers	283	1.8	128	0.9	155	1.3	-128	-45.2	3.3
All other	468	2.9	638	4.4	416	3.4	-52	-11.1	1.3
Total	15 977	100.0	14 554	100.0	12 125	100.0	-3 852	-24.1	100.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 6 of the Annual Training Reports reflecting the number of individuals receiving PIVOTAL training. All sub-major occupations that ranked in the top ten occupations in terms of the number of individuals trained in any of the three years are included here. Estimates from the panel dataset are presented in Table 32 in the appendix.

The distribution of PIVOTAL training across trainees' demographic characteristics is presented in Table 19. These distributions are quite similar to those observed in Table 16, which covers all training, although trends are not always the same. Females accounted for more than three-fifths (61.0 percent) of PIVOTAL training in 2021, up almost five percentage points from 2019 with most of the increasing occurring between 2019 and 2020. In the context of declining PIVOTAL training over the period, this means that reductions in training were concentrated amongst males: while males accounted for 43.8 percent of PIVOTAL training in 2019, they accounted for 57.6 percent of the decline in training over the period. Nevertheless, females' share of PIVOTAL training in 2021 is almost identical to their 61.6 percent share of insurance sector employment.

Africans also accounted for three-fifths (60.1 percent) of PIVOTAL training in 2021, a proportion that was virtually unchanged over the three-year period and which is roughly six percentage points above their share of employment. Asians and, to a lesser extent, Coloureds account for slightly larger proportions of PIVOTAL training than employment, with the consequence that Whites' share of PIVOTAL training in 2021 was just over seven percentage points below their employment share. However, all groups saw declines in PIVOTAL training over the period, ranging from -8.4 percent for Asians to -26.1 percent for Africans and -36.2 percent for Whites. While training declined annually for all race groups, a 'Covid-19 effect' is discernible for Africans and Asians in particular: for both, the rate of decline in 2020–2021 was more than double the rate of decline in 2019–2020. In contrast, the annual rates of decline for Whites remained around -20 percent over the period.

TABLE 19: PIVOTAL training received by demographic characteristic, 2019–2021

OCCUPATION	2019		2020		2021		CHANGE (2019–2021)		
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Count	%	Share (%)
Total	15 626	100.0	14 089	100.0	11 595	100.0	-4 031	-25.8	100.0
GENDER									
Male	6 840	43.8	5 615	39.9	4 518	39.0	-2 322	-33.9	57.6
Female	8 786	56.2	8 474	60.1	7 077	61.0	-1 709	-19.5	42.4
RACE									
African	9 428	60.3	8 643	61.3	6 970	60.1	-2 458	-26.1	61.0
Coloured	2 275	14.6	2 073	14.7	1 756	15.1	-519	-22.8	12.9
Asian	1 331	8.5	1 296	9.2	1 219	10.5	-112	-8.4	2.8
White	2 518	16.1	2 001	14.2	1 607	13.9	-911	-36.2	22.6
Other	74	0.5	76	0.5	43	0.4	-31	-41.9	0.8
AGE GROUP									
Under 35 yrs	8 907	57.0	7 759	55.1	6 515	56.2	-2 392	-26.9	59.3
35–54 yrs	6 302	40.3	5 944	42.2	4 801	41.4	-1 501	-23.8	37.2
55–64 yrs	377	2.4	328	2.3	257	2.2	-120	-31.8	3.0
65+ yrs	40	0.3	58	0.4	22	0.2	-18	-45.0	0.4

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Note: Data extracted from Form 6 of the Annual Training Reports reflecting the number of individuals receiving PIVOTAL training. Estimates from the panel dataset are presented in Table 33 in the appendix.

PIVOTAL training is even more highly concentrated amongst younger cohorts than total training, with youth under the age of 35 years accounting for 56.2 percent of the total in 2021, and those aged 35–54 years having a 41.4 percent share. Relative to employment, however, it is clear that youth receive a disproportionate share of PIVOTAL training. This emphasis on youth is not surprising given their life stage and the policy emphasis on education and training opportunities for youth. All four age groups detailed in Table 19 experienced declines in PIVOTAL training over the three-year period, with older groups typically seeing more rapid contractions than younger groups. Here, too, 2021 saw an acceleration in the rate of decline relative to the decline observed between 2019 and 2020; in the case of those aged 65 years and above, the slight expansion in 2020 was followed by a strong contraction, although the absolute numbers here are very small.

4.6 SKILLS GAPS

Skills gaps—sometimes referred to as top-up skills—occur “where a worker lacks one or more of the particular skills required to effectively perform their job” (Khuluvhe et al. 2022:19). In their WSP/ATR submissions, INSETA employers are asked to identify up to three skills gaps—from a list of 21 skills gaps—experienced in each of the major occupational categories. It is important to note that this type of data does pose some challenges in terms of consolidating and aggregating responses. These challenges stem from the fact that there is no way to compare the extent or severity of the skills gap across occupations or across firms in the data collected through the WSP/ATR. Thus, while two firms may cite the same three skills gaps, they may represent a critical constraint for one firm and a mere inconvenience in the other.

Skills gaps can be categorised within three broad groups, namely foundation skills, technical skills, and transversal skills. UNESCO (2012) defines foundation skills as “[including] the literacy and numeracy skills necessary for getting work that can pay enough to meet daily needs” and which “are also a prerequisite for ... acquiring transferable and technical and vocational skills that enhance the prospect of getting good jobs”. Foundation skills therefore include the basic skills of literacy, numeracy, ICT, and foreign languages. Technical skills refer to the “specific technical know-how” needed for a job (UNESCO 2012) and represent job- or occupation-specific skills. Finally, transversal skills (sometimes referred to as transferable skills) are the skills needed “to be able to adapt to different work environments and so improve [workers’] chances of staying in gainful employment”; these skills “include the ability to solve problems, communicate ideas and information effectively, be creative, show leadership and conscientiousness, and demonstrate entrepreneurial capabilities” (UNESCO 2012).

Table 20 presents an overview of the skills gaps reported by employers across all occupations in each of the three years from 2019 to 2021. For this table, we consider only whether or not a firm cites a particular skills gap in any occupation; where a firm cites, for example, interpersonal skills gaps for three different occupations, they are only included once within the tally of firms noting interpersonal skills gaps. In 2021, just over one-fifth (22.2 percent) of employers identified mentioned skills gaps within the foundational skills category, almost three-fifths (57.0 percent) listed skills gaps relating to technical skills, while three-quarters (76.5 percent) cited skills gaps in the area of transversal skills. While these proportions have shifted somewhat over the period, their ranking has remained the same: transversal skills gaps are most often cited by employers, followed by technical skills gaps and then by foundational skills gaps. Despite this, 2020 does appear to be something of an anomaly: for each skills category, the proportion of employers reporting skills gaps increased substantially between 2019 and 2020 and fell substantially between 2020 and 2021. However, a longer series of data would be required to be certain that the 2020 figures are indeed anomalous.

Amongst foundation skills, basic IT skills gaps are the most commonly cited in each of the three years, mentioned by between 14.6 percent and 21.6 percent of firms over the period. This is followed by skills gaps related to reading, writing and numeracy (5.8 percent to 6.5 percent of firms), with foreign language skills gaps identified by fewer than four percent of firms.

In terms of technical skills gaps, firms most often highlighted management and leadership skills gaps (40.6 percent of firms in 2021), technical and job-specific skills gaps (29.5 percent) and legal, governance and risk skills gaps (28.4 percent). The former two types of skills gaps were also the top two most cited gaps in 2019 and 2020, although legal, governance and risk skills gaps displaced advanced IT and software skills gaps from the third position it held in 2019 and 2020. Other skills gaps cited relatively frequently include those related to financial and accounting skills, marketing and sales skills, office administration skills, and project management skills.

The most frequently cited transversal skills gap in 2021 was in the area of customer service, which was identified by more than one-third (35.2 percent) of all respondent firms. Indeed, between one-third and two-fifths of firms identified customer service skills gaps as a challenge in each year between 2019 and 2021. In 2021, customer service skills gaps are followed by skills gaps related to problem-solving skills (27.2 percent of firms), and planning and organising (23.9 percent). These two skills gaps were third- and second-most often cited respectively in 2020 (24.2 percent and 27.7 percent of respondents), while in 2019 oral and written communication skills gaps were third behind planning and organising skills gaps. Skills gaps with respect to interpersonal skills were highlighted by between 16–17 percent of respondents in each of the three years.

TABLE 20: Number of firms reporting skills gaps across all occupations, 2019–2021

	2019		2020		2021		CHANGE (2019–2021)	
	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	%
FOUNDATION	144	19.1	245	25.4	244	22.2	100	69.4
Reading, writing, numeracy	44	5.8	57	5.9	72	6.5	28	63.6
Basic IT	110	14.6	209	21.6	183	16.6	73	66.4
Foreign language	21	2.8	22	2.3	41	3.7	20	95.2
TECHNICAL	413	54.8	623	64.5	627	57.0	214	51.8
Advanced IT, software	185	24.6	274	28.4	292	26.5	107	57.8
Financial, accounting	166	22.0	247	25.6	240	21.8	74	44.6
Legal, governance, risk	175	23.2	223	23.1	312	28.4	137	78.3
Management, leadership	300	39.8	422	43.7	447	40.6	147	49.0
Marketing, sales	172	22.8	251	26.0	274	24.9	102	59.3
Occupational health and safety	55	7.3	89	9.2	118	10.7	63	114.5
Office administration	143	19.0	232	24.0	215	19.5	72	50.3
Production	52	6.9	70	7.2	91	8.3	39	75.0
Project management	122	16.2	224	23.2	257	23.4	135	110.7
Technical, job-specific	248	32.9	294	30.4	324	29.5	76	30.6

	2019		2020		2021		CHANGE (2019–2021)	
	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	%
TRANSVERSAL	617	81.9	849	87.9	842	76.5	225	36.5
Communication (oral, written)	170	22.6	224	23.2	224	20.4	54	31.8
Customer service	253	33.6	381	39.4	387	35.2	134	53.0
First aid	29	3.9	48	5.0	89	8.1	60	206.9
Interpersonal	121	16.1	163	16.9	179	16.3	58	47.9
Planning, organising	176	23.4	268	27.7	263	23.9	87	49.4
Problem-solving	163	21.6	234	24.2	299	27.2	136	83.4
Supervisory	96	12.7	131	13.6	122	11.1	26	27.1
Teamwork	79	10.5	112	11.6	123	11.2	44	55.7
NONE	107	14.2	67	6.9	217	19.7	110	102.8
TOTAL FIRMS	753	100.0	966	100.0	1 100	100.0	347	46.1

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, 2020/21.

Notes: Shares do not add to 100 and may exceed 100 since firms may each indicate up to three skills gaps in each occupation. Each skills gap is counted only once for each firm, irrespective of how often it is cited across occupations by that firm.

Over the period, the number of firms citing skills gaps related to first aid more than doubled, albeit from a relatively low base, from 29 firms in 2019 to 89 firms in 2021. This 206.9 percent increase is 4.5 times the increase in the number of responding firms. Rapid increases are also observed for occupational health and safety skills (114.5 percent increase from 55 to 118 firms), and project management skills (110.7 percent increase from 122 to 257 firms). At the same time, the largest increases in the absolute number of firms identifying specific skills gaps were observed for management and leadership skills (an increase of 147 firms, to 447 in 2021); legal, governance and risk skills (+137 firms, to 312); problem-solving skills (+136 firms, to 299); and project management skills (+135, to 257). At the same time, however, it should be noted that the number of firms citing no skills gaps also increased over the period, from 107 to 217, an increase of more than twice the rate of increase in the number of respondents over the period, placing it fifth behind project management skills in terms of the increase in the number of firms.

Table 20 consolidates responses within firms and then aggregates them. However, certain occupations may more frequently experience skills gaps than others, or may be prone to experiencing specific types of skills gaps more frequently than others. Table 21 and Table 22 shift the focus to skills gaps at the occupational level: the former presents annual estimates of the proportion of responding firms that cite foundation, technical or transversal skills gaps for each major occupation, while the latter table presents the three most frequently cited skills gaps in each category of skills gaps for each major occupation.

A number of results emerge from Table 21. First, employers are more likely to cite transversal skills gaps within more highly skilled occupations. Thus, more than 30 percent of firms identify transversal skills gaps for managers and professionals in each year, compared to just over one-fifth for skilled agricultural, crafts and related trades workers, and operators and assemblers. Second,

foundation skills gaps are most likely to rank in the top three skills gaps for workers outside of the top three occupational categories (managers, professionals, technicians and associate professionals). Third, clerical and service and sales occupations are most likely to experience technical skills gaps. This is particularly true when one considers that skilled agricultural, crafts and related trades workers, and operators and assemblers actually account for only a very small proportion of employment in the sector (less than 1.5 percent of employment in 2021, as per the estimates presented in Table 4).

TABLE 21: Proportion of firms reporting skills gaps by category of skills gap and occupation, 2019–2021

YEAR	CATEGORY OF SKILLS GAP	MANAGERS	PROFESSIONALS	TECHNICIANS & ASSOCIATE PROFESSIONALS	CLERICAL	SERVICE & SALES	SKILLED AGRICULTURAL, CRAFTS & RELATED TRADES	OPERATORS & ASSEMBLERS	ELEMENTARY
2019	Foundation	0.9	1.2	1.8	4.2	2.7	3.9	6.9	14.3
	Technical	13.3	16.5	20.7	26.0	23.5	25.0	22.9	25.6
	Transversal	35.8	32.2	27.6	19.9	23.7	21.1	20.2	10.1
2020	Foundation	1.6	1.7	2.2	4.8	4.2	4.9	3.8	12.3
	Technical	13.3	18.0	18.6	25.2	23.5	24.7	26.0	27.4
	Transversal	35.1	30.3	29.1	20.0	22.3	20.4	20.2	10.3
2021	Foundation	1.3	1.0	1.7	4.5	3.2	3.0	4.4	12.7
	Technical	12.0	17.1	18.5	24.5	24.0	24.4	25.2	25.5
	Transversal	36.7	31.9	29.8	21.0	22.8	22.7	20.4	11.8
SHARE OF FIRMS REPORTING NO SKILLS GAPS									
2019		64.9	72.9	77.7	70.0	80.5	95.8	96.3	91.5
2020		64.1	70.2	75.3	67.9	77.4	95.0	95.1	90.3
2021		45.2	60.3	60.5	53.1	63.2	78.3	77.6	73.8

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Firms are asked to identify the top three skills gaps in each occupational category. Foundation skills include: reading, writing, and numeracy; basic IT; first aid; and foreign language. Technical skills include: advanced IT, software; financial and accounting; legal, governance and risk; management and leadership; marketing and sales; occupational health and safety; office administration; production; project management; and technical or job-specific skills. Transversal skills include: oral and written communication; customer service; interpersonal; planning and organising; problem-solving; supervisory; and teamwork.

These patterns are observed consistently in each year of the period, with the proportion of firms citing each category of skills gap generally remaining very stable. For managers, transversal skills gaps are identified three times as often as technical skills gaps in 2021, and 28 times as often as foundation skills gaps. For professionals, however, these ratios are 1.9 times and 32 times respectively, suggesting relatively greater importance of technical skills gaps for professionals. This difference is even stronger for technicians and associate professionals, with ratios of 1.6 and 18 times. For clerical occupations and those related to service and sales, technical skills are consistently more frequently cited than transversal skills.

In addition, the share of firms not reporting any skills gaps increases as the skill level of the occupation declines. Thus, while only 45.2 percent of firms reported no skills gaps amongst managers in 2021, this proportion rises to 63.2 percent for service and sales occupations, and 73.8 percent for elementary occupations. While these proportions are considerably lower than those observed in 2019 and 2020, the general pattern holds. Unfortunately, though, due to the way the data is collected it is not possible to discern whether this is a true reflection of the situation or whether it simply reflects falling response rates for less skilled occupations, either because firms are less likely to employ any workers in the lowest skilled occupations (in which case, the larger proportion of firms reporting no skills gaps simply reflects the increased likelihood that the firm does not employ any workers in these occupations), or because they are less likely to be concerned about skills gaps at these levels (in which case, the larger proportion reflects the rising 'cost-benefit ratio' of providing responses to the question).

In terms of specific skills gaps, Table 22 highlights the degree of consistency both across occupations and, over time, within occupations. Basic IT skills gaps are consistently cited across occupations and in each of the three years. The only exception is skilled agricultural, crafts and related trades occupation where basic IT skills were tied with reading, writing and numeracy skills in 2019 (each 1.8 percent of firms), and where foreign language skills dominated in 2021 (1.3 percent of firms). In line with the pattern observed in Table 21, basic IT skills gaps were relatively more widespread amongst lower skilled occupations. Thus, while fewer than one percent of firms cited basic IT skills gaps for managers and professionals in 2021, this increased to 3.5 percent for clerical occupations, and 6.0 percent in elementary occupations.

In contrast to this consistency across occupations for foundation skills gaps, technical skills gaps vary significantly across occupations. Amongst managers, more than 11 percent of firms report skills gaps related to management and leadership, while between 6.7 percent and 8.3 percent of firms report technical or job-specific skills gaps amongst technicians and associate professionals. Roughly five percent of firms report office administration skills gaps amongst clerical workers in all three years, while 6.0 percent to 7.3 percent of firms report skills gaps related to marketing and sales for service and sales workers. In each case, these skills gaps are in areas that are integrally linked to the type of occupation. Amongst the top five occupational groups within the insurance sector, professional occupations are the only occupational category where the most frequently cited skills gap changes over the period. Thus, in 2019 6.0 percent of firms identified technical or job-specific skills gaps, in 2020 4.9 percent cited management and leadership skills gaps, and in 2021 4.7 percent noted legal, governance and risk skills gaps. This variation may also be linked to the diversity of occupations within this major group, which may mean that small changes in proportions result in new rankings.

Interestingly, there is a significant degree of consistency in the top cited transversal skills gaps across occupations and over time. Certainly, amongst the top five occupational categories in the insurance sector, the most frequently cited skills gaps are in the areas of planning and organising and/or customer service. Just under three percent of firms highlight planning and organising skills gaps for managers in all three years, while these skills gaps are most frequently cited for professionals and technicians and associated professionals; in the case of the latter, planning and organising skills gaps are tied with customer service at 3.5 percent of firms. For clerical occupations (7.1–7.8 percent of firms) and service and sales occupations (8.3–8.9 percent of firms), customer service skills gaps are consistently the top-cited skills gaps, while they were also the top-cited skills gaps for professionals and technicians and associate professionals during 2019 and 2020 (both between three and five percent of firms).

TABLE 22: Most frequently cited skills gaps by category of skills gap and occupation (share of firms), 2019–2021

	MANAGERS	PROFESSIONALS	TECHNICIANS & ASSOCIATE PROFESSIONALS	CLERICAL	SERVICE & SALES	SKILLED AGRICULTURAL, CRAFTS & RELATED TRADES	OPERATORS & ASSEMBLERS	ELEMENTARY
FOUNDATION								
2019	Basic IT (0.5)	Basic IT (0.6)	Basic IT (1.5)	Basic IT (3.0)	Basic IT (2.2)	Basic IT (1.8); Reading, writing, numeracy (1.8)	Basic IT (3.7)	Basic IT (6.7)
2020	Basic IT (1.3)	Basic IT (1.1)	Basic IT (1.9)	Basic IT (3.7)	Basic IT (3.3)	Basic IT (2.5)	Basic IT (2.7)	Basic IT (6.6)
2021	Basic IT (0.7)	Basic IT (0.6)	Basic IT (1.4)	Basic IT (3.5)	Basic IT (2.5)	Foreign language (1.3)	Basic IT (2.4)	Basic IT (6.0)
TECHNICAL								
2019	Management, leadership (11.3)	Technical, job-specific (6.0)	Technical, job-specific (8.3)	Office administration (5.0)	Marketing, sales (7.2)	Office administration (3.5)	Occupational health and safety (4.3)	Office administration (3.1)
2020	Management, leadership (11.6)	Management, leadership (4.9)	Technical, job-specific (7.1)	Office administration (5.5)	Marketing, sales (7.3)	Production (4.3)	Occupational health and safety (5.5)	Occupational health and safety (2.8)
2021	Management, leadership (11.1)	Legal, governance, risk (4.7)	Technical, job-specific (6.7)	Office administration (5.0)	Marketing, sales (6.0)	Production (4.4)	Production (4.2)	Technical, job-specific (2.9)
TRANSVERSAL								
2019	Planning, organising (2.8)	Customer service (3.2)	Customer service (4.4)	Customer service (7.8)	Customer service (8.3)	Communication (oral, written) (4.8)	Problem-solving (5.3)	Communication (oral, written) (9.4)
2020	Planning, organising (2.9)	Customer service (4.0)	Customer service (3.4)	Customer service (7.3)	Customer service (8.8)	Customer service (4.9)	Communication (oral, written) (4.8)	Communication (oral, written) (8.8)
2021	Planning, organising (2.6)	Planning, organising (4.1)	Planning, organising (3.5); Customer service (3.5)	Customer service (7.1)	Customer service (8.9)	Problem-solving (5.3)	Problem-solving (4.4)	Communication (oral, written) (8.8)

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Firms are asked to identify the top three skills gaps in each occupational category. Foundation skills include: reading, writing, and numeracy; basic IT; first aid; and foreign language. Technical skills include: advanced IT, software; financial and accounting; legal, governance and risk; management and leadership; marketing and sales; occupational health and safety; office administration; production; project management; and technical or job-specific skills. Transversal skills include: oral and written communication; customer service; interpersonal; planning and organising; problem-solving; supervisory; and teamwork.



PART

5

**IMPLICATIONS OF
COVID-19 FOR THE
INSURANCE SECTOR:
FINDINGS FROM
INSETA'S COVID-19
SURVEY**

While Statistics South Africa's Covid-19 business impact surveys provided useful insights with respect to the unfolding impact of Covid-19 on the South African economy, they unfortunately excluded the financial intermediation industry, amongst others from the survey. Partially filling this gap are the three rounds of surveys conducted by INSETA on the impacts of and business responses to Covid-19. In this section, we analyse the results of the survey to better understand the impact of the Covid-19 pandemic on South African insurance firms at the time of the survey in late 2021.

5.1 SURVEY RESPONDENTS

The INSETA survey covered firms of all sizes within the insurance sector, and across the three main subsectors. In this third round of the survey, 78 firms provided responses. Of these firms, two-thirds (67.9 percent) were firms within non-life insurance, while 29.5 percent were located within the life insurance subsector (Table 23). Only two respondents (2.6 percent of the total) were located within the collective investments subsector. This distribution suggests an over-representation of non-life insurance firms: within the 2022 WSP submissions data, non-life insurance accounts for 35.7 percent of firms, compared to 31.0 percent for life insurance, 0.7 percent for collective investments, and 32.6 percent classified as 'various' (comprised of firms within reinsurance and activities auxiliary to financial intermediation) (INSETA, 2022: p. 10).

TABLE 23: Respondents to the third round of the INSETA Covid-19 survey, by firm size and subsector

COMPANY SIZE	EMPLOYERS		SUB-SECTOR (%)		
	Number	Share (%)	Life Insurance	Non-Life Insurance	Collective Investments
Macro (1 000+ employees)	6	7.7	16.7	83.3	0.0
Large (150–999 employees)	15	19.2	20.0	80.0	0.0
Medium (50–149 employees)	16	20.5	31.2	68.8	0.0
Small (11–49 employees)	20	25.6	15.0	80.0	5.0
Micro (1–10 employees)	21	26.9	33.3	61.9	4.8
Total	78	100.0	29.5	67.9	2.6

Source: Own calculations, INSETA COVID-19 Follow-up Survey (2021).

Respondents were quite evenly distributed across firm size categories, with macro firms with 1 000 or more employees the only real exception. Roughly one-quarter of firms each were micro (1–10 employees) or small firms (11–49 employees), while around one-fifth each were either medium (50–149 employees) or large (150–999 employees) firms. The remaining 7.7 percent of respondent firms had at least 1 000 employees. This distribution is far more even than one would expect given the size distribution of firms submitting WSP data. In the 2022 WSP submissions, 76.8 percent were from employers with fewer than 50 employees (compared to 52.5 percent in this survey), 12.9 percent were medium employers (compared to 20.5 percent here), and the remaining 10.3 percent had 150 employees or more (compared to 26.9 percent here) (INSETA, 2022).

Of the macro firms that participated in this study, 16.7 percent operate within the life insurance subsector while the remaining 83.3 percent operate within non-life insurance. Similar distributions are observed for large firms (20.0 percent in life insurance, 80.0 percent in non-life insurance). The largest proportions for life insurance are found amongst micro firms (33.3 percent of respondents in this size category), and medium firms (31.2 percent). Respondent firms active within the collective investments subsector were either small or micro firms, with the sector accounting for around one in twenty respondents in these categories. This is consistent with the findings from the SSP, since all 2022 WSP submissions within the collective investments subsector were by employers with fewer than 50 employees (INSETA, 2022).

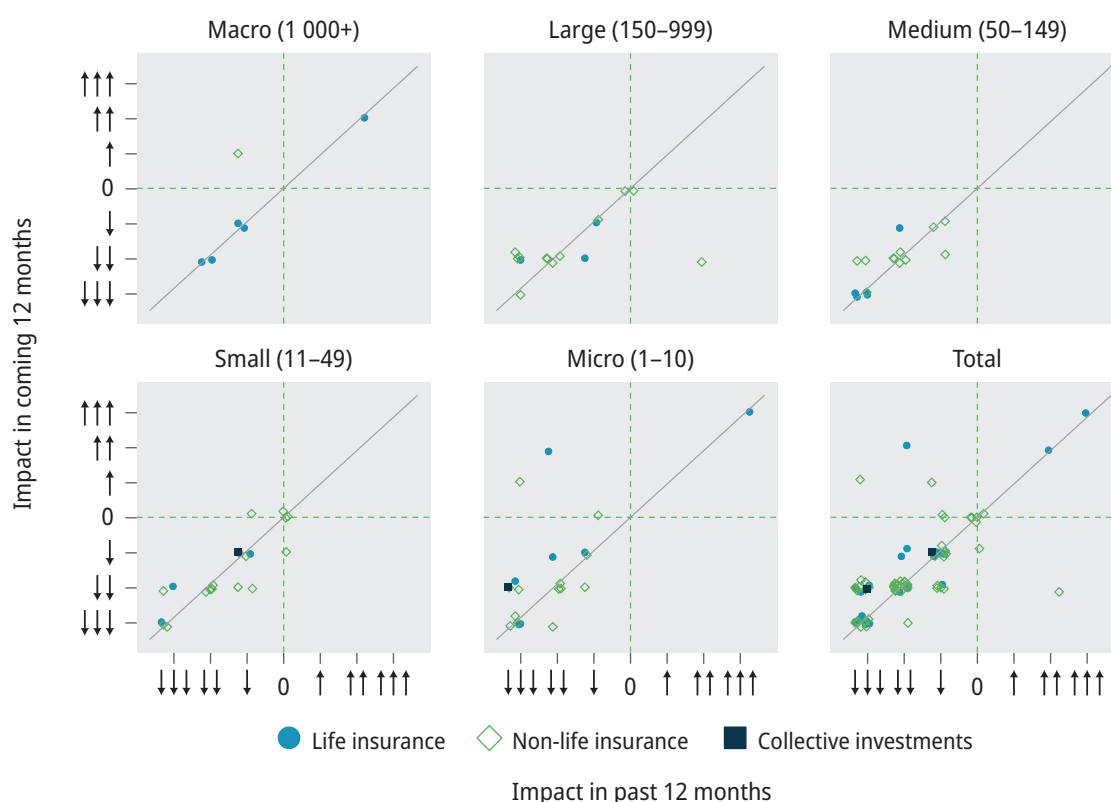
It is important, therefore, to note that these results are not representative of the insurance sector in a statistical sense for two key reasons. First, this is not a random sample of employers since firms that chose to respond to the survey are likely to be similar in certain ways and different in some ways to firms that chose not to respond. Unfortunately, however, we are unable to predict the exact nature of these similarities and differences. Second, the distribution of employers across subsector and firm size is not consistent with the distribution of the population of WSP-submitting employers. Because of this lack of statistical representivity, one does need to be careful in terms of extrapolating findings from this data to the full sector and this is something that we try to ensure in the discussion below.

5.2 THE IMPACT OF COVID-19

Economies around the world have been severely disrupted by the Covid-19 pandemic and the South African economy has obviously not been spared. Just as the effects have been different across national economies, they have also differed across different economic sectors. According to Deloitte (2020), the impact of the pandemic on insurance companies is dependent on the circumstances of each enterprise: their pricing and reserving techniques, the classes and mix of business they underwrite, as well as reinsurance coverages and policy wordings. Research published in August 2020, for example, estimated that employment in the finance and insurance sector would contract by 13.7 percent or approximately 56 000 jobs over the ensuing two-year period based on the assumption of a once-off shock to final demand of 10 percent, the latter being broadly in line with the actual observed effect on demand (Strauss et al., 2020).

Given variations in impacts across countries and sectors, it is important to recognize that firms were not all equally impacted, whether in terms of the nature of the impact (positive or negative) or the magnitude of the impact. Figure 12 presents data on the economic impact of Covid-19 experienced by firms over the preceding 12 months and the expected impact on firms over the coming 12-month period. Importantly, respondents were able to signal both the magnitude of the impact—low, medium or high, illustrated by one, two or three arrows in the figure—and the directionality of the impact, whether positive or negative. When analysing the figure, it is important to note that firms that lie along the diagonal line are indicating that they expect a similar impact in the coming 12 months to the impact they experienced in the preceding 12 months. Firms that lie above the diagonal expect an improvement in the nature of the impact in the coming 12 months relative to the preceding 12 months, while those firms that lie below the diagonal line expect a worsening of the impact in the coming 12 months relative to the preceding 12 months.

FIGURE 12: Experienced and expected impact of Covid-19 on insurance firms, 2021



Source: Own calculations, INSETA Covid-19 Follow-up Survey (2021).

It should be immediately clear from the six panels within Figure 12 that the nature of the past and future impacts of Covid-19 differs for firms of different sizes. However, beginning with all respondent firms as a group (the bottom righthand panel), there are some important initial observations worth highlighting. First, the vast majority of respondents indicated that the impact of Covid-19 had been negative over the preceding 12-month period. Thus, of the 78 respondents, only three indicated that Covid-19 had had a positive economic impact on their firms, while a further six indicated no impact. The remaining 69 respondents were almost evenly spread across low, medium, and high negative impacts (20, 22 and 27 respondents respectively). Second, the vast majority of respondents expected Covid-19 to have a negative impact in the coming 12-month period, although the number of respondents expecting positive or no impact increased slightly to 12. Within the group of respondents expecting a negative impact in the coming 12-month period, more than half expected a medium negative impact. In general, this change is driven by improvements in sentiment amongst firms that experienced highly negative impacts in the preceding 12 months. Thus, 13 firms that experienced a high negative impact predicted a less negative impact—one even predicted a small positive impact—over the coming 12-month period. However, of the 22 firms that experienced medium negative impacts, only three had more favourable views of the coming 12 months; of the 20 that experienced low negative impacts, only three had more favourable views of the coming 12 months, while five had less favourable views. Finally, while not common, predicted impacts were completely different to the impacts they had experienced. Three respondents predicted positive impacts in the coming 12 months, having experienced negative impacts in the preceding 12 months, while only one respondent indicated that they expected negative impacts having experienced positive impacts in the preceding

12 months. The former would be expected given the stage of the pandemic, although the latter is perhaps surprising.

Macro firms tend to be located along the diagonal, indicating that respondents typically do not see the economic impact of Covid-19 on their firms in the coming 12 months to be different from the impact experienced in the preceding 12 months. For most of these firms, Covid-19 was deemed to have a low or medium negative impact, although one respondent did indicate a medium positive impact in both periods. The only exception to this pattern was the single respondent from the non-life insurance sector, who indicated that the small negative economic impact in the preceding 12 months was expected to switch to a small positive impact. Thus, across all macro firms, the economic impact over the coming 12 months was not expected to be worse than in the 12 months preceding the survey.

The outlook amongst large firms was, however, less positive. Once again, most firms are located on the diagonal, suggesting a continuation in the 12 months after the survey of the type of impact already seen prior to the survey. Of these firms on the diagonal, none expected a positive economic impact of Covid-19 in either period. A small cluster of firms did expect a slight improvement in terms of the nature of the economic impact of Covid-19, from a high negative impact to a medium negative impact, while two respondents expected a worsening of the impact—one changing from a small to a medium negative impact, and one changing from a medium positive to a medium negative impact.

Respondents from medium firms all reported negative economic impacts in the 12 months prior to the survey and expected negative impacts in the coming 12 months. While most firms are located on the diagonal, a small number of firms are located above it, indicating an expectation of a slight improvement in the magnitude of the negative impact in the coming 12 months. Amongst medium firms, life insurance firms tended to report high negative impacts in both periods.

Similar to medium firms, small firms are located either in the third quadrant of the graph (negative impacts in both periods) or on the boundaries (negative impact in one period, no impact in the other). Three respondents reported expecting an improvement in the magnitude of the negative impact; two of these had experienced a high negative impact in the preceding 12 months, while one had experienced a small negative impact. Conversely, three respondents expected a deterioration in terms of the nature of the impact, one expecting a small negative impact as opposed to their experience of no impact in the 12 months prior to the survey, and two expecting to move from a small negative to a medium negative impact.

While most micro firms lie in the third quadrant of the graph, three respondents reported expecting Covid-19 to have a positive economic impact on their firms in the coming 12 months. For micro firms, the picture that emerges is a relatively positive one in that a significant number of respondents expect improvements in the nature of Covid-19's economic impact on their firms, while only two expect a deterioration. There does, however, appear to be a difference in views amongst micro firms depending on the subsector in which they operate: respondents from non-life insurance typically expect no change or deterioration, while those within life insurance and collective investments are more likely to expect improvements.

5.3 REMOTE WORK

To ensure that businesses could remain operational during lockdown restrictions, employers and employees were required to adapt their approach to work. This included, where possible, adopting remote working in order to reduce physical interaction. Table 24 provides an overview of the extent of remote working—in terms of the proportion of workers who working remotely—prior to Covid-19 and at the time of the survey, as well as the expected extent 12 months after the survey (see Figure 15 in the appendix for a graphical representation of the results).

TABLE 24: Proportion of workers working remotely pre-Covid, at the time of the survey, and in 12 months

PROPORTION OF WORKERS	PROPORTION OF RESPONDENTS/ FIRMS (PERCENT)			RATIO OF PROPORTIONS		
	Pre-Covid-19	At the Time of the Survey ("Currently")	In 12 Months	Currently: Pre-Covid-19	In 12 Months: Currently	In 12 Months: Pre-Covid-19
0%	47.4	5.1	10.3	0.108	2.020	0.217
1–10%	20.5	15.4	15.4	0.751	1.000	0.751
11–20%	5.1	3.8	2.6	0.745	0.684	0.510
21–30%	3.8	3.8	2.6	1.000	0.684	0.684
31–40%	1.3	6.4	9.0	4.923	1.406	6.923
41–50%	2.6	9.0	15.4	3.462	1.711	5.923
51–60%	1.3	6.4	12.8	4.923	2.000	9.846
61–70%	1.3	5.1	2.6	3.923	0.510	2.000
71–80%	2.6	9.0	9.0	3.462	1.000	3.462
81–90%	6.4	16.7	12.8	2.609	0.766	2.000
91–100%	7.7	19.2	7.7	2.494	0.401	1.000
BROAD CATEGORIES						
0–30%	76.8	28.1	30.9	0.366	1.100	0.402
31–70%	6.5	26.9	39.8	4.138	1.480	6.123
71–100%	16.7	44.9	29.5	2.689	0.657	1.766

Source: Own calculations, INSETA Covid-19 Follow-up Survey (2021).

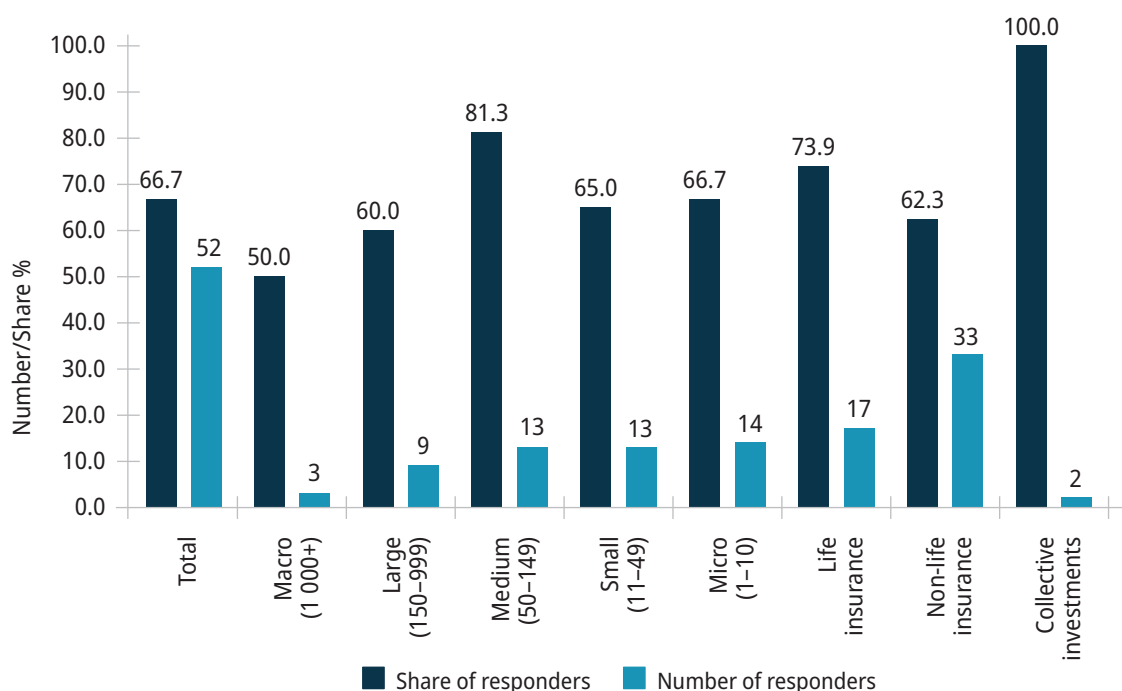
The data reveals a substantial shift in the extent of remote work as a result of Covid-19. Pre-Covid-19, three-quarters (76.8 percent) of respondents indicated that up to 30 percent of workers were working remotely. Almost half (47.4 percent) of respondents indicated no remote work whatsoever pre-Covid-19, while another fifth (20.5 percent) indicated that one percent to ten percent of workers were working remotely. As a result, just 16.7 percent of respondents indicated that more than 70 percent of staff were working remotely prior to Covid-19. At the time of the survey, however, this had shifted dramatically with almost half (44.9 percent) of respondents indicating that more than 70 percent of their staff were working remotely. This shift is reflected in the ratio of proportions comparing the situation pre-Covid-19 to the situation at the time of the survey: the ratio is 4.138 for the 31–70 percent category (reflecting a quadrupling of the proportion of respondents in this category), and 2.689 for the 71–100 percent category.

Importantly, while respondents expected a decline in the incidence of remote work over the coming 12 months, it is clear that Covid-19 has significantly affected workers' and employers' preferences with respect to remote work. Indeed, the proportion of respondents who expected that 30 percent or less of workers would be working remotely in the coming 12 months (30.9 percent) was only marginally higher than the proportion reporting that 30 percent or less of workers were working remotely at the time of the survey (28.1 percent). Three out of ten respondents (29.5 percent) expected more than 70 percent of workers to be working remotely 12 months after the survey; this is 15 percentage points lower than the proportion at the time of the survey but is almost double the 16.7 percent of respondents reporting this proportion for the pre-Covid-19 period. Importantly, while only 6.5 percent of respondents indicated that between 31 percent and 70 percent of workers had been working remotely in the pre-Covid-19 period, this proportion increased more than fivefold to 39.8 percent of respondents when asked about remote work 12 months after the survey.

This change in the middle of the distribution is reflected in the ratios of the proportions presented in the latter three columns of the table. With only few exceptions, these ratios are highest in the middle of the distribution from 31 percent to 70 percent of workers. As a result, the ratio comparing the extent of remote work pre-Covid-19 to the anticipated extent of remote work 12 months after the survey is between five and ten for the 31–40 percent, 41–50 percent and 51–60 percent categories.

The extent of the change is illustrated in Figure 13. This figure presents the number and proportion of respondents who expected a higher proportion of employees to be working remotely 12 months after the survey compared to the proportion pre-Covid-19, with respondents categorized by firm size and sub-sector. Overall, two-thirds of respondents (52 out of the 78) expected more remote work 12 months after the survey compared to the situation pre-Covid-19. While this was true of at least half the respondents within each size category, the highest proportions are observed for respondents from medium firms (81.2 percent), micro firms (66.7 percent) and small firms (65.0 percent). Respondents from life insurance firms were also more likely than those from non-life insurance to expect more remote work (73.9 percent compared to 62.3 percent). Both respondents from firms within collective investments also expected more remote work 12 months after the survey compared to the pre-Covid-19 period. These differences may reflect different work contexts that may be more (or less) supportive of remote work.

FIGURE 13: Number and proportion of respondents who expected more remote work 12 months after the survey compared to the pre-Covid-19 period



Source: Own calculations, INSETA Covid-19 Follow-up Survey (2021).

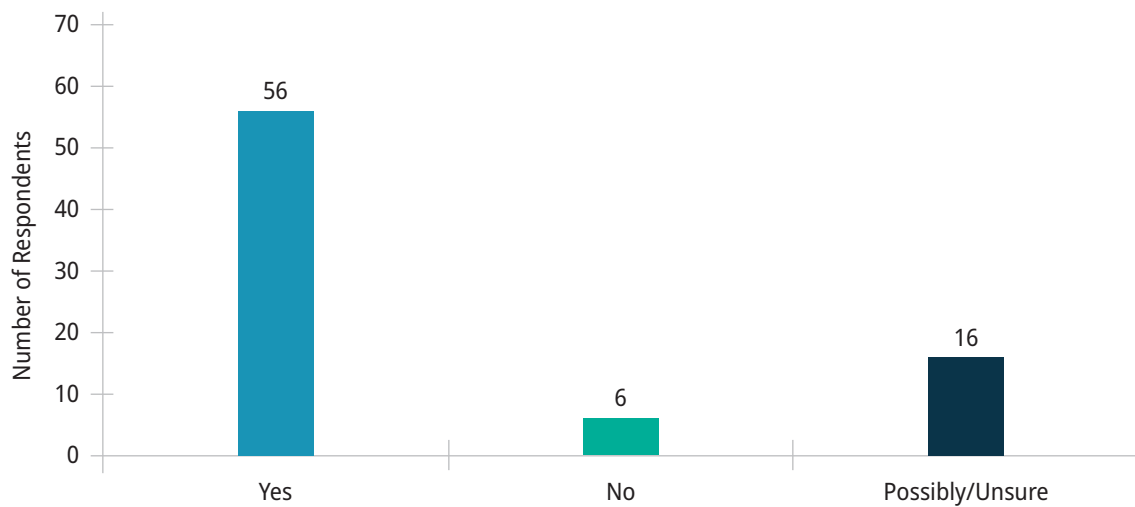
5.4 SKILLS DEVELOPMENT AND SKILLS GAPS

Covid-19 has significantly impacted a South African labour market that has been under pressure for some time, and which continues to be subject to forces such as technological change and globalisation. Indeed, in the 2020 Sector Skills Plan, INSETA (2020) identified Covid-19 as a key skills driver for the insurance sector, alongside digital transformation, climate change, the economy, regulation, and remote working. INSETA's Covid-19 survey included questions relating to whether skills development was considered a priority for the organisation, and which skills gaps (top-up skills) would be a priority over the 12 months after the survey in order for workers to work effectively in a post-Covid-19 environment. In order to interpret the responses, we utilised an approach to derive common themes amongst the responses and grouped them accordingly into the relevant themes and subthemes.

5.4.1 Skills Development

A large majority of respondents—56 out of the 78, or seven out of ten respondents—reported that skills development would be a priority over the 12-month period following the survey (Figure 14). The majority of the remaining respondents indicated that they were unsure or that it would possibly be a priority, leaving just six respondents who did not feel that skills development was a priority for the period.

FIGURE 14: Prioritisation of skills development over the 12 months after the survey



Source: Own calculations, INSETA Covid-19 Follow-up Survey (2021).

For some organisations, skills development is important to ensure business sustainability and continuity; for others, skills development is a long-term strategic priority. Respondents noted a few hindrances that could impact on whether skills development is viewed as a priority. These include uncertainty about the future, budget and funding constraints, as well as a lack of general and technological infrastructure (e.g., staff resources, poor connectivity, electricity cuts). Of the six respondents who did not view skills development as a priority, three indicated that employees had sufficient skills to navigate their daily duties. We elaborate on these reasons below in descending order of frequency with which they were cited by respondents.

Business Sustainability and Continuity

A total of 35 respondents viewed skills development as a priority in order to ensure that the business is equipped with the necessary skills to sustain itself and continue to operate over the next 12 months. Amongst these responses, two subthemes emerged namely (1) business continuity, and (2) new ways of work. There were 22 respondents that indicated that skills development was a priority to ensure that the business could continue to operate. This relates to equipping employees with skills to navigate the new working realities; empowering and motivating employees; remaining up-to-date with market and sectoral developments; ensuring that quality service is maintained; building a pipeline of skills; upskilling and reskilling workers which may include filling gaps as a result of retrenchments; and successfully transitioning new employees and recruits into the work environment.

The remaining 13 respondents of the 35 indicated new ways of work as a reason for skills development within their organisations. As a result of the pandemic, many organisations have had to shift and adapt their approach to work and workers have been expected to adapt and cope with challenges within their professional, personal and social lives. Businesses may therefore view skills development as important since they need to focus on upskilling employees and equipping them with skills that not only empower and support them, but that also enable them to navigate their daily duties and manage client relationships.

Strategic Priority

Skills development was viewed as a strategic priority by 21 respondents. While most businesses would consider skills development as a strategic priority, businesses who specifically indicated reasons relating to it being (1) a priority, (2) for learnerships, internships and student placement, or (3) a requirement were included within this theme. Of these respondents, 16 explicitly reported that skills development was a priority within the business. Respondents indicated that employees are encouraged to continuously enhance and develop their skills to advance their careers, and that this was something that the employer also invests in and promotes. In relation to learnerships, internships and student placements, three respondents viewed skills development as important. Two respondents viewed skills development as a priority as it is a requirement as per the Financial Advisory and Intermediary Services (FAIS) Act.

Hindrances

A total of 19 respondents noted several hindrances that may impact whether skills development is a priority. These included: (1) uncertainty around the future; (2) budget/funding constraints; and (3) other challenges around training. Ten respondents indicated that skills development may (or may not) be a priority over the next 12 months. This would be dependent on developments within the following months, such as further impact of Covid-19; resignations; the vaccination drive, easing of restrictions; business growth; and revenue generated.

Six respondents reported that prioritisation of skills development was budget- and funding-dependent. Three respondents noted additional hindrances that could impact skills development, including challenges around mentoring; connectivity issues; and electricity cuts. The imposed lockdown restrictions not only disrupted physical education, training and learning but also accelerated remote, distant learning. Learning in this context has been, to an extent, affected by general and technological infrastructure as well as accessibility, which may require skills development.

Table 25 provides a summary of the themes and sub-themes.

TABLE 25: Thematic overview of the prioritisation of skills development

Broad Theme	Sub-Theme	Sub-Theme Overview	Frequency
Business sustainability and continuity	Business continuity	Skills development is important to ensure that business continues, this includes equipping employees with skills to navigate the new realities; empowering and motivating employees; remaining up to date with developments in the market and sector; ensuring quality services; maintaining business; upskilling and reskilling workers to fill the gaps in terms of retrenchments; building a pipeline within the business; and equipping new employees with the necessary skills to transition into the working environment when entering the organisation.	22
	New ways of work	As a result of Covid-19, skills development is vital in terms of upskilling employees specifically in the virtual, digital working environment. Employees should be equipped with digital, technological skills that empower and support them to adapt to the new reality as well as manage client relationships.	13
Strategic Priority	Skills development is a priority	Skills development is viewed as an important priority within the business. Employees are encouraged to continuously enhance and develop their skills in order to advance their careers. Businesses invest in, support as well as promote skills development.	16
	Learnerships, internships and student placement	Skills development is important for learnerships, internships and student placements.	3
	FAIS Act	Skills development is a priority as it is a requirement as per the FAIS Act, which also sets out the Fit and Proper requirements.	2
Hindrances	Uncertainty around the future	Skills development may or may not be a priority. This would ultimately be dependent on the developments within the following months, which include further impact of Covid-19; resignations; vaccination drive; easing of restrictions; business growth; and revenue generated.	10
	Budget/funding constraints	Skills development will be dependent on budget constraints as well as funding received.	6
	Challenges	There are a few hindrances that impact skills development, these include challenges around mentoring; difficulty and connectivity issues around online training; and electricity cuts.	3
Employees have sufficient skills	Employees have sufficient skills	Skills development is not viewed as a priority, as employees are already equipped with skills required to manage their roles and responsibilities.	3

Source: Derived from INSETA Covid-19 Follow-up Survey (2021).

5.4.2 Skills Gaps

The skills that individuals need in order to work effectively are constantly evolving and are dependent on various factors, including technological advancement, globalisation, the ageing workforce and population. Further, the way in which these skills requirements evolve may differ depending on the particular occupation or occupational specialisation. Furthermore, as economies recover from the pandemic, particular skills may emerge as essential; this may include demand for digital skills, technical skills and socio-emotional skills (Hoftijzer et al., 2020), for example. It is important that individuals (employed or unemployed) are able to adopt new, innovative strategies that enable them to thrive and adapt in this ever-changing world. Organisations should identify training priority areas as well as essential skills that would be required for employees to perform adequately in the job. This evolution of skills requirements may contribute to skills gaps (or top-up skills), which are defined as “a situation where a worker lacks one or more of the particular skills required to effectively perform their job” (Khuluvhe et al., 2022: 19).

The term “skills” is often used interchangeably with several dimensions, such as knowledge, abilities and competences (OECD, 2017). ‘Knowledge’ refers to an organised body of information (factual or procedural), usually acquired through training and education, that can be applied to the performance of a job or function (e.g., knowledge regarding finance, accounting and investments). ‘Skills’ refers to the manual, verbal or mental ability, usually acquired through experience and training, to utilise one’s knowledge to execute a job, which can readily be measured in terms of quantity and quality (e.g., communication, time management, collaboration). ‘Abilities’ refers to an individual’s power to perform an activity (e.g., to communicate effectively, sell an insurance product, or analyse the client base).

For our purposes here, skills encompass knowledge, skills and abilities. We focus on two types of skills necessary in the labour market, namely hard skills and soft skills. Soft skills are described as competencies related to actions, experiences, emotionality, personality traits, drives, goals, motivations, and preferences, and can be viewed as personal and individual-specific (Heckman and Kautz, 2012; Novitasari et al., 2020). Soft skills include work ethic, punctuality, agility, discipline, professionalism, friendliness and loyalty, and can be associated with communication, teamwork, problem-solving and customer-handling (Cimatti, 2016; Oxford Reference, n.d). In the post-Covid-19 era, soft skills are becoming increasingly important as novel jobs emerge and the world keeps changing (Sawitri and Rini, 2021). This is because people need skills such as emotional intelligence, an ability to listen and to be empathic in order to function effectively in a team and organisation.

Hard skills, on the other hand, are described as technical abilities (or the mastery of skills and knowledge) required to perform a job task – these can be general as well as job-specific (Novitasari et al., 2020). Examples include analysing, coding, counting, operating, identifying, predicting. Hard skills tend to constitute knowledge learned in an educational institution and are generally supported by a qualification, which can be taught, learned, and easily measured and assessed.

Insurance industry employers were asked to list skills gaps that would be a priority for their staff to be able to work effectively in a post-Covid-19 environment over the 12 months following the survey. To collate the list of skills gaps, the skills mentioned were classified as hard or soft skills and counts were made of the frequency with which they were mentioned by respondents. It is important to bear in mind that there were no restrictions on the number of skills gaps that could be cited, and that respondents may have had different thresholds in terms of severity for mentioning skills gaps. Thus, one respondent may have listed several skills that fall within multiple skill set areas, whereas another may have only listed one skill that falls within one skill set area. Six general skill set areas were identified, with several skills. These are: (1) Soft skills; (2) Technical, hard skills; (3) Digital skills; (4) Work-from-home and work-life balance skills; (5) Problem-solving skills; and (6) General Covid-19 skills.

The skills gaps cited by respondents are outlined in Table 26. Of the six skill types, digital skills were most frequently cited with 50 of the 78 respondents mentioning them. Specific digital skills that were mentioned include digital literacy, IT- and ICT-related knowledge, and artificial intelligence. General soft skills were cited by 36 respondents and were followed closely by work-from-home and work-life balance skills, which were mentioned by 35 respondents. In terms of general soft skills, specific skills that were mentioned include emotional intelligence, time management, collaboration, conflict management, and reliability. Amongst work-from-home and work-life balance skills, respondents cited skills such as learning to sell remotely, virtual interaction with clients, and managing the work-life balance.

General hard skills, problem-solving skills, and general Covid-19 skills were mentioned far less frequently, and were cited by eight, seven and two respondents respectively.

TABLE 26: Overview of skills gaps required to work effectively in a post-Covid-19 world

SKILL	SKILL TYPE	SKILL OVERVIEW	SKILLS MENTIONED	FREQUENCY
Soft Skills	General Soft Skills	Soft skills are skills that enable employees to work effectively and efficiently in navigating social and interpersonal relations, in and out of the workplace. It includes interacting with their colleagues and clients as well as managing their emotions in the workplace.	Communication; emotional intelligence; time management; team management; general management; collaboration; motivation; conflict management; empathy; social support; self-awareness; attention to detail; change management; organizing and planning; independence; reliability/dependability; behavioural science.	36
	Work-from-home and work-life balance	Work-from-home and work/life balance skills include skills that encourage employees to manage their time effectively between their work and personal lives as well as skills that enable them to thrive in a virtual, remote environments.	Time management; how to work without supervision; remote customer service; remote management skills; client services; learning to sell remotely; productivity; virtual interaction with clients; change management; decision making; team management; planning; objection navigation; attention to detail; writing skills; admin skills; customer communication and knowledge; turnaround time; trustworthy data collection and availability; business retention; collaboration; Execution; working safely and ensuring clients' safety; how to manage work/life balance at home.	35
	Problem-Solving	Problem-solving skills are skills utilised to solve various work-related issues to make sense of a situation and come up with an appropriate solution.	Creative thinking; agile thinking; design thinking; decision-making; strategic thinking.	7
	General Covid-19 Skills	General Covid-19 skills include promoting safety and following relevant protocols, motivating employees and staff during uncertainty, communicating general information around the virus, as well as any necessary training that may be required as a result of Covid-19.	Safety of employees and clients; communication around information regarding the virus.	2
Hard Skills	Digital Skills	Digital, technological skills are skills that enable employees to complete their tasks and manage projects effectively in a digital, remote working environment. This includes the ability to access, manage, understand, integrate, communicate, evaluate and create information safely and appropriately.	Digital literacy; IT-related knowledge; ICT-related knowledge; computer-related knowledge; data analytics; digital transformation; general digital tools and interactive platforms; artificial intelligence; graphic design.	50
	General Hard Skills	Hard skills relate to skills that equip employees with the relevant knowledge, expertise and interactions needed to perform specific work-related tasks.	Regulation and Legislation updates; Business Interruption Insurance; FAIS credits; improvement of academic qualifications, writing skills.	8

Source: Derived from INSETA Covid-19 Follow-up Survey (2021).

5.5 SUMMARY

This section has focused on how firms within the insurance sector have been impacted by the pandemic based on an employer survey conducted by INSETA. Issues covered by the survey included remote work, skills development, and skills gaps. The Covid-19 pandemic has impacted a large majority of insurance firms negatively and, unfortunately, these companies expected a continuation of these negative impacts in the next 12 months following the survey. Businesses have had to adapt to remote ways of work in order to remain operational during lockdown restrictions and, while the relaxation of Covid-related restrictions was expected to result in a reduction in remote working, significant proportions of workers were expected to continue to work remotely. The long-term impact of the pandemic on both workers' and employers' appetites for remote work remains to be seen, but the data presented here tentatively suggests that there is unlikely to be a complete return to the pre-Covid-19 status quo.

In terms of skills development, seven out of ten respondents viewed skills development as a priority for their businesses. Skills development was viewed as an important tool to promote growth and ensure that employers have access to the requisite skills within their organisations; achieving this was viewed as critical for business sustainability and continuity. Nearly one in ten respondents, however, did not view skills development as a priority, citing uncertainty about the future as well as budget constraints. The remaining respondents were unsure with some stating that their employees were already sufficiently skilled.

Finally, respondents highlighted various skills gaps that would enable their staff to work effectively over the 12 months following the survey and beyond. Respondents identified soft skills, technical/hard skills, digital skills, work-from-home and work-life balance skills, problem-solving skills and general skills that enable employees to function effectively in a Covid-19 environment. Amongst these sets of skills, digital skills were cited by a majority of respondents, while general soft skills and work-from-home and work-life balance skills were mentioned by just under half of respondents. The remaining skills categories were cited only by a small minority of respondents.



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CONCLUSION

As has been extensively documented, the impacts of the Covid-19 pandemic have been significant and wide-ranging. In particular, the lockdowns implemented as a response to the pandemic resulted in precipitous drops in economic output, massive job losses, and disruption of efforts by workers and firms to develop human capital. The effects on human capital accumulation may continue to be felt for years to come, given the severe negative impacts the lockdowns have had on schooling.

While the South African economy grappled with the evolving impact of the pandemic, there were few data sources that were able to shed light on the nature of these impacts as they unfolded. Indeed, the pandemic impacted directly on the ability of Statistics South Africa and other entities to collect data and, as a result, data collection methods were quickly adapted in response. The result is that much of the data available to understand the impact of Covid-19 was either collected ad hoc, had limited coverage, or was impacted by some of the many challenges that emerged.

This report has focussed on understanding the effects of the pandemic on employment and training in the insurance sector through the lens of the Workplace Skills Plan and Annual Training Report data submitted annually to INSETA. The one advantage of the data is that the 2020 submissions occurred right as the lockdown was implemented. This means that the 2019/2020 data covers the immediate pre-pandemic period, while the 2020/2021 data covers the first year of the pandemic with little opportunity for the pre-pandemic data to be 'contaminated' by Covid-19 impacts.

At the same time, the report raises some of the challenges associated with using the WSP/ATR data. Specifically, these are related to the analysis of the data, which is a series of cross-sections, across time and the interpretation of trends over time. Part of the challenge relates to the fact that employers do not necessarily consistently submit WSP/ATR data from year to year or, indeed, at all. As a result, the subset of employers that do submit data may vary over time and may vary in systematic ways that impact on our interpretation of the data at the aggregate level. To probe some of these challenges, using the WSP/ATR data from 2019 to 2021, a panel dataset of employers is constructed, linking individual employers' submissions in each year.

Indeed, the panel dataset reveals that only three-fifths of employers in any given year submitted WSP/ATR data in all three years, meaning that around 40 percent of employers were entering or exiting the panel in each year. Smaller employers, non-levy paying employers, and those in the insurance and pension funding, funeral insurance, and life insurance subsectors are more likely than other employers to drop out of the data (i.e., to not submit in a given year, having submitted in the previous year). However, the employers that submitted data in all three years were relatively large, accounting for more than 90 percent of total employment (as reported in the WSP/ATR data) in any given year. The implication is that analyses of employees in the WSP/ATR data are likely to be only mildly impacted by the churn of employers in the datasets from one year to the next. However, analyses at the employer level—such as the sectoral or geographical distribution of employers—are likely to be more significantly impacted and should therefore be treated with some caution. Importantly, though, it is not possible to determine from the available data the extent to which the WSP/ATR data is representative of the insurance sector as a whole.

This report has focussed on answering five key questions.

First, how has employment changed over time, in aggregate and at the employer level? In aggregate, employment is estimated to have declined slightly between 2019 and 2020, before rebounding marginally in 2021. This is true both when looking at either the cross-sectional data or the panel data. The only real difference between the two is the lower level of employment and more rapid rates of change generated by the panel dataset. Total employment is estimated to have ranged between 146 800 and 148 600 over the period (or between 137 200 and 140 300 when using the panel dataset).

Second, have changes in employment in the insurance sector been concentrated amongst particular groups or occupations and, if so, how has this impacted the equity profile of employment? Given the small changes in aggregate employment over the period, it should not be surprising that changes for particular subgroups defined by occupation or demographic characteristic between 2019 and 2021 were relatively small. Thus, both male and female employment declined slightly over the period, with males accounting for a disproportionately large share (just under half) of the total decline when compared to their share of employment. However, the decline in employment of Africans over the period was greater than the aggregate decline, with Coloureds and Asians seeing relatively strong employment growth. Similarly, youth lost almost 10 000 jobs in the sector over the three years—more than 11 times the decline in aggregate employment—with 35–64 year olds gaining more than 9 200 jobs. While this may be the result of youth ageing into the older age group, it is an important development in the context of a sector that is concerned about an ageing workforce and, more broadly, in the context of South Africa's youth unemployment problem.

Managers and professionals both saw increases in employment over the period, as did elementary workers, while technicians and associate professionals and clerical support occupations saw declines. Overall, this suggests an increase in the skills intensity of employment in the sector over time. This is corroborated by shifts in the distribution of employment across educational attainment, with employment falling for all educational groups below NQF level 7 and increasing for individuals with NQF level 7 and NQF levels 9–10 qualifications.

Third, what is the gap between planned and actual training within the insurance sector as reflected in the ATR? Somewhat surprisingly, the data indicates that actual training has consistently exceeded planned training in each year of the period. This may be due to employers being conservative in the formulation of their training plans but may also reflect the often ad hoc or reactive nature of training interventions. In 2019 and 2020 on average, actual training was roughly 50 percent above the level of planned training, but in 2021 actual training surged so dramatically—rising from just under 127 000 employees in 2019 and 2020 to more than 550 000 in 2021—that actual training ended up being more than six times the level of planned training.

For the majority of employer-occupation combinations, actual training equalled planned training, while training plans were exceeded in around one-third of the combinations. Training plans did not materialise for just over ten percent of employer-occupation combinations, with 2021 seeing an increase from 10–11 percent in 2019 and 2020 to 13.7 percent. The impact of Covid-19 is starkly evident in the difference in variance explanations between 2021 and the two earlier years, with more than one-third of responses citing the impact of Covid-19 as the reason for not meeting training plans, dominating all other reasons. At the same time, Covid-19 emerges as the third-most frequently cited reason for exceeding planned training, with employers mentioning increased interest in and capacity to participate in training on the part of employees, the beneficial impact of online training in terms of accessibility, and increased demand for training.

Fourth, what types of training have been impacted more significantly by the pandemic? Data on types of training interventions is not particularly stable over the period and it is difficult to ascribe specific changes to Covid-19. However, an important shift over the period was that work-based learning, which was the most common type of training intervention in both 2019 and 2020 (23.6 percent and 28.7 percent of interventions), fell to third place in 2021 (16.7 percent) and was superseded by occupationally-directed learning and structured information sharing. This was largely the result of a near doubling of the number of informal work-based learning interventions between 2020 and 2021, while the numbers of occupationally-directed learning and structured information sharing interventions more than doubled.

While Covid-19 brought about an explosion in the number of trainees between 2020 and 2021, it also resulted in a shift in the demographic composition of trainees. Thus, there was a notable shift largely in favour of groups that would typically be considered as relatively privileged within the context of the South African labour market—males; Whites and, to a lesser extent, Asians; and individuals aged 35 years and above—often raising their share of training considerably higher than their share of employment.

PIVOTAL training, however, fell sharply over the period and, while it is tempting to ascribe this to Covid-19, it is important to note that most occupations had already seen declines in PIVOTAL training in 2020. PIVOTAL training was concentrated in just four occupational categories: managers, professionals, technicians and associate professionals, and clerical support workers. Even at the level of sub-major occupations, PIVOTAL training was concentrated in a small number of categories. Business and administration associate professionals, administrative and commercial managers, general and keyboard clerks, and business and administration professionals together accounted for between 71 percent and 73 percent of all PIVOTAL training reported in each year of the period.

In contrast to general training, PIVOTAL training remained strongly focussed on females, Africans and youth, despite the decline in reported PIVOTAL training over the period. Nevertheless, contractions in PIVOTAL training for Africans and Asians accelerated in 2021 relative to the change between 2019 and 2020, suggesting something of a ‘Covid-19 effect’.

Finally, which occupations and workers are ‘vulnerable’ from the perspective of not being able to work remotely or not being able to socially distance effectively if at work? In order to assess this, a workplace physical interaction index was constructed using O*NET data mapped to four-digit OFO-code occupations, and data from the 2010 Time Use Survey. The average PI index for the insurance sector is estimated at 0.49, which is lower than the national average and the average for the broader financial intermediation industry, indicating lower levels of physical interaction. Around three-fifths of the value of the PI index for the sector derives from frequent face-to-face discussions, while one-quarter is attributable to physical proximity and just under one-fifth to use of public transport. Within the sector, lower skilled occupations—skilled agricultural and crafts and related trades, elementary occupations, and service and sales occupations—tend to have higher PI indices, indicating that they are less able to work remotely or socially distance when at work. Overall, there is no evidence of a significant relationship between workplace physical interaction and net employment change in the insurance sector: workers in occupations with higher index values do not appear to be more vulnerable to job losses based on the available data.



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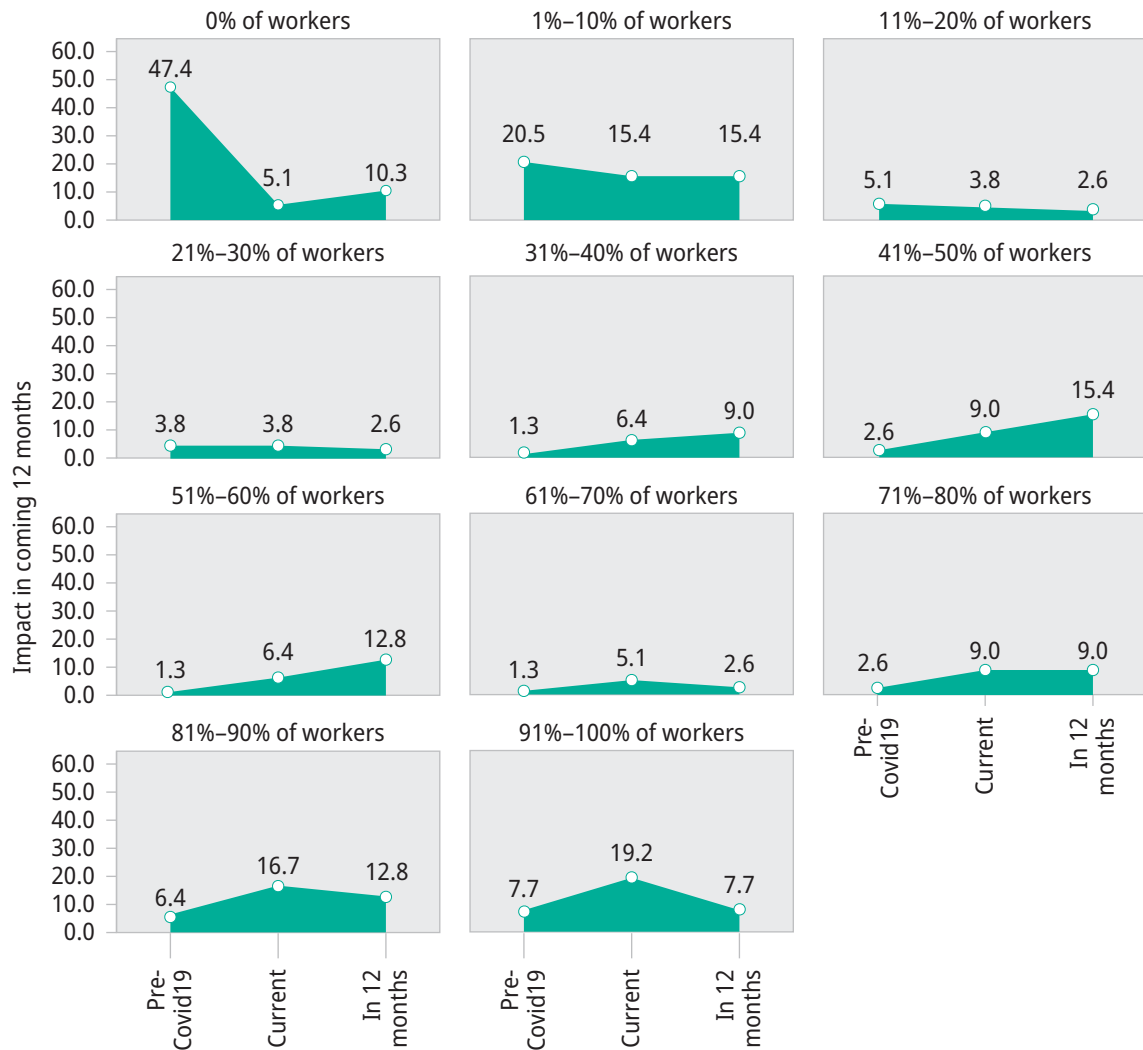
APPENDICES

8.1 QUESTIONNAIRE OF THE INSETA COVID-19 SURVEY

	QUESTION	OPTIONS
1	Company size	Micro (0–10 employees) Small (11–49 employees) Medium (50–149 employees) Large (150–999 employees) Macro (1 000+ employees)
2	What subsector does your organisation <u>primarily</u> operate in?	Life insurance Non-life insurance Collective investments
3	How severe has the economic impact of the Covid-19 pandemic been on your organisation over the past 12 months?	Large, negative impact Medium, negative impact Small, negative impact Minimal or no impact Small, positive impact Medium, positive impact Large, positive impact
4	How severe do you expect the economic impact of the Covid-19 pandemic on your organisation to be over the next 12 months?	Large, negative impact Medium, negative impact Small, negative impact Minimal or no impact Small, positive impact Medium, positive impact Large, positive impact
5	What proportion of your organisation's workforce: Worked remotely prior to Covid-19? Currently works remotely? Is expected to work remotely in 12 months' time?	Up to 10% 11%–20% 21%–30% 31%–40% 41%–50% 51%–60% 61%–70% 71%–80% 81%–90% 91%–100%
6	Does your organisation expect employee retrenchments over the next 12 months?	Yes No Possibly/Unsure
7	If yes to question 6: What proportion of the workforce is likely to be impacted? To what extent are these expected retrenchments the result of Covid-19?	Up to 10% 11% to 25% 26% to 50% 51% to 75% More than 75% Entirely the result of Covid-19 Largely the result of Covid-19 Somewhat the result of Covid-19 Slightly the result of Covid-19 Unrelated to Covid-19 Despite Covid-19
8	Is skills development a priority for your organisation over the next 12 months? Please provide a reason for your answer.	Yes No Unsure (open-ended)
9	What 'top-up skills' are a priority over the next 12 months for your staff to work effectively in a post-Covid-19 environment?	(open-ended)

8.2 ADDITIONAL TABLES AND GRAPHS

FIGURE 15: Proportion of workers working remotely pre- and post-Covid-19



Source: Own calculations, INSETA Covid-19 Follow-up Survey (2021).

TABLE 27: Actual as opposed to planned level of training (panel dataset), 2019–2021

YEAR	EMPLOYERS	ACTUAL	ACTUAL NUMBER OF EMPLOYEES TRAINED PER FIRM	PLANNED	PLANNED NUMBER OF EMPLOYEES TRAINED PER FIRM	TRAINING RATIO (ACTUAL ÷ PLANNED, %)
2019	156	122 095	782.7	74 761	479.2	163.3
2020	156	119 447	765.7	86 403	553.9	138.2
2021	156	548 506	3 516.1	86 437	554.1	634.6
Change: 2019–2021 (%)	n.a.	349.2	349.2	15.6	15.6	288.6

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 3 of the Annual Training Reports. Data includes only employers present in all three WSP/ATR datasets between 2019 and 2021.

TABLE 28: Hard-to-Fill (HTF) vacancies at the six-digit occupation level which account for at least 1 percent of all HTF vacancies, by year

	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	%	
TOTAL HTFVS	1 448	100.0	1 669	100.0	1 583	100.0	135	9.3	100.0
Insurance Agent	202	13.95	154	9.24	223	14.09	21	10.4	15.6
Insurance Broker	180	12.43	189	11.34	153	9.67	-27	-15.0	-20.0
Financial Investment Adv.	80	5.52	105	6.3	89	5.62	9	11.3	6.7
Insurance Claims Admin.	67	4.63	66	3.96	55	3.47	-12	-17.9	-8.9
Insurance Administrator	66	4.56	71	4.26	56	3.54	-10	-15.2	-7.4
Actuary	65	4.49	117	7.02	113	7.14	48	73.8	35.6
Finance Manager	37	2.56	26	1.56	30	1.9	-7	-18.9	-5.2
Sales Manager	35	2.42	35	2.1	30	1.9	-5	-14.3	-3.7
Insurance Loss Adjuster	34	2.35	36	2.16	36	2.27	2	5.9	1.5
Finance Broker	31	2.14	..	..	..	..	..	..	..
Management Consultant	28	1.93	18	1.08	..	..	..	..	..
Insurance Policy Administ	24	1.66	33	1.98	29	1.83	5	20.8	3.7
Sales & Marketing Mngr	23	1.59	26	1.56	46	2.91	23	100.0	17.0
Financial Accountant	23	1.59	19	1.14	36	2.27	13	56.5	9.6
Compliance Officer	22	1.52	28	1.68	25	1.58	3	13.6	2.2
Investment Advisor	21	1.45	..	..	..	..	..	..	..
Developer Programmer	21	1.45	29	1.74	19	1.2	-2	-9.5	-1.5
Director (Enterprise/Or	19	1.31	25	1.5	27	1.71	8	42.1	5.9
Insurance Risk Surveyor	19	1.31	22	1.32	42	2.65	23	121.1	17.0
Software Developer	17	1.17	31	1.86	31	1.96	14	82.4	10.4
Office Administrator	16	1.1	22	1.32	..	..	..	..	..
Sales Representative	..	..	20	1.2	..	..	..	..	..
ICT Systems Analyst	..	..	19	1.14	16	1.01	..	..	..
Corporate General Mngr	..	..	..	..	16	1.01	..	..	..

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: This table presents the cross-sectional number and composition of HTF vacancies at the six-digit occupation level for occupations which represent at least 1 percent of all HTF vacancies in a given year. Vacancies ranked according to 2019 frequency. Only top 10 HTF vacancies included. Data sourced from ATR Form 3 (hard to fill vacancies) for small firms and ATR Form 5 (hard to fill vacancies) for medium or large firms.

TABLE 29: Type of training intervention (panel dataset), 2019–2021

TYPE OF INTERVENTION	2019		2020		2021	
	Count	Share (%)	Count	Share (%)	Count	Share (%)
Informal Work-Based Learning	11 428	14.3	8 451	8.4	20 348	13.6
Occupational/Professional Learning	7 170	9.0	11 654	11.6	5 716	3.8
Occupationally Directed Learning	10 947	13.7	17 172	17.1	49 128	32.8
Structured Information Sharing	14 320	18.0	14 562	14.5	32 058	21.4
Theoretical/Institutional	8 390	10.5	11 358	11.3	10 469	7.0
Theoretical/Practical	5 884	7.4	5 974	6.0	8 584	5.7
Work Based Learning	21 532	27.0	30 983	30.9	23 535	15.7
TOTAL	79 671	100.0	100 154	100.0	149 838	100.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 1 of the Annual Training Reports and includes both completed and incomplete training. Totals by gender, race and age group are not consistent as they are reported separately. Data includes only the 511 employers present in all three WSP/ATR datasets between 2019 and 2021.

TABLE 30: Demographic composition of trainees (panel dataset), 2019–2021

	2019		2020		2021		CHANGE (%)		
	Count	Share (%)	Count	Share (%)	Count	Share (%)	2019–2020	2020–2021	2019–2021
GENDER	127 230	100.0	125 136	100.0	554 998	100.0	-1.6	343.5	336.2
Male	48 431	38.1	47 915	38.3	246 415	44.4	-1.1	414.3	408.8
Female	78 799	61.9	77 221	61.7	308 583	55.6	-2.0	299.6	291.6
RACE	127 753	100.0	125 580	100.0	559 643	100.0	-1.7	345.6	338.1
African	74 300	58.2	72 837	58.0	210 144	37.5	-2.0	188.5	182.8
Coloured	18 219	14.3	17 424	13.9	74 615	13.3	-4.4	328.2	309.5
Indian	9 946	7.8	10 085	8.0	92 288	16.5	1.4	815.1	827.9
White	25 288	19.8	25 234	20.1	182 596	32.6	-0.2	623.6	622.1
AGE GROUP	127 230	100.0	125 136	100.0	554 998	100.0	-1.6	343.5	336.2
Under 35 years	67 356	52.9	68 249	54.5	272 762	49.1	1.3	299.7	305.0
35–54 years	52 980	41.6	50 030	40.0	244 721	44.1	-5.6	389.1	361.9
55–64 years	6 297	4.9	5 908	4.7	31 307	5.6	-6.2	429.9	397.2
65+ years	597	0.5	949	0.8	6 208	1.1	59.0	554.2	939.9

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 1 of the Annual Training Reports and includes both completed and incomplete training. Data includes only the 511 employers present in all three WSP/ATR datasets between 2019 and 2021.

TABLE 31: PIVOTAL training by occupation (panel dataset), 2019–2021

OCCUPATION	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Count	(%)	
HIGH-SKILLED	5 206	38.3	3 893	30.6	4 202	37.6	-1 004	-19.3	41.5
Managers	1 575	11.6	1 678	13.2	2 224	19.9	649	41.2	-26.8
Professionals	3 631	26.7	2 215	17.4	1 978	17.7	-1 653	-45.5	68.3
Techn. & assoc. prof.	8 315	61.2	8 763	69.0	6 888	61.7	-1 427	-17.2	59.0
SKILLED	3 822	28.1	4 581	36.0	3 332	29.8	-490	-12.8	20.2
Clerks	4 219	31.1	4 095	32.2	3 438	30.8	-781	-18.5	32.3
Service & sales	264	1.9	94	0.7	115	1.0	-149	-56.4	6.2
Skilled agric.	5	0.0	0	0.0	1	0.0	-4	-80.0	0.2
Operators, assemblers	5	0.0	3	0.0	2	0.0	-3	-60.0	0.1
LOW-SKILLED	66	0.5	53	0.4	77	0.7	11	16.7	-0.5
Elementary	66	0.5	53	0.4	77	0.7	11	16.7	0.5
Total	13 587	100.0	12 719	100.0	11 167	100.0	-2 420	-17.8	100.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 6 of the Annual Training Reports.

TABLE 32: PIVOTAL training by sub-major occupation (panel dataset), 2019–2021

OCCUPATION	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Count	(%)	
Administrative and Commercial Managers	1 301	9.8	1 266	10.3	1 919	17.7	618	47.5	-25.8
Business and Administration Associate Professionals	3 738	28.3	4 450	36.1	3 257	30.1	-481	-12.9	20.0
Business and Administration Professionals	2 967	22.5	1 560	12.7	1 369	12.7	-1 598	-53.9	66.6
Customer Services Clerks	910	6.9	891	7.2	837	7.7	-73	-8.0	3.0
General and Keyboard Clerks	1 656	12.5	1 913	15.5	1 511	14.0	-145	-8.8	6.0
Information and Communications Technology Professionals	347	2.6	305	2.5	265	2.5	-82	-23.6	3.4

OCCUPATION	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Count	(%)	
Numerical and Material Recording Clerks	1 270	9.6	957	7.8	798	7.4	-472	-37.2	19.7
Other Clerical Support Workers	383	2.9	334	2.7	292	2.7	-91	-23.8	3.8
Physical, Mathematical and Engineering Science Professionals	239	1.8	288	2.3	278	2.6	39	16.3	-1.6
Production and Specialised Services Managers	155	1.2	281	2.3	185	1.7	30	19.4	-1.3
Sales Workers	246	1.9	69	0.6	101	0.9	-145	-58.9	6.0
Total	13 212	100.0	12 314	100.0	10 812	100.0	-2 400	-18.2	100.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.

Notes: Data extracted from Form 6 of the Annual Training Reports. 'Physical, mathematical and Engineering Science Professionals' was not one of the top 10 occupations in 2019 and 2020, while the same was true of 'Chief executives, Senior Officials, and Legislators' in 2021. However, these two occupational groups are included in these years for ease of comparison.

TABLE 33: PIVOTAL training by demographic characteristic, 2019–2021

OCCUPATION	2019		2020		2021		CHANGE (2019–2021)		SHARE OF CHANGE (%)
	Count	Share (%)	Count	Share (%)	Count	Share (%)	Count	(%)	
Total	13 251	100.0	12 311	100.0	10 673	100.0	-2 578	-19.5	25.0
GENDER									
Male	5 941	44.8	4 846	39.4	4 174	39.1	-1 767	-29.7	17.1
Female	7 310	55.2	7 465	60.6	6 499	60.9	-811	-11.1	7.9
RACE									
African	7 822	59.0	7 594	61.7	6 391	59.9	-1 431	-18.3	13.9
Coloured	2 023	15.3	1 860	15.1	1 664	15.6	-359	-17.7	3.5
Indian	1 156	8.7	1 132	9.2	1 150	10.8	-6	-0.5	0.1
White	2 189	16.5	1 658	13.5	1 439	13.5	-750	-34.3	7.3
Other	61	0.5	67	0.5	29	0.3	-32	-52.5	0.3
AGE GROUP									
Under 35 yrs	7 233	54.6	6 603	53.6	5 945	55.7	-1 288	-17.8	12.5
35–54 yrs	5 677	42.8	5 420	44.0	4 484	42.0	-1 193	-21.0	11.6
55–64 yrs	323	2.4	269	2.2	228	2.1	-95	-29.4	0.9
65+ yrs	18	0.1	19	0.2	16	0.1	-2	-11.1	0.0

Source: Own calculations, INSETA WSP/ATR 2018/19, 2019/20, and 2020/21.



