

Additional Data Research Report 2014

Data Report of progress in Transformation and Skills Availability in the South African Insurance Sector



inseta
INSURANCE SECTOR EDUCATION
AND TRAINING AUTHORITY

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Executive Summary

The State of Transformation in the South African Insurance Sector

Creation of equal opportunities. The Employment Equity Act states that there should be equitable representation of ethnic groups within the workplace to represent the national demographics of the economically active population of South Africa. It is also expected that each organisations workforce should be representative of the Economically Active Population (EAP) profile within each occupation level and not just as an overall workforce.

When looking at the creation of equal opportunities within the insurance industry overall, there are some interesting trends with regard to workforce distribution across the various ethnic groupings in South Africa.

In 2011 65% of employees within the insurance industry were black. This grew to 71% in 2014. This translates into a 10.2% increase in the number of black employees being taken into employment. This went hand in hand with a corresponding decrease in the overall percentage of white employees being taken into employment. This trend is moving closer to the desired EAP position. Indian and Coloured employees would appear to be closest to the desired EAP levels within the industry.

Overall workplace transformation has become more equitable with regard to females being taken into employment versus male employees.

Within this sample The Pension sector of the insurance industry is almost mirroring the desired EAP followed by the Funeral sector. The Reinsurance and Intermediary industries show the lowest degree of alignment with desired EAP.

Government has set a target for 2% of employees in the public sector to represent the disabled community by 2015. Within the Insurance sector 1.6% of employees are disabled. This exceeds the national average of only 0.9% of employees being drawn from the disabled community.

Recruitment focus within the insurance sector. When looking at the sample base of 65 employer returns EEA2 data, the net gain of new employees within this sample was 2642 which gave a growth of 3.6% of posts.

In the sample tested it would appear that more Africans are being appointed. Of the positions filled 56% were drawn from the African ethnic grouping with 11.7% from the white ethnic grouping

However, the impact of this employment gain may not realise the desired results wanted within the industry as there is also a high rate of attrition of African employees within this sample.

Equal work for equal pay; The first of the amendments to South African labour legislation namely, the Employment Equity Amendment Act, 47 of 2013 [EEA] and the Employment Equity Regulations, 2014 [EER] came into effect on 01 August 2014. Employers are faced with a formidable challenge moving forward as there will be a statutory obligation that employers must remunerate employees equally for performing the same work regardless of gender or race.

Training Practices; LDA reviewed submissions for 142 865 training events from the Annual Training Reports (ATR) for 2013. Employer data was extracted from employers with more than 50 employees.

- 54.7% of the training events were for employees below the age of 35.
- 36.6% of training events were for employees in the age group 35 – 54.

- 68% of training events occurred in the category - Technicians & Associate Professionals and Clerical support functions.

Observations

- Research forms a solid foundation to follow transformation progress. This research followed a broad approach to transformation in the insurance sector. Although, this research only covers a one year period and observations made must be approached with caution, LDA is of the opinion that this research forms a solid foundation from which the progress of transformation within the insurance industry can be assessed moving forward.
- The ability to be able to access a single source of data to monitor the progress of the insurance industry would be of value to the industry moving forward.
- Employers within the industry are aware that transformation is more than merely having the right race and gender statistics in place.
- Looking at data¹ from 2010 to 2014 we can say that transformation on a demographic basis is improving on a year on year basis.
- In line with findings in the main body of research completed on behalf of Inseta, there is limited evidence to underpin the industry perception that larger organisations are prone to staff poaching.
- Salary inequity based on race and gender seriously affects the value of transformation and requires serious attention.



¹ Information taken from Inseta annual reports and EEA2 submissions

Approach to study

Out of scope, but adds value. This report is based on an analysis of data gathered during the course of the research for the insurance industry study conducted on behalf of Inseta by Len Deacon and Associates (LDA).

This analysis did not form part of the original tender, but it became clear that the data requirements as expressed by the Human Capital Project (HCP) for the short term insurance industry, could potentially add value to this project. Although the data analysis was out of scope, it is included as a value added service to Inseta and the industry as a whole.

Three areas of interest within one key question. This report try's to provide insight from a data perspective into the first objective listed in the original research brief to determine the status of transformation in the insurance sector. We identified three key areas of interest:

- Workforce distribution, which focuses on employment figures broken down by gender and race
- Equal pay for equal work and the elimination of discriminatory practices
- Relevant skills transfer programmes

Approach to report

Purpose of report. This report seeks to analyse and interpret data available both within the public domain and though INSETA, and to provide a credible benchmark from which the state of transformation in the insurance industry can be monitored.

Hypothesis. The data analysis provided in this report should equip Inseta to test perceptions of transformation, and provide insight into actions and expectations regarding the current level of transformation in the insurance sector.

Limitations. Several factors limit the quality of the analysis possible for this report.

- The data obtained from the Department of Labour (DOL) could not be received electronically, necessitating an additional layer of manual data capture and quality management.
- Although employers are required to submit data in terms of the Employment Equity Act, many do not complete all the fields. However, despite these gaps in understanding, we are of the opinion that sufficient sound data was obtained to provide meaningful conclusions.
- Most companies approached to supply data as per the HCP requirement declined and therefore a statistically significant level of data could not be obtained. This would require data to include age information and to be linked to Organising Framework for Occupations (OFO) codes.
 - The DOL does not require either ages or OFO codes, while Inseta requires age data only as defined age categories.
 - There is no reliable way to link DOL and Inseta data.
 - Inseta does not link age, race and gender data.
- The DOL annual report does not separate the insurance sector from the rest of the financial services sector.
- The job categories used by the DOL, the Work Skills Plan (WSP) and the Annual Training Report (ATR) differ.
- Salary information to determine whether equal work is paid equally or whether salary is still based on race is treated as confidential by the DoL and as a result cannot be analysed.

Assumptions. We assume that:

If we had persisted in seeking data from employers as per HCP request, we would have had too small a sample to draw reliable statistically accurate.

The data obtained from the DOL, Inseta and individual respondent companies is assumed correct. LDA is unable to audit or verify the data supplied.

Review of Data

Various sources of research were accessed for the purposes of this Research:

- Data collected by LDA based on data input schedules developed with HCP and returned by companies interviewed during the course of F2F phases of research with INSETA in the short term and life insurance markets.
- The HCP's unpublished "Draft Human Capital Development Research Report supplied by employers interviewed during the course of
- The DOL Annual Report 2014
- The Inseta Annual Report 2013/2014

Benchmarked against national average. Where appropriate this report will benchmark the sample against the national average, the average for financial services as per the DOL Annual report for the financial services sector and the HCP's observations.

Data Sources

Obtaining reliable data on the insurance industry is challenging. Different bodies, such as Inseta, Stats SA, the Financial Services Board and the Department of Labour (DOL). Industry bodies also collect data. However, there is no single source of data that is able to supply the level of detail requested by the Human Capital Project.

In addition, without common parameters it is difficult, and maybe impossible, to compare the data sets of the various sources.

Various data sources used for this report. To achieve this analysis the LDA project team accessed data from several sources, and reworked it as needed to add value and eliminate duplication.

- We identified employers that were potential data sources. Most participants in face-to-face interviews expressed willingness to provide the data, but subsequently raised objections, citing, inter alia, workload and confidentiality. Ultimately only four employers complied fully with LDA's request for data.
- We investigated various suppliers of data and determined that the required data could be extracted from the EEA-2 forms submitted to the DOL by selected employers in terms of the Employment Equity Act. This information is in the public domain.
- We also obtained data from the Workplace Skills Plan (WSP) and Annual Training Report (ATR) submitted to Inseta by members. 2013/14

Data Sources

INSETA data

Inseta sample. The sample used by Inseta comprised;

We obtained raw data in electronic format from the Work Skills Plan (WSP) and Annual Training Report (ATR) submissions to Inseta for 2014:

- 149 employers, accounting for a total of 142 865 training events.
- Employers had 50 or more employees.
- 2014 ATR submitted to Inseta. The ATR do not provide a unique identifier to determine the number of employees but only training events.
- Where companies operate in more than one field, they are categorised according to their dominant area of business.

Employers			
Short-term	54	Funeral	6
Life	16	Reinsurance	3
Pensions	11	Intermediaries	38
Health	20	Asset management	1

DOL data

DOL sample. The sample used comprised;

- 60 insurance companies with a total workforce of 75 337 employees.
- Study covers 75% of largest employers in the sector.
- Companies are operating within the following insurance sectors. Where companies operate in more than one field, they are categorised according to their dominant area of business

	Employers	Employees
Short-term	25	20 498
Life	4	38 471
Pensions	4	1 444
Health	15	9 919
Funeral	2	641
Reinsurance	4	492
Intermediaries	6	3 872

Data collected by LDA

Data was sourced directly from employers. We received three responses to questionnaires sent directly to employers, accounting for a total of 3 098 employees. This sample while too small to be statistically relevant, provides useful information that, if collected in future, may help access the level of transformation as well as supporting the objectives of the HCP.

14th Commission for Employment Equity 2013 – 2014 Annual Report (CEE Report)

- Based on the Quarterly Labour Force Survey (QLFS) published by Statistics South Africa on the Economically Active Population (EAP). The EAP includes people from 15 to 64 years of age who are either employed or unemployed and who are seeking employment.

Workforce distribution

CEE report on overall progress

CEE says national progress too slow. According to an article² quoting the Commission for Employment Equity (CEE) 2014-15 report, there has been only a marginal increase in the representation of blacks in top management over the past three years, the 2014-15 report of the Commission for Employment Equity has found.

CEE head calls for greater enforcement. The report quoted Commission acting chair Tabea Magodiello as saying that although White representation at the top three occupational levels was decreasing, Whites continued to dominate and to benefit from recruitment, promotion and training opportunities. She said government and state-owned enterprises were “doing very well”, but that it was “business as usual” in the private sector and there was a need for more rigorous enforcement.

Top management positions. The report noted that:

- Whites held 70% of top management positions in 2014-15, down slightly from 72,6% in 2013-14 and 73,1% in 2012-13.
- African representation rose to 13,6% in 2014-15 from the 2012-13 figure of 12,7%
- Coloureds remained almost unchanged at 4,7%,
- Indians rose to 8,4% from 6,8%
- Foreign nationals rose to 3,4% from 2,9%.

Senior management positions. The CEE reported stronger progress at senior management level, with

- African representation climbing substantially to 20,5% from 12,7% in 2012-13,
- White representation fell from 73,1% to 59,3%.
- Coloured representation stood at 7,2%
- Indian representation at 9,9%, up from the 2012-13 figures of 4,6% and 6,8%, respectively.

Professionally qualified employees.

- Whites continued to dominate in professionally qualified positions, with 41,9% of posts (down from 47,7% in 2012-13),
- Africans held at 36,7% (31%),
- Coloureds 9,5% (10,4%)
- Indians 9,1% (8,8%).

Skilled technical employees.

- Africans made gains in the skilled technical field, rising from 51% to 58,5%,
- Whites fell from 28,5% to 22,7%,
- Indians fell from 6,2% to 5,8%
- Coloureds from 13% to 11,4%.”

Equal opportunities core of transformation. Workforce distribution relative to the EAP reflects the status of equal opportunities for people of different race and gender doing the same work. We compared the workforce distribution data we gathered with both the national average and the average for the financial services sector.

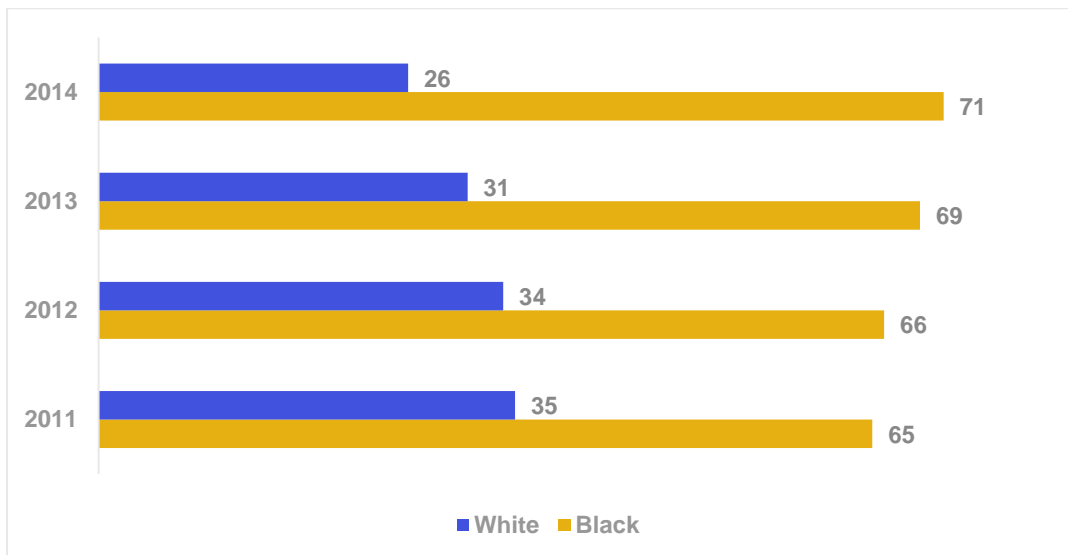
² “Transformation moving at snail’s pace”, Linda Ensor, 23 July 2015, BD Live

Guideline for all companies. South African companies are required to use this demographic as a guideline to improve representation of previously disadvantaged groups at all levels and categories within their workforce and when setting employment equity targets and strategies.

National EAP by population group and gender³

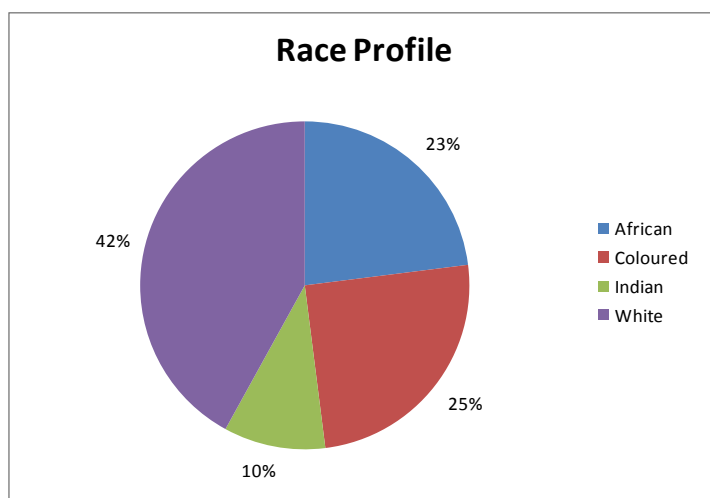
Race	Male	Female	Total
African	40,3%	34,9%	75,2%
Coloured	5,6%	5%	10,6%
Indian	1,9%	1,2%	3,1%
White	6,2%	4,6%	10,8%
Total	54%	46%	100%

Race Profile as per DOL submissions that are the source for employment equity statistics⁴



Race profile, per Inseta Data 2013/14 for the Insurance Sector

Inseta’s 2013/2014 Annual Report indicates that the number of Black employees (58%) is increasing, with a corresponding reduction in White employees (42%).

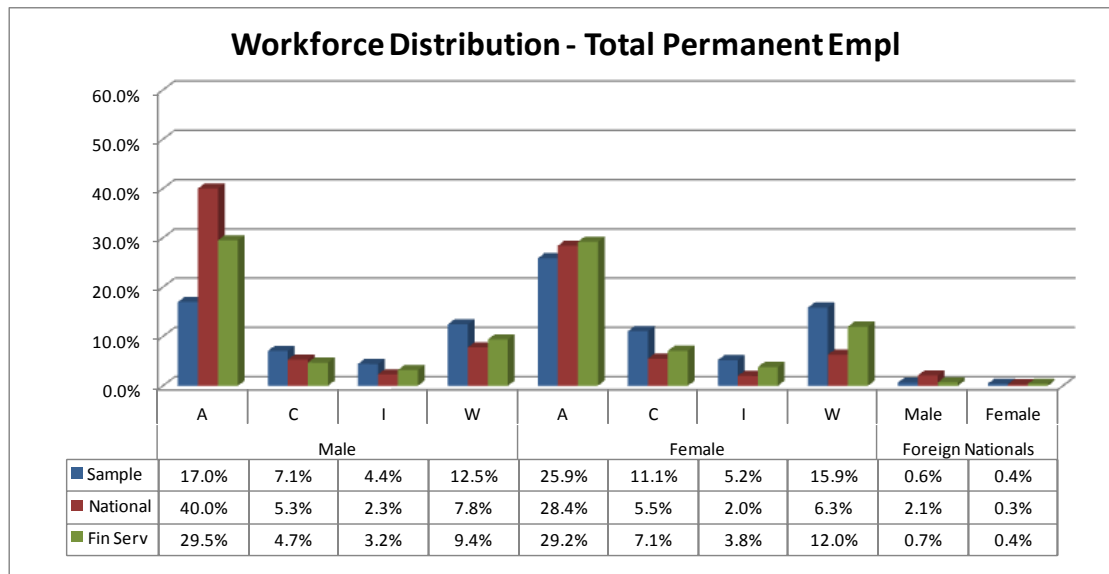


As a result, the racial breakdown of employees within the insurance sector is becoming aligned with the Economically Active Population (EAP). Race profile, per Inseta data

⁴ When Black used within a graph or table it refers to the combined data for African, Indian and Coloured

Permanent employees

DOL sample. The sample used comprised;• 60 insurance companies with a total workforce of 75 337 employees



- African men are poorly represented at only 17% against a national average of 40% and a financial services industry average of 29,5%. African women are better represented at just below both the national and financial services sector averages.
- Coloured men and women are both well represented, outperforming both the national and sector averages.
- Indian men and women are better represented than the national average, although below the sector average.
- White men and women are substantially over-represented, compared with the national average, and their numbers also exceed the sector average.

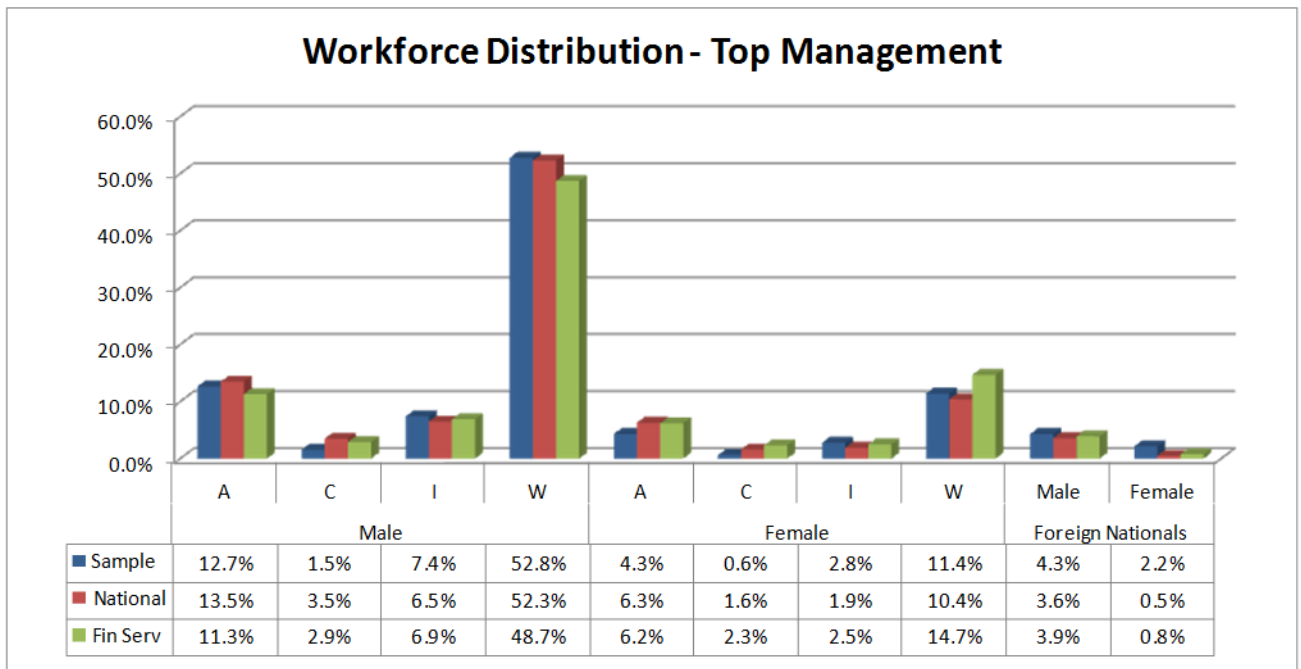
Comparative table of Insurance company DOL sample against national EAP

%	African	Coloured	Indian	White	African	Coloured	Indian	White
National EAP	40.3	5.6	1.9	6.2	34.9	5	1.2	4.6
DOL Sample	17	7.1	4.4	12.5	25.9	11.1	5.2	15.9
National Average	40	5.3	2.3	7.8	28.4	5.5	2.0	6.3
Financial Services	29.5	4.7	3.2	9.4	29.2	7.1	3.8	12

The insurance industry is making great strides in moving towards full transformation but overall still lags well below the National EAP expectancy.

As noted above both the coloured and Indian representation is above the national EAP targets as is the white representation within our sample.

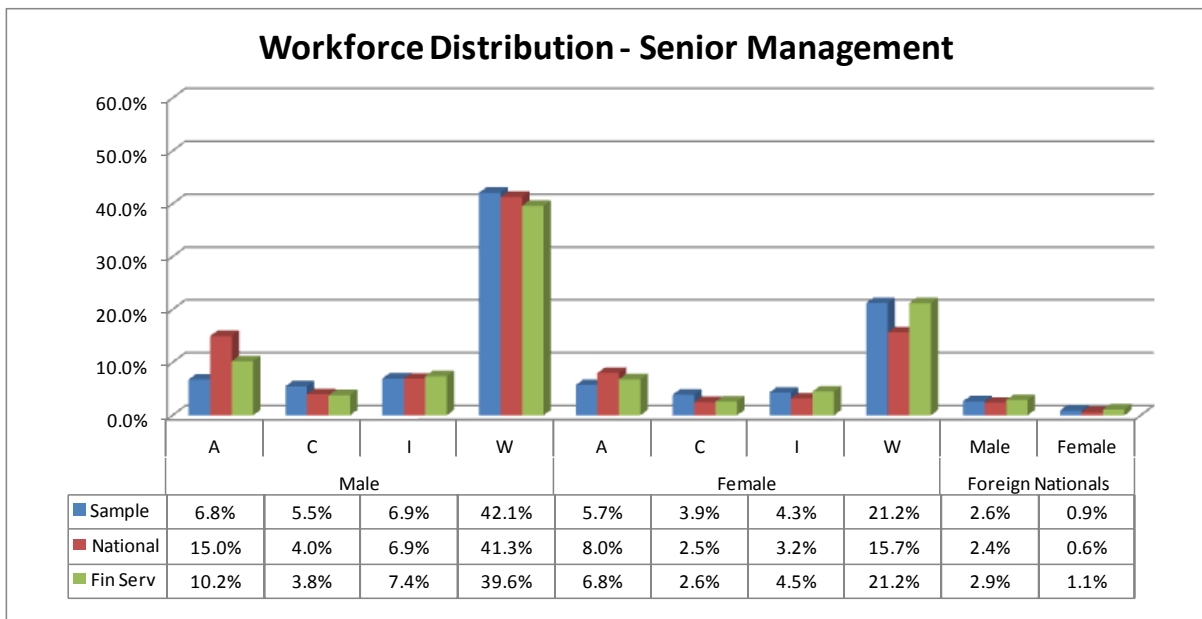
Top management



- At top management level, representation of African men in the insurance sector is slightly above the average for the financial services sector, but slightly below the national average. They are well represented if compared to the financial services sector.
- African female representation is lagging significantly behind both the financial services sector (30,6% lag⁵) and the industry average (31,7% lag).
- Coloured men are poorly represented compared with both the financial services sector (48,3% lag) and the national average (57,1% lag). Representation of Coloured women is lagging 177% behind the overall financial services industry, and 62,5% behind the national average.
- Indian men and women are both well represented compared within the financial services sector and the national average. Transformation is better than the national average by 13,9% among Indian men and 47,4% among women.

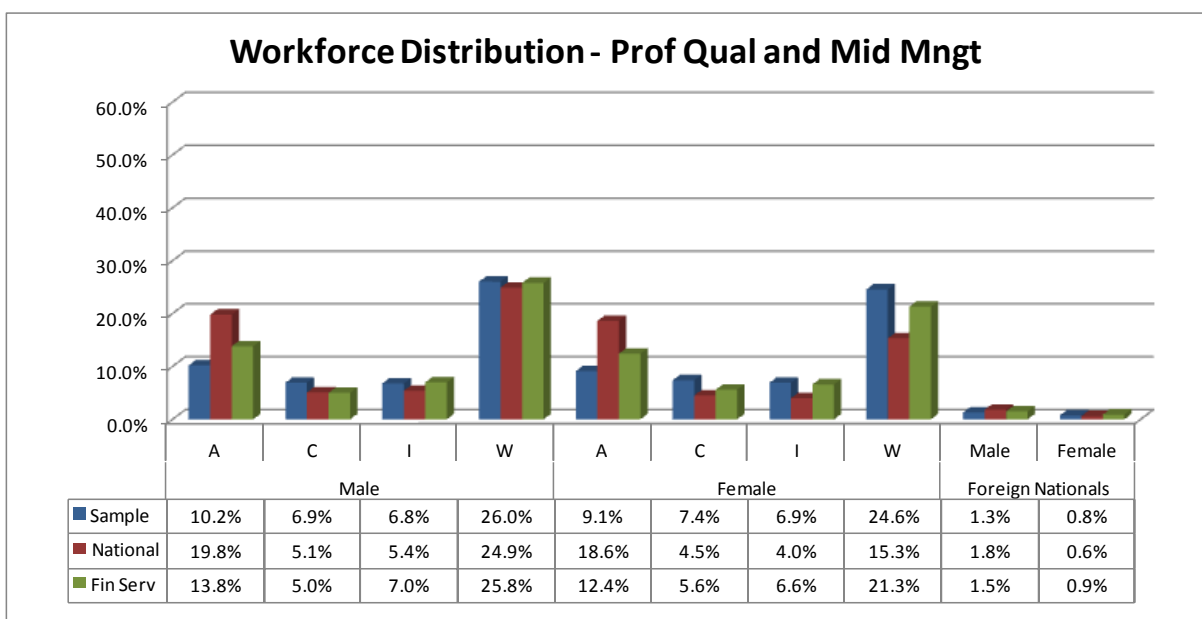
⁵ We have decided to show the actual difference in movement and not only focus on the percentage point difference

Senior management



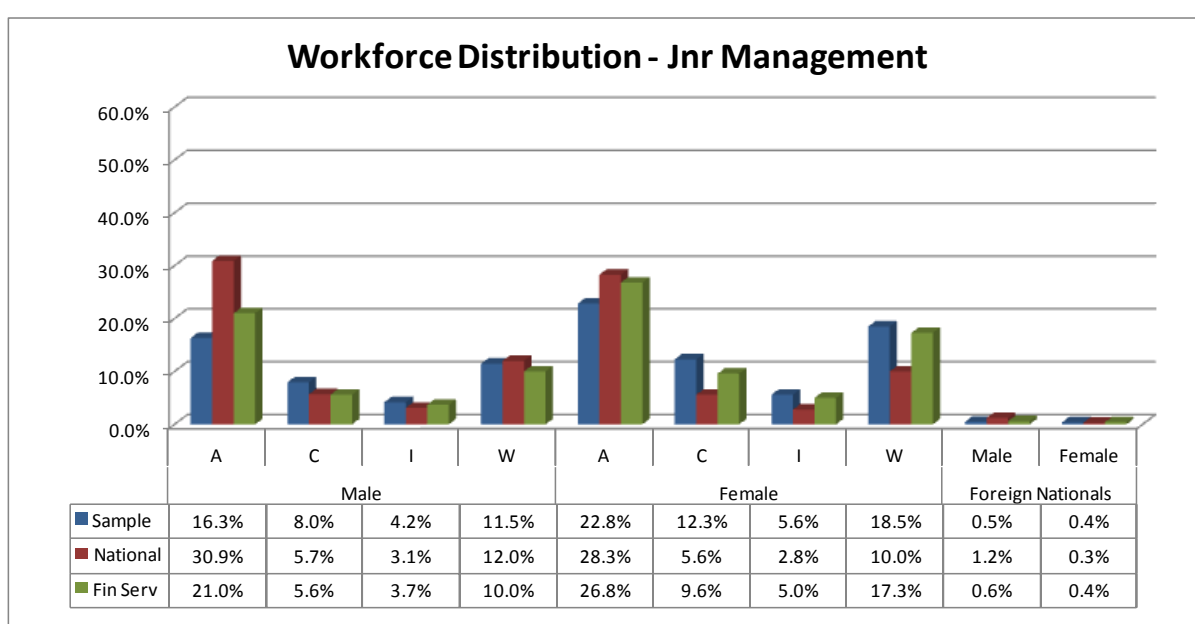
- Representation of African men in senior management is lagging 33,3% behind the financial services sector, and 54,7% behind the national average. African women are poorly represented if compared to the financial services sector. African women lag 13% behind the total financial services sector, and 28,8% behind the national average.
- Transformation of Coloured men is leading the total financial services sector by 44,7%, and is 37,5% ahead of the national average. The insurance sector is also taking the lead in transformation among Coloured women, compared with both the financial services sector (50% lead) and the national average (56%).
- Representation of both Indian men and women is close to both the national and the financial services sector averages, although Indian women are 34,4% ahead of the national average.

Qualified professionals and middle management



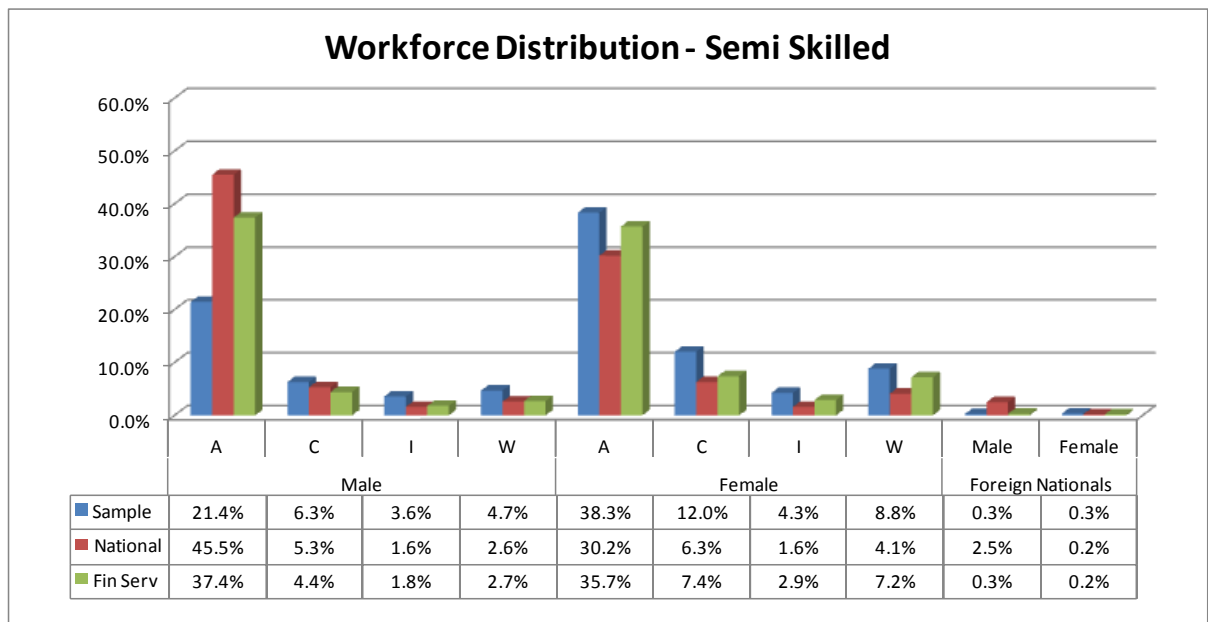
- African men and women are poorly represented compared with both the financial services sector and the national average. With African men, the insurance sector is lagging of 26,1% behind the financial services industry and 42,4% behind the national average. For African women, the lag is 26,6% behind the financial services industry and 51,1% behind the national average.
- Coloured men and women are both well represented. Compared with the Financial services sector average, Coloured men in the insurance sector are 38% better represented, and 35,3% better than the national average. Transformation of Coloured women is outstripping the total financial services sector by 32,1%, and it is 66,6% better than the national average.
- Indian men and women are relatively well represented. Compared with the national average, the insurance sector representation of Indian men is 25% better, and it is 72,5% better for Indian women.

Junior Management



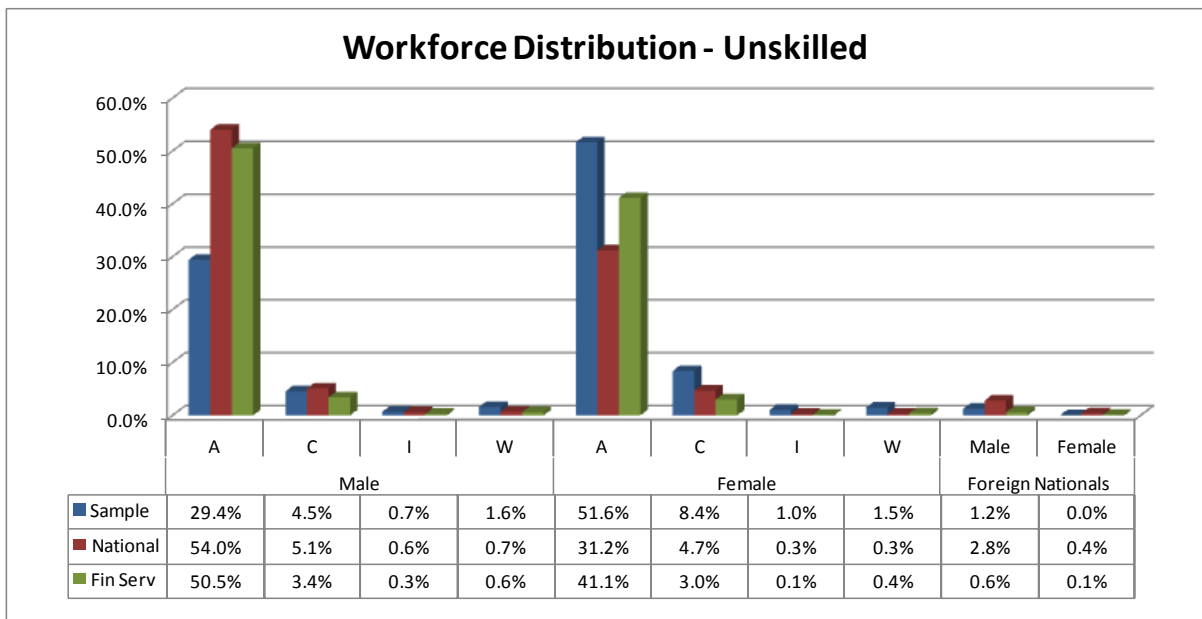
- African men and women are poorly represented compared with both the financial services sector and the national average. Compared with the financial services sector, African men lag 22%, and women lag 14,9%. Compared with the national average, men lag by 47,3% and women lag 23%.
- Coloured men and women are well represented compared with both the financial services sector and the national average. Transformation of Coloured men within the insurance industry is outstripping the total financial services sector by 42,9%, while women are 28,1% better than the sector average. Compared with the national average, transformation is more advanced by 40,4% for Coloured men and 119,6% for Coloured women.
- Indian men and women are relatively well represented compared with the financial services sector. Representation exceeds the sector average by 13,5% for men and 12% for women. Compared with the national average, the insurance sector's representation of Indian men are 35,5% greater, while for women it is 100% greater.

Semi-skilled workers



- African men dominate this level of the insurance industry workforce, although African men are less heavily represented than women. Representation of African men is 42,8% lower than the industry average, and 53% lower than the national average. Representation of African women is close to the sector average, but is 26,8% higher than the national average.
- Representation of Coloured men and women is higher than both the financial services sector average and the national average. Representation of Coloured men is 43,2% greater than the sector average, and 18,9% greater than the national average. Representation of Coloured women is 62,2% higher than the sector average, and 90.5% greater than the national average.
- Representation of Indian men and women is high. Compared with the total financial services sector, representation of Indian men is 100% higher, and women are 48,3% higher. Compared with the national average, Indian men are 125% more represented and women are 168,8% more represented.

Unskilled workers



- There are substantially fewer African men in unskilled positions within the insurance industry – 41,8% compared with the financial services sector, and 45,6% compared with the national average. By contrast, African women have 25,6% greater representation in the insurance sector than in the financial services sector, but 65,4% lower representation than the national average.
- Coloured men and women are more strongly represented than in the greater financial services industry (by 32,4% and 18% respectively). Compared with the national average, Coloured men have 11,8% lower representation, while Coloured women have 78,7% greater representation.
- Indian men and women have significantly higher representation at this level in the insurance sector than in the financial services sector or national averages. Compared with the sector average, Indian men have 133,3% greater representation, and women have 900% greater representation. Compared with the national average, men have only 16,7% greater representation, while women have 700% more representation.

Transformation per industry in the insurance sector

DOL sample. The sample used comprised;

- 60 companies with a total workforce of 75 337 employees.
- Study covers 75% of largest employers in the sector.

	Employers	Employees
Life	4	38 471
Short-term	25	20 498
Health	15	9 919
Intermediaries	6	3 872
Pensions	4	1 444
Funeral	2	641
Reinsurance	4	492

Percentage Black employees across various employment levels

	DOL Average ⁶	Life Insurance	Short term Insurance	Health	Intermediaries	Pension	Funeral	Reinsurance
Overall	76⁷	72	70	69	60	86	77	59
Top Management	26	28	26	34	31	63	40	24
Senior Management	40	34	36	31	26	38	32	29
Professional and Middle Management	58	49	43	50	39	67	48	46
Junior Management	76	71	66	66	55	77	80	73
Semi-Skilled Positions		94	81	80	76	92	85	89
Unskilled Positions		98	92	98	100	100	100	-

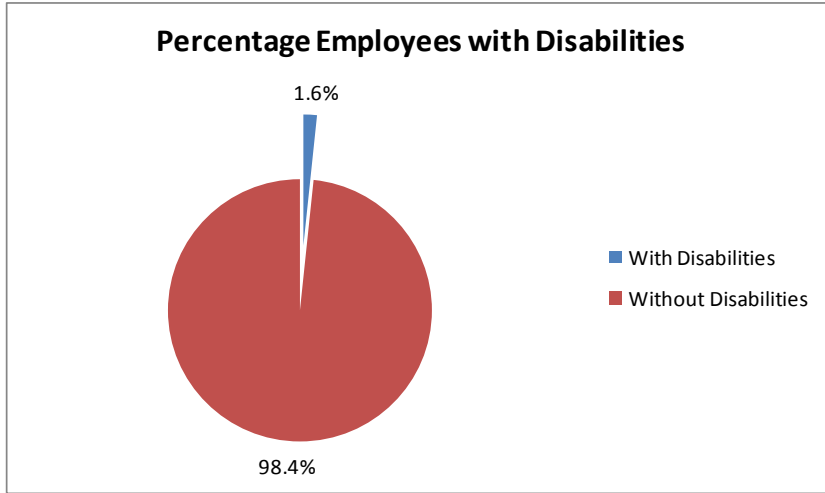
- The data per section with the highest percentage representation is highlighted in blue. In most instances it is lower than the overall industry average.
- Employers from the sample evaluated and operating within the pension and funeral industries, have a high level of Black representation across most employment levels.

⁶ As per CEE 2014/15 Annual Report.

⁷ Profile of the national EAP distribution by population group 2014/15

- Reinsurance companies have a high level of black representation in the Junior Management and Semi-Skilled positions but this is not carried through successfully to higher managerial levels.

People with disabilities



Percentage of employees with disabilities

Employees with disabilities. Government⁸ has set a target for 2% of public service employees to be people with disabilities by 2015. Already 1,6% of insurance sector employees are already people with disabilities, which far exceeds the 0,9% national average.

Recruitment gains and losses

Insurance sector has seen net gain in employment figures. The total number of people employed – all races - permanently by the companies covered by this study during the 12 months ending December 2014, was 3,6% of total employees.⁹

During the same period the number of White employees in employment declined by 11,7% of total white employees.

Recruitment and Terminations per gender and race

	Male Employed	Female Employed	Male Termination	Female Termination	Male net gains / losses	Females Net Gains / losses
African	4800	6521	-4016	-4809	784	1712
Coloured	1147	1466	-1120	-1290	27	176
Indian	735	702	-650	-595	85	107
White	1450	1593	-1553	-1761	-103	-168

Possible cause and effect. These figures indicate growth within the sector, together with a recruitment focus on Black employees. However, the benefit on the Black employee pool is limited by the high termination rate among Black employees.

Blacks gaining ground despite high rate of terminations. During the one year survey period, the sample group of employers made 18 414 new appointments. More women were appointed, and African appointments dominated. During the same period, they recorded 15

⁸ 14th CEE report 2013-2014

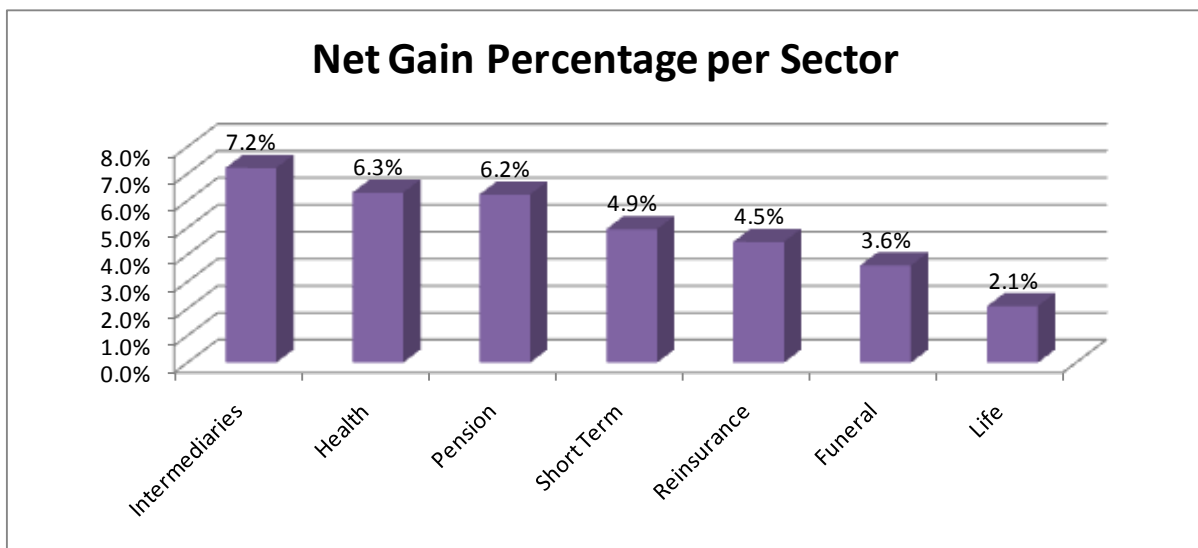
⁹ Total employees evaluated were 75,337

794 terminations. More women than men terminated, and again African termination dominated.

Greater movement among female employees. During the survey period, female recruits exceeded male recruits by 26,4%. Female terminations exceeded male terminations

High rate of employee churn. 19,1% of women and 23,9% of men terminated their employment during the year under study. During the same period, 23,6% of Black employees terminated their employment. We have no way of ascertaining if the terminations indicate skills lost to the industry or if terminations were indicative of movement between industry players.

Net gain per sector covered by Inseta



The greatest net gains were in the intermediary industry, followed by the health and pensions industries. The life insurance industry showed the smallest net gain of employees.

Equal pay for equal work

On the 1st August 2014 South Africa's previous employment equity regulations were repealed and replaced with the new Employment Equity Regulations.

With the scrapping of the old regulations and the implementation of new Employment Equity Regulations, provisions have been introduced relating to equal pay for equal work, in addition to those in terms section 6 of the Employment Equity Act ('the EEA') that deal with discrimination in the workplace.

Employers, therefore, cannot pay their employees different salaries when those employees fulfil the same roles and duties and are carrying out work of equal value. Differences in salaries could amount to unfair discrimination indirectly, should the differences be for reasons in the listed grounds – including race, religion, gender or family responsibility – or should they be based on an arbitrary ground.

The World Economic Forum's Gender Gap Report reveals that South African women earn far less than men doing the same jobs, compared with other nations.

In fact, it reports a staggering 33% difference in pay between men and women employed in South Africa for the same task. Generally, worldwide, men earn around 13% more than women.

In South Africa there is an additional factor that many employees face over and above a gender inequality and that is the added burden of race inequality.

There is limited data available within the public domain. But salary data is submitted to the DOL with the EEA4 submissions. This data could determine the extent to which South African employees within the insurance industry align with regard to Equal pay for equal work.



Training practices

Inseta sample. The sample used by Inseta comprised;

We obtained raw data in electronic format from the Work Skills Plan and ATR submissions to Inseta for 2014:

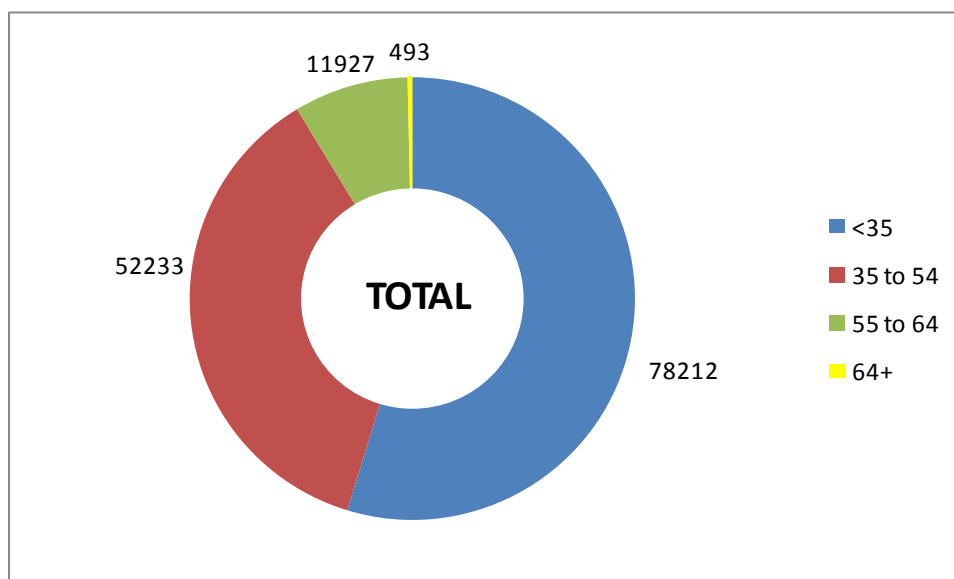
- 149 employers, accounting for a total of 142 865 training events.

Training per age group

Need for single source of data affirmed. The following graphs depict data regarding training events per age and job categories, as provided via the ATR. It is important to note that the job categories for the ATR and for the DOL differ, which makes comparisons impossible. This affirms the need for greater alignment in the collection of data between the various government departments.

Effectiveness of training distribution impossible to assess. The ATR does not provide information regarding total number of employees, so it is impossible to determine whether the training events are appropriately distributed. The ATR also does not provide enough information to assess which training events are for compliance reasons, which are for employee development, and which are to build capacity for promotion.

Total training events per age category

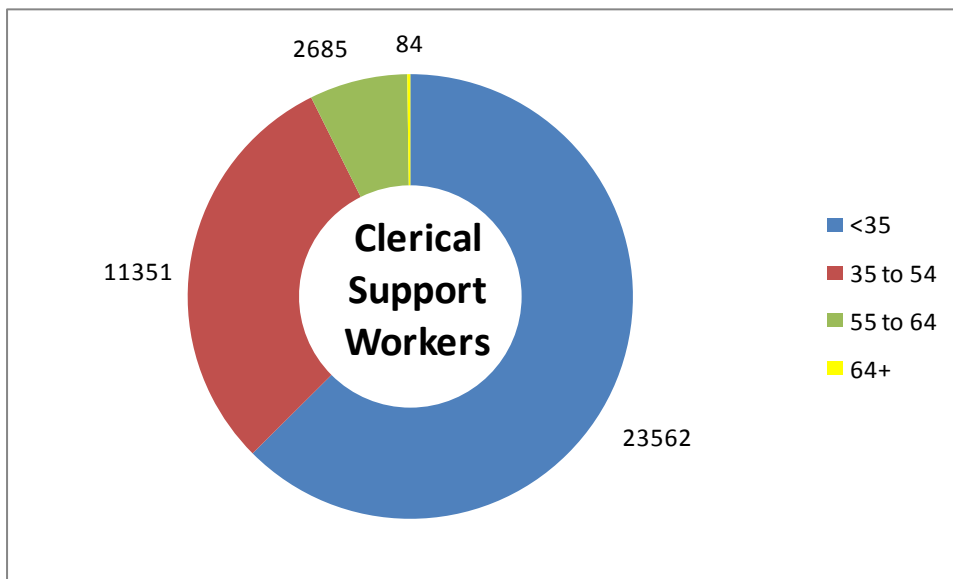


Heavy focus on training employees aged less than 35. Of a total of 142 865 training events:

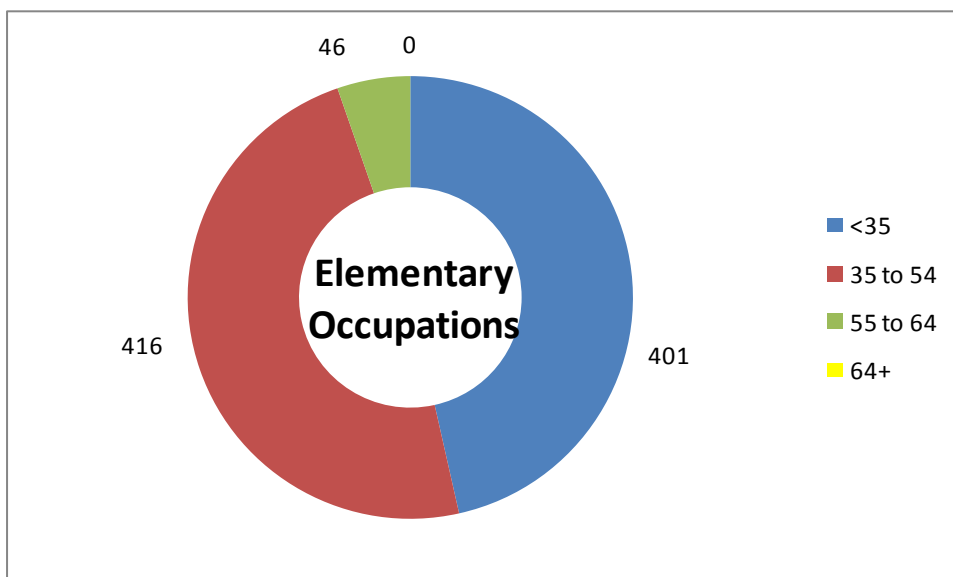
- 54,7% were for employees aged less than 35
- 36,6% were for employees aged 35-54
- 8,4% were for employees aged 55-64
- 0,3% were for employees older than 64

The graphs below depicts the training events per occupation class and age category. Most of the training, as expected, happened in the age categories younger than 54. The bulk or 68% of training events occurred in the technicians & associate professionals and the clerical support functions.

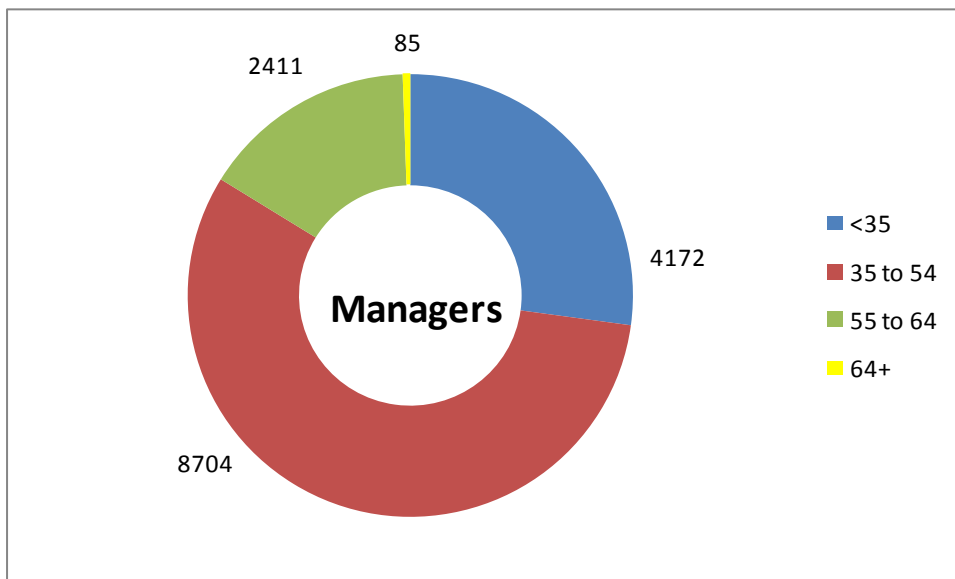
Training events per age category: Clerical Support workers (37 682)



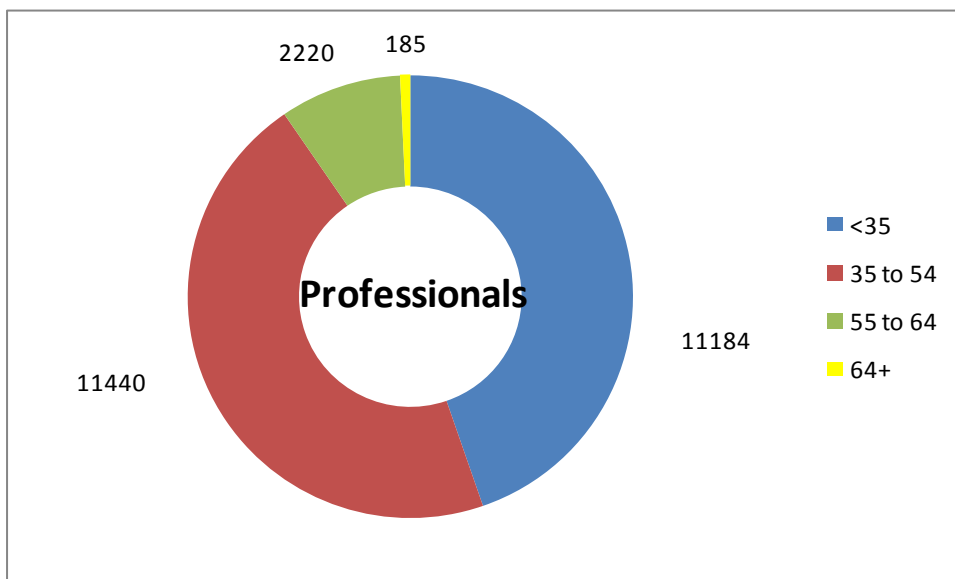
Training events per age category: Elementary occupations (863)



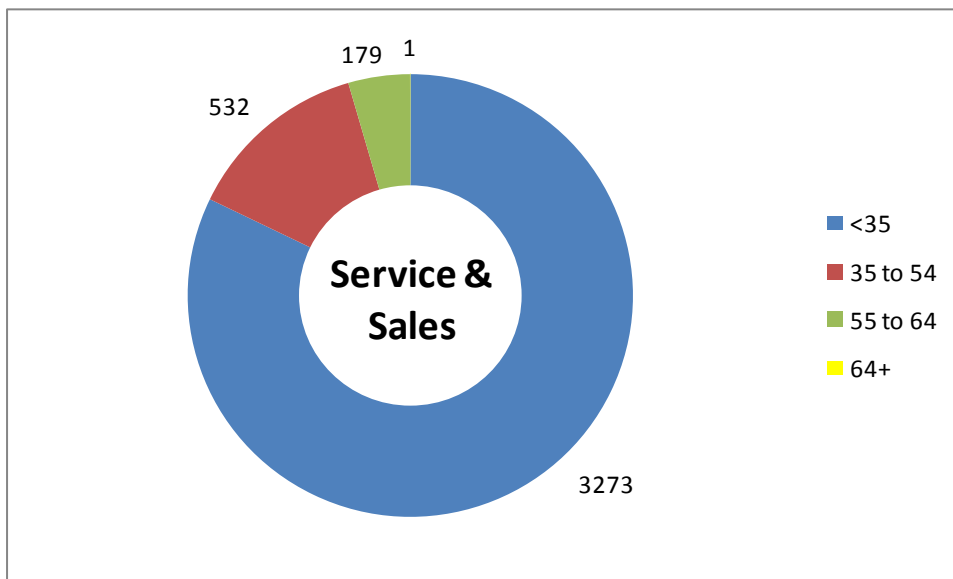
Training events per age category: Managers (15 372)



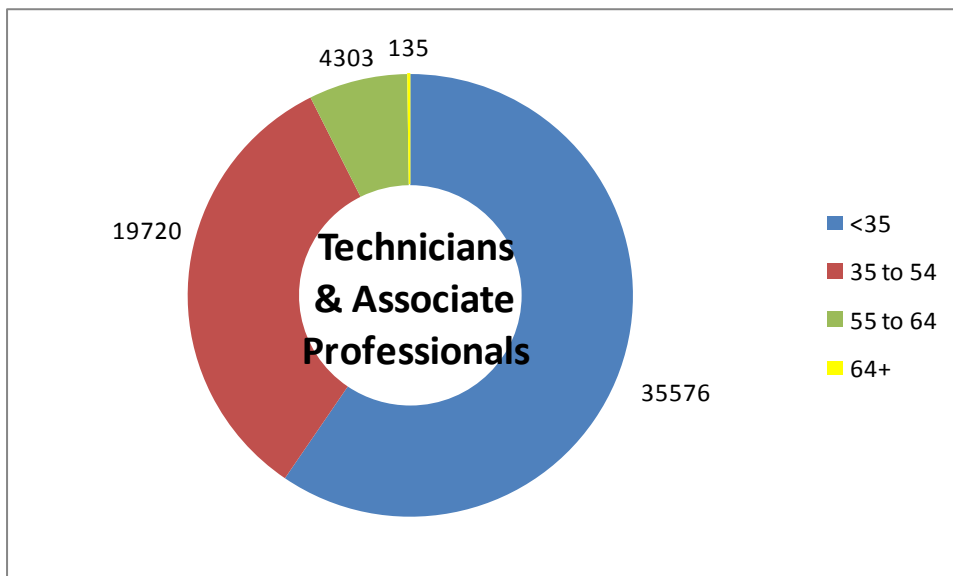
Training events per age category: Professionals (25 029)



Training events per age category: Service and sales (3985)



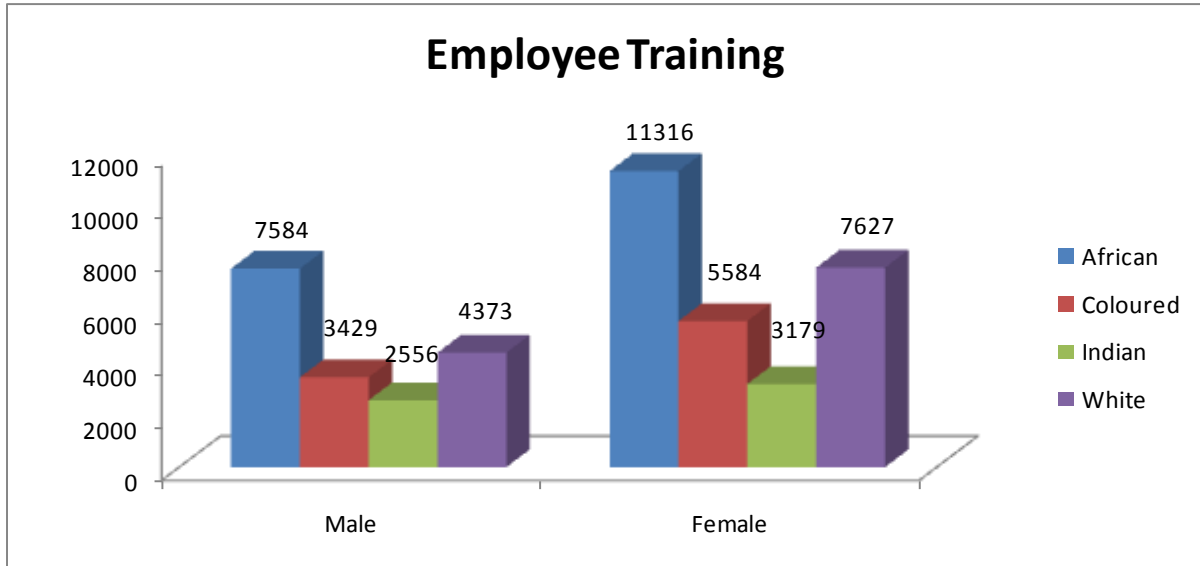
Training events per age category: Technicians and associate professionals (59 734)



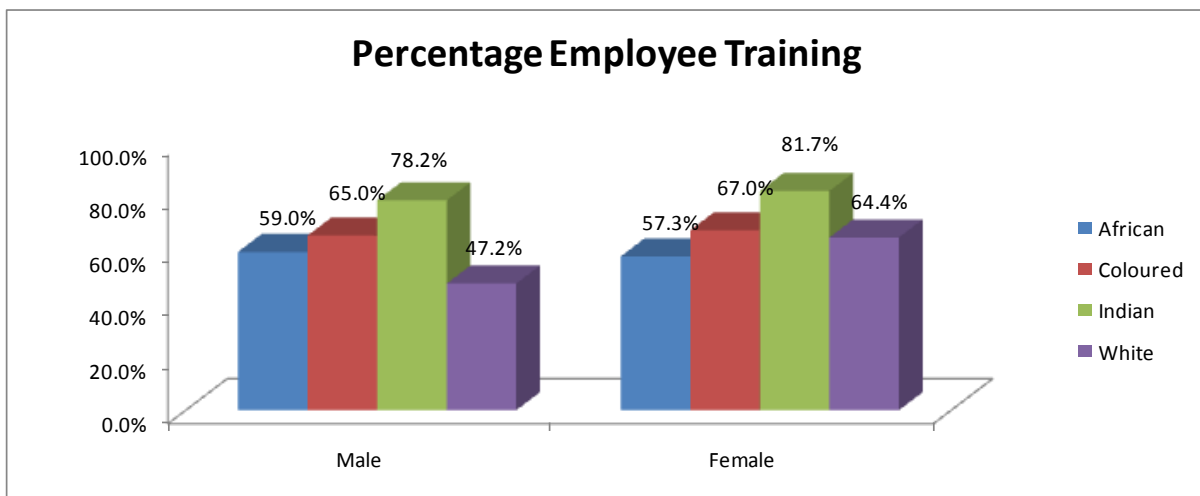
Training per race and gender

The following graphs are based on data extracted from DOL's EEA-2 forms.

Training events per race and gender: Absolute numbers



Percentage training events per race and gender: Percentage of employees



Training focus not on Africans. The two graphs above appear to contradict each other.

- The top graph, based on the absolute number of employees that underwent training during the year under review, appears to show that Africans received the most training. However, this graph does not take into account the number of people employed by each company.
- The bottom graph shows the number of people being trained as a percentage of the people employed. This data clearly indicates that the main beneficiaries of training are Indians and Coloureds.

Effect of training on staff turnover

Concerns about poaching evaluated. During the face-to-face interviews conducted during the course of the main study by LDA, many respondents said transformation was slow because skilled staff were poached by competitors. They claimed that the more an employer focused on training, the more they became a target for poaching. To provide insight into this concern, we evaluated data from the 10 companies with the highest staff turnover, the 10 companies with the lowest staff turnover, and the 10 largest employers.

Employers with the largest staff turnover. Seven of these 10 employers were short-term insurers. Six offered less training than the median, and four offered more than the median. High staff turnover is therefore not related to a high staff training ratio.

Employers with the lowest staff turnover. The 10 employers with the lowest staff turnover were spread between the different industry segments within the insurance sector. Five offered less training than the median, and five offered more than the median. High staff retention is therefore not related to a high staff training ratio.

Employers with the largest number of employees. Seven of the top 10 employers had a staff training ratio exceeding the median. However, six of these employers had a higher staff turnover than the median, and four had lower turnover than the median. This may indicate a slightly increased likelihood that larger employers are a target for poaching.

Race and gender relative to age

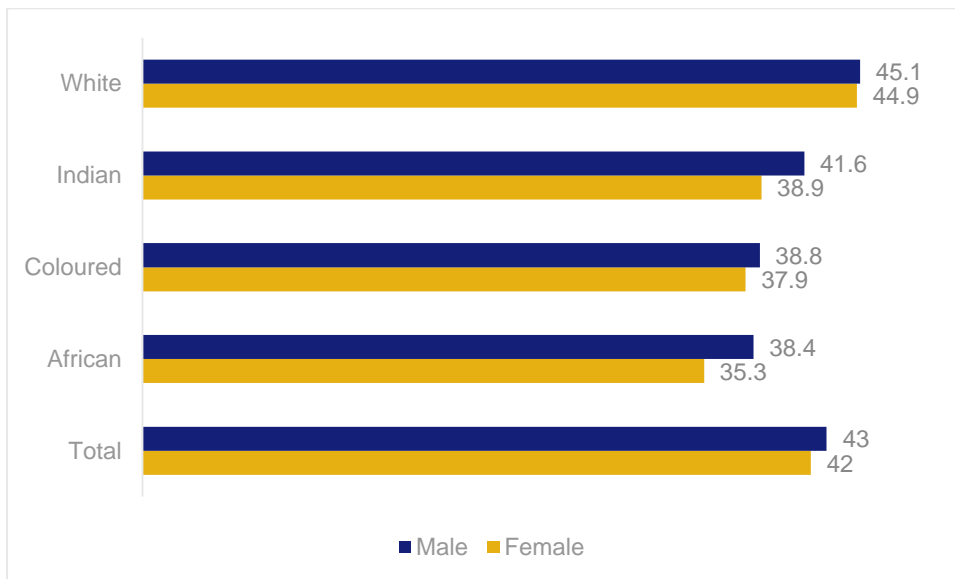
Age-related data would add value. The inclusion of age data would have added value to available data regarding terminations, appointments and training. It would also provide insight into the extent to which salary inequity is related to employee and, therefore, experience.

Only three respondents. The graphs below were extracted from questionnaires LDA circulated to companies involved in face to face interviews. We received three responses to questionnaires sent directly to employers, accounting for a total of 3 098 employees.

This sample while too small to be statistically relevant, provides useful information that, if collected in future, may help assess the level of transformation as well as supporting the objectives of the HCP and adding value to other sectors of the insurance industry.

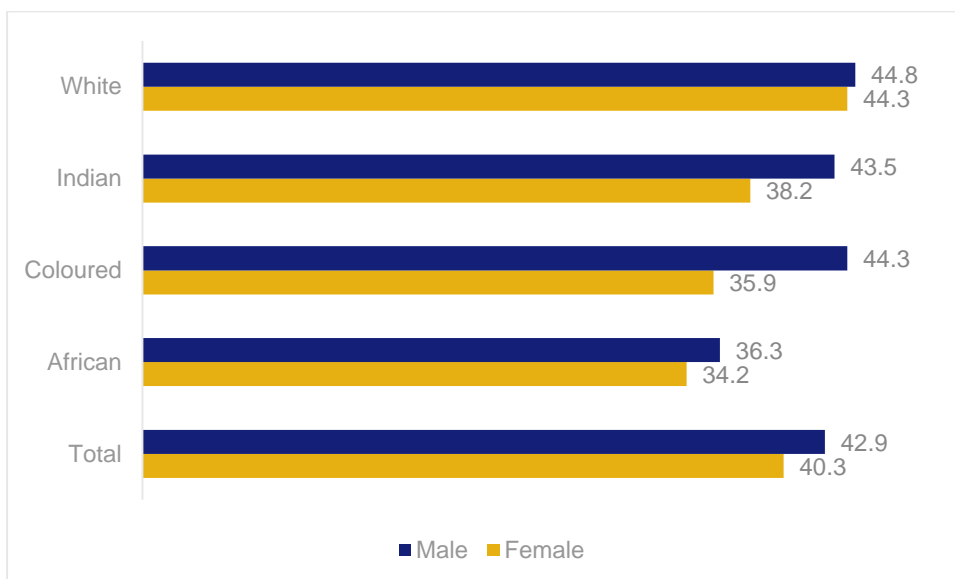
This sample size is too small to permit reliable conclusions, gives an indication that African, Coloured and Indian employees appear to be younger than their white counterparts. There is also not a huge age gap between the job levels that feed into the management category.

Average age per race and gender: Managers



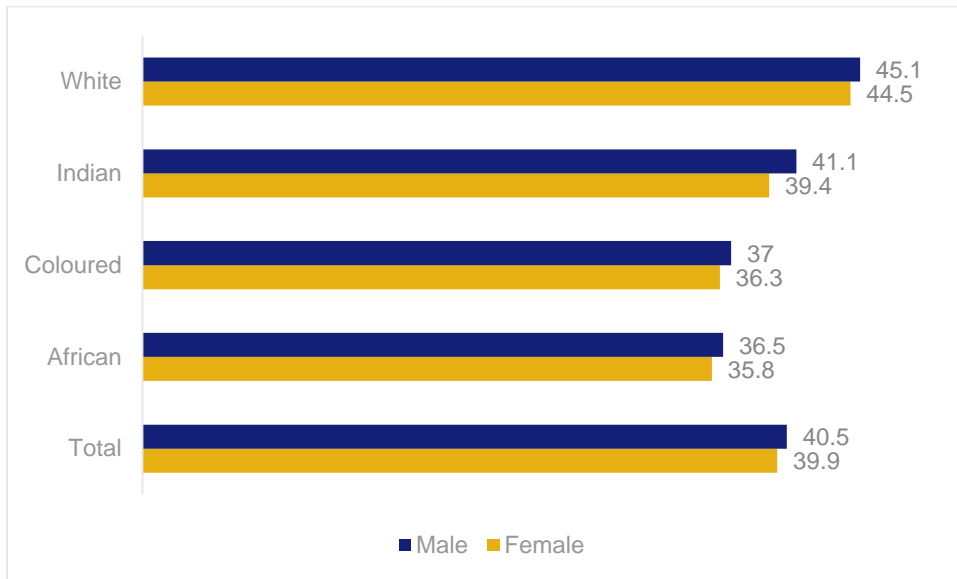
White managers tend to be older. African managers are significantly younger than their White counterparts, while African women are also significantly younger than their male counterparts.

Average age per race and gender: Professionals



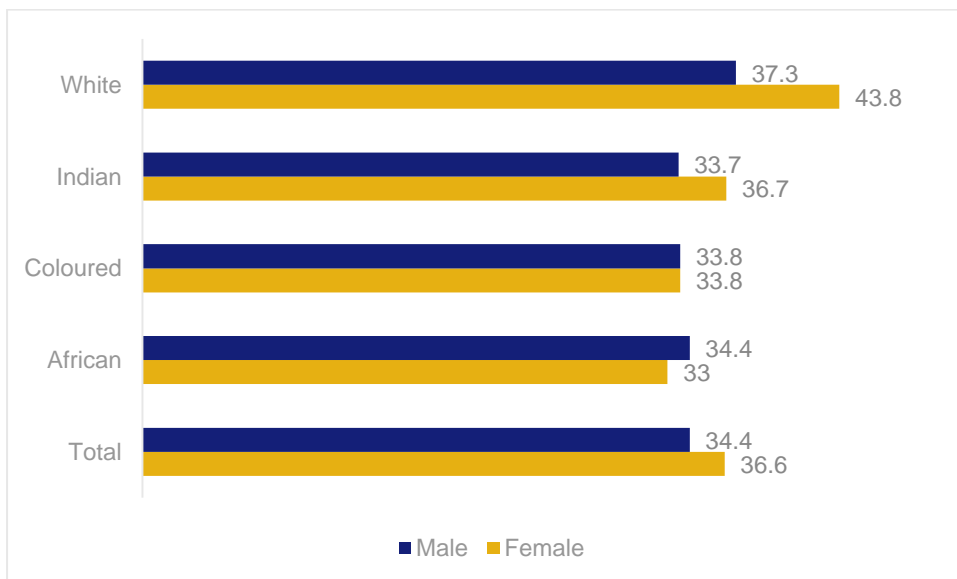
Male African professionals tend to be younger. African professionals appear to be significantly younger than their White, Coloured and Indian counterparts. Coloured and Indian women tend to be substantially younger than their male counterparts.

Average age per race and gender: Technicians and associate professionals



Whites tend to be older. African and Coloured technicians and associate professionals appear to be significantly younger than their White counterparts.

Average age per race and gender: Clerical support workers



White women tend to be older. White female clerical support workers tend to be significantly older than their male and female counterparts of all racial groups.

The Value of Diversity

A single source of data will be helpful in assessing the state of transformation going forward. However, the data analysis in this report is a valuable instrument to test perceptions of transformation and provide valuable insight into transformation in the insurance sector.

An essential first step in addressing a problem is defining the parameters. In South Africa, the term diversity is used in many different contexts and has a strong association with employment equity legislation.

Viewed more generically diversity can be seen as a fact or quality of being different. When asked about the ways that people differ, most people think of visible or permanent factors such as race, gender, disability, culture, ethnicity, language, origin, age, etc.

These characteristics have also given rise to bias, prejudice and discrimination and have proven to have the most profound effect on our perceptions, values, challenges - and opportunities. But real diversity goes much deeper – it includes diversity of thought, intelligence quotient, sexual orientation, religion, personality and work styles to all of the visible dimensions.

However, for purposes of measurement and transformation, the elements of diversity most apt to being tracked on a broad scale pertain to race, gender, language and culture (which can often be linked to race or origin), origin and disability as well as youth employment.

Perhaps as important as defining diversity, are the issues relating to managing and implementing diversity initiatives – and what organisations will do to address their challenges.

One of the major drivers behind the business case for diversity is the demographic changes that has and will continue to directly affect the pool of skilled available talent. The changes as we have seen reflected in the EAP demographics are significant and require immediate attention and action if companies are to remain competitive.

A report published by Corporate Knights (2010) cited reasons in support of the business case for diversity. The following reasons are adapted from this report:

Legitimacy

If any institution is to retain public legitimacy, its leadership needs to reflect the society it represents and the workforce needs to mirror the customers they serve.

Leadership Effectiveness

“Diverse boards and senior executives help to avoid group think, foster more creative problem solving, and enhance an organisation’s strategic perspective. Of course, gender or the colour of someone’s skin are superficial indicators and do not guarantee a stronger diversity of perspective. But as a rule, diversity on the outside is a good proxy for cultural competency on the inside. While it is generally accepted that a board of diverse minds, all things equal, is more effective than a board of a more uniform perspective”.

Legislative Requirements

Employment Equity legislation that currently requires organisations to align their targets with that of the EAP calls for diversity in the workforce. The legislation is likely to become tougher leading to the setting of strict quotas for leadership appointments. Similar practices

have already been implemented in Norway, Spain and Sweden where strict stipulations around gender appointments into leadership positions are also being enforced. South Africa is thus not alone in legislating Employment Equity targets although they extend the criteria from their international counterparts from only gender to include race also.

Winning the War for Talent

A workforce that is representative of the demographics of the land at all levels of the organisation sends out a message that the organisation is committed to diversity and transformation. In the context of a skills shortage, an inclusive environment is likely to encourage talented people of diverse backgrounds to join organisations and to be retained. “Managing valuing and leveraging a diverse workforce will lead to organizational effectiveness and sustained competitiveness. Acknowledgment of the different needs of a growing workforce will yield greater employee satisfaction, employer loyalty and, in turn, lower turnover and greater productivity”.

Good for the Bottom Line

Companies with more diverse workforces, mainly senior executive teams and management levels, have higher performance on key financial metrics.

Better Understanding of Markets and Customers

Understanding the impact the under-represented groups such as women and mass consumer markets have on purchasing decisions makes it an imperative to have representatives in one’s workplaces from these groups of individuals.

Social Inclusion is good for the Economy

Employment and personal income is likely to increase if under-represented groups have opportunities to work and become part of the mainstream of the Country’s economy.

Framework to Manage Workplace Diversity

The following framework has adopted best practice indicators from leading international diversity initiatives. Whilst these provide a sound case for a good programme, it must be noted that at the core of any successful Diversity Programme, lies the commitment and support of a strong leader or leadership team.

- Organisations must begin work to align diversity, employment equity and transformation plans with strategic business goals. Business must drive transformation, not vice versa.
- Develop communication plans and strategies to ensure that there is clarity and understanding of what diversity means to the organisation and the roles of all stakeholders (Charter, Plans, Programmes can support this).
- Resolve issues relating to organisational commitment, leadership engagement and the need for open communication (these are pre-requisites).
- Ensure clear accountability and leadership engagement and communication in this regard.
- Institute effective and relevant workforce planning to diversify all levels of the workplace (integrate with EE & Skills Development).
- Train and develop managers and leaders to equip them with the tools to manage diverse workforces.

- Introduce diversity management programmes/workplace actions plans to address the following:
 - Conduct a diversity audit to better understand the culture/climate needs of the organisation (including benchmarking).
 - Develop and communicate a compelling business case for Diversity that will speak to all stakeholders and address identified culture/climate issues.
 - Introduce/improve communication on matters relating to diversity/transformation and employment equity.
 - Introducing education, awareness, coaching and sensitisation programmes for managers and staff on matters relating to Diversity
 - Improve organisational structures to support a culture of inclusivity
 - Monitor progress and impact.

CRITICAL SUCCESS FACTORS AND RISKS

Perhaps the biggest risk in not having a diversified workforce will be an, organisation's inability to effectively compete in today's diverse markets. However, Egon Zehnder conducted a study on organisations that were managing some aspects of their diversity plans well. Success factors that were common across all the surveyed companies reflected distinct trends in progress.

- A clear articulation of the business case for diversity
- A clear understanding about the current situation (enabled by culture audits/engagement surveys)
- Diversity is championed from the top
- Diversity leadership is assigned to a senior leader
- Programs are focused on cultural change rather than just redressing imbalances
- Management processes and education, measurable goals and incentive systems underpin the change
- Wide employee engagement and involvement is achieved

Concluding remarks

The changing world of work, the emergence of new markets and demographic shift across South Africa make it imperative to address the challenges and opportunities that these changes bring. There are no quick fixes for inducing systemic shifts. Building a culture and an organization that institutionalizes respect for diversity and shows real results in terms of representation and employee feedback is a long-term commitment and a sustainable way to deal with change.

Appointing diverse candidates to leadership positions on its own will not be enough—it has to go way beyond “box-ticking”. A psychological shift to inclusiveness is required. Inclusion needs to incorporate differences, not assimilate them into a unity of ideas and perspectives. We need to start looking at unique voices as additional strengths for our businesses. And while we are busy with this we will still encounter a powerful pull to maintain the status quo and as such positive change will take strong leadership. The move towards inclusion requires that our corporate leaders must truly embrace the concepts that diversity is closely linked to good governance and that the business case makes sense.