

The 7th UASA Employment report.

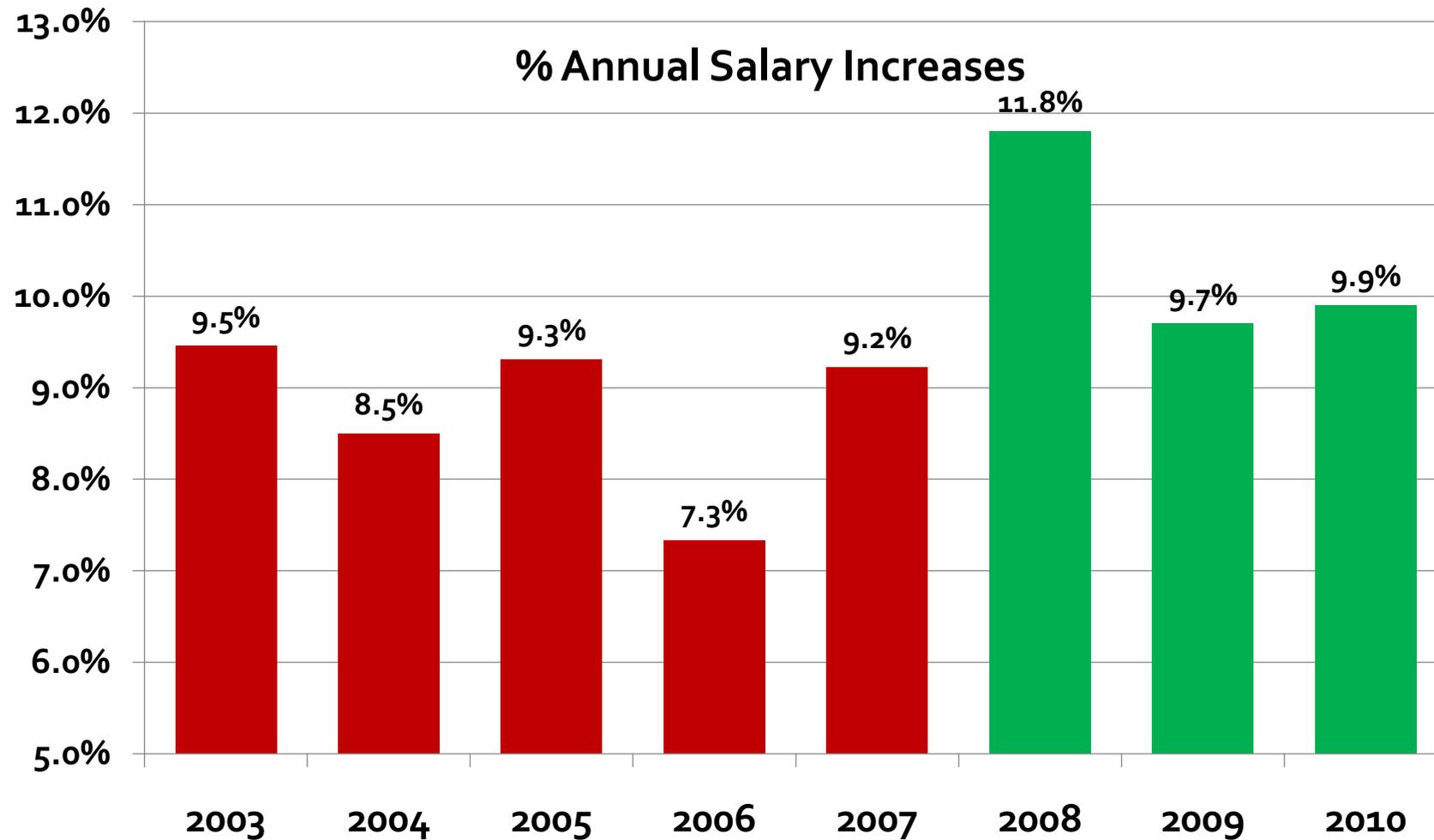
What are you worth?



The 7th UASA Employment report

- The Big Company Survey.
 - Salary increases and employment forecasts.
- What determines your worth?
 - Education.
 - Field of study.
 - Population group.
 - Age.
 - Area.
 - Union membership.
 - Own Business.
 - Firm size.

Big Company Survey: Salary increases & forecasts



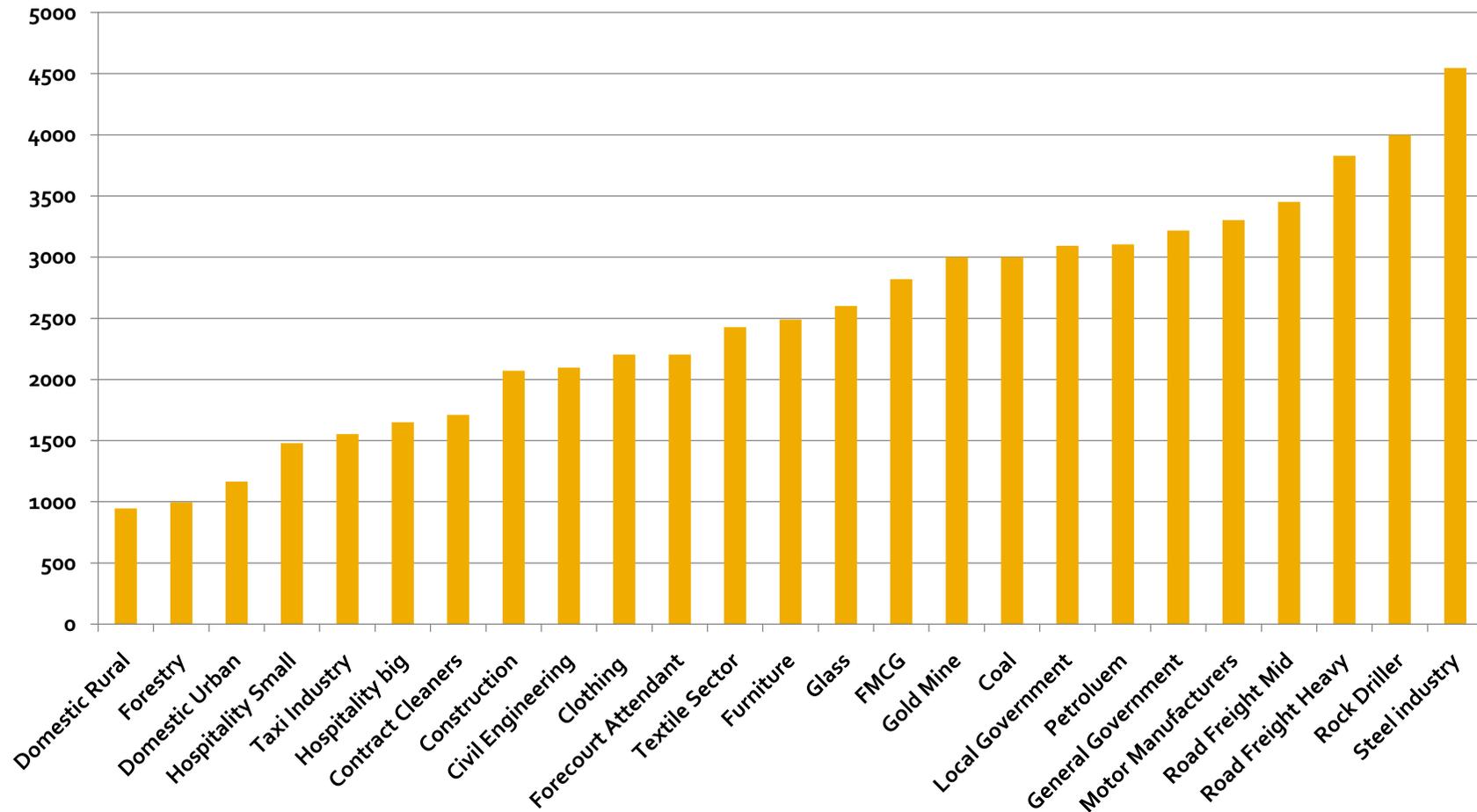
Big company salary survey.

- The average big company salary is now R13500 per month.
- The average wage increase for 2007 was 9,2% - which was 2,7% higher than the average CPIX for 2007.
- We expect salary increases to average nearly 12% this year, as higher inflation makes for high salary increases.
 - Many wage agreements are CPIX plus 1% or 2% plus productivity increases.

Employment growth is slowing.

- Employment growth slowed to 2,3% in 2007 but is still positive.
 - The 2005-6 highpoints of over 3,5% will be difficult to achieve in the near future.
 - Salary strain on commission earners at present
- In 2008 we believe that employment growth will still be positive, but closer to 1,5%
 - We are having difficulties due to the impact of higher rates and the electricity crises - but the impact is difficult to quantify

Minimum wages per sector.



Average minimum wages -2007.

- Average minimum wages are just over R2500 (including domestic workers) and over R2700 (excluding domestic workers).
 - The average increase of minimum wages was 9,1% - slightly lower than overall big company increases.
 - We expect Minimum wages to increase by over 11% this year due to bargaining council and Union wage contracts of CPIX plus increases.

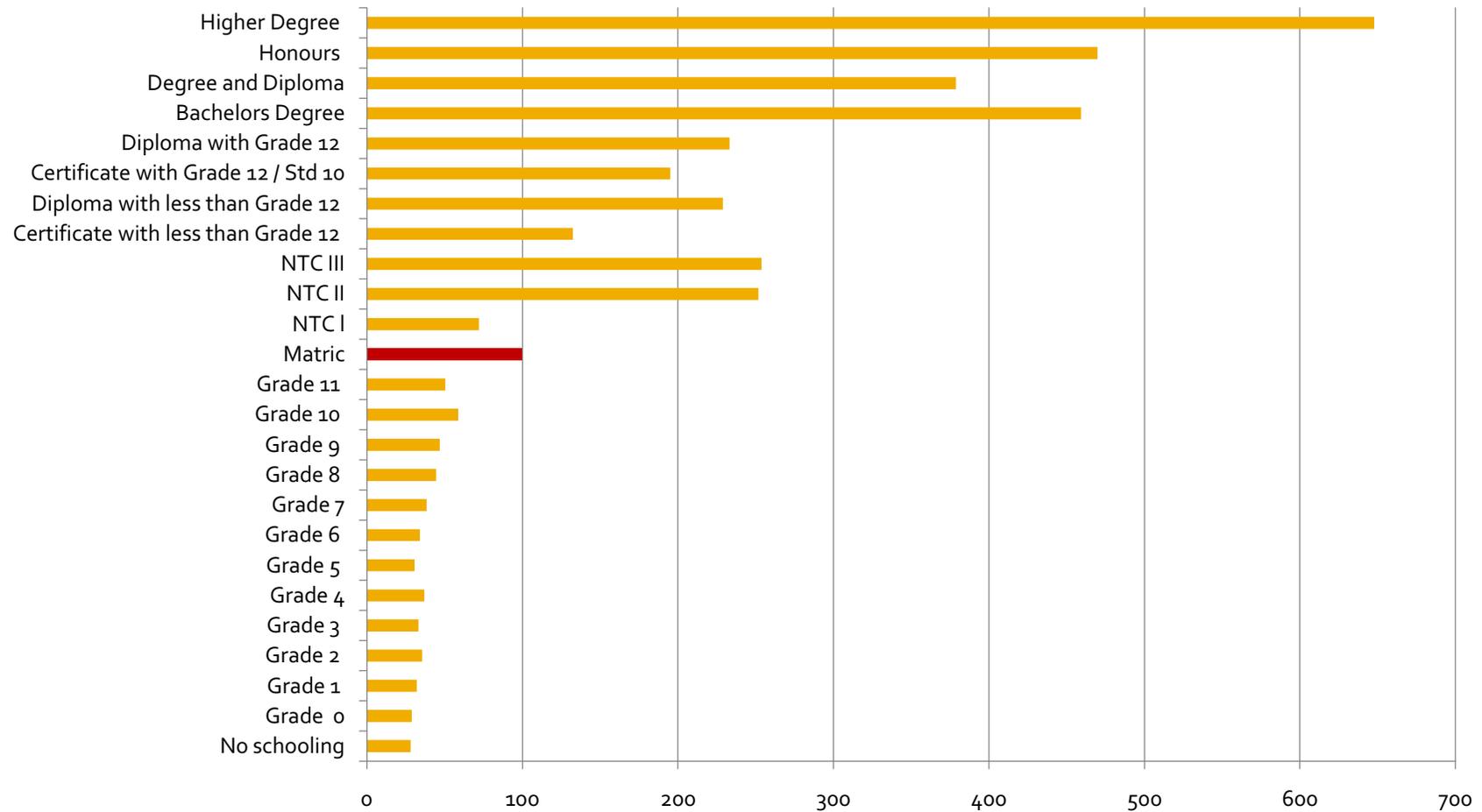
What are you worth.

Education, population, province, firm size, etc.

Eight big factors that influence Pay

Education and earnings in SA (2007)

Matric = 100.



Education and earnings.

- The greatest divide between earnings levels due to schooling is between those who have Matriculated and those who have only completed grade 11
 - One salary nearly doubles between grade 11 and Matric.
- After completing a bachelors degree, your salary rises by over 350% when compared to that of a Matriculant
 - Assuming that one completes a degree in around three and a half years – each year of tertiary education equates to around 12 years of schooling in real life earnings

Education is a real return on investment.

- Over a normal lifespan a person with a degree earns a 308% higher return than a person with just matric.
- The person with Matric earns a 98% higher return than someone with grade 11. A mariculant also earns a return 221% greater than that of someone without schooling – assuming that the person without schooling works for five years longer!
- A person with a Masters or Doctoral degree earns a total lifespan return that is 432% greater than that earned by someone with only a Matric – even if they work 8 fewer years

Education, unemployment rates and total returns.

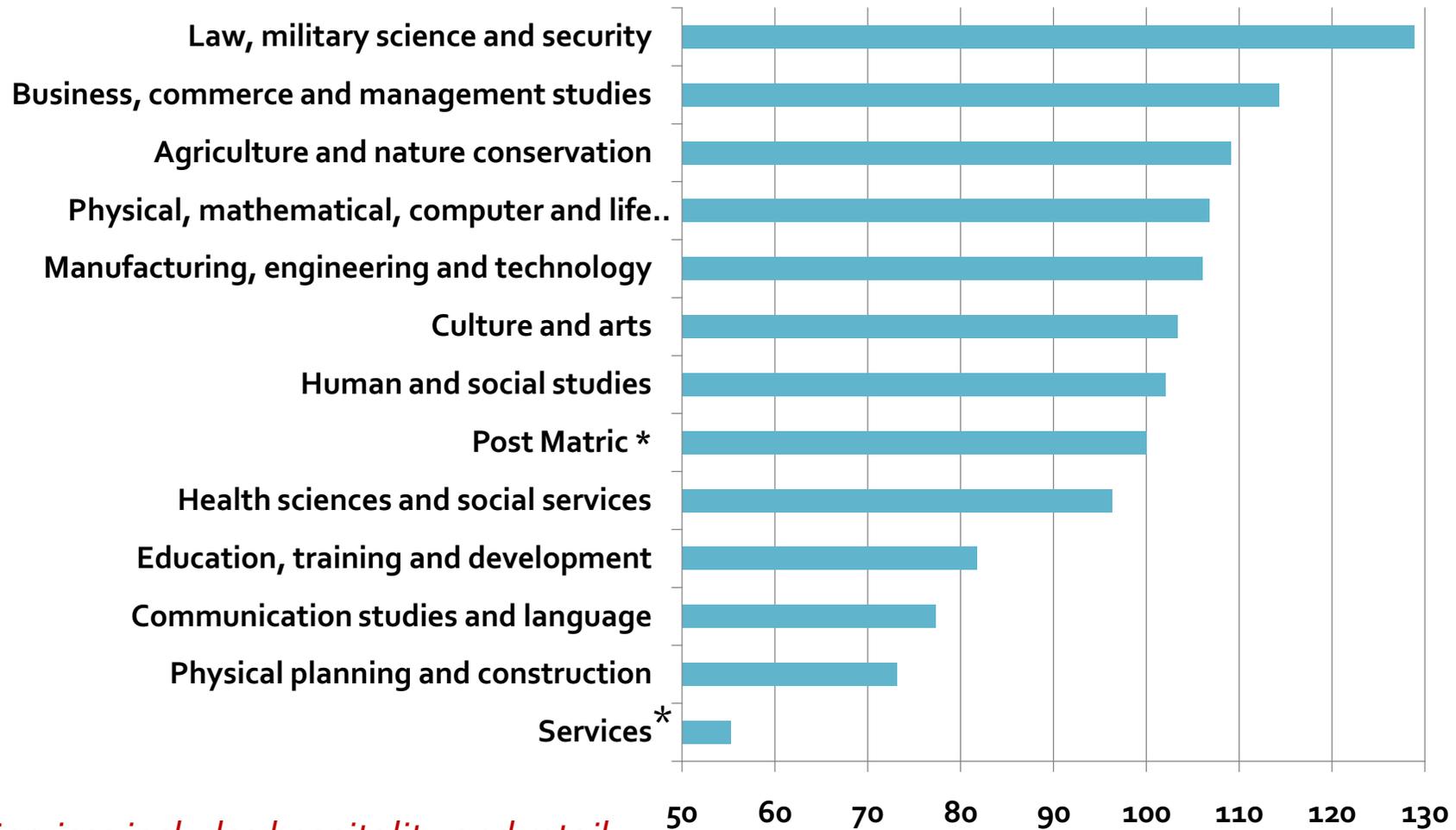
- All people with an undergraduate qualification earn a further return of nearly 24% over someone with only a Matric - as they are less likely to be unemployed over the course of their working life.
 - This increases the total likely return for obtaining a degree to over 380%.
 - A post grad earns a life time return nearly 540% higher - despite working eight years less.
 - Putting this into context: Matric lifetime earnings (without inflation) will be around R4 million and on same basis post grad will earn nearly R24 million over their working life.
 - Remember however that post grad works eight years less

A very big difference

- Someone with no schooling will earn just over R1,15 million in their lifetime - assuming they work 50 years.
- Someone with a masters degree will work 37 years and earn about R24 million. 21 times more income over a lifetime!
 - But the person with no schooling has a 30% chance of unemployment while someone with a masters less than 5%.
 - So actual working years end up being similar.
 - But the non working years are probably more joyful (studying) vs. Unemployment

What field of study earns the most.

After completing matric (excluding artisans) Index to post matric = 100



* Services includes hospitality and retail

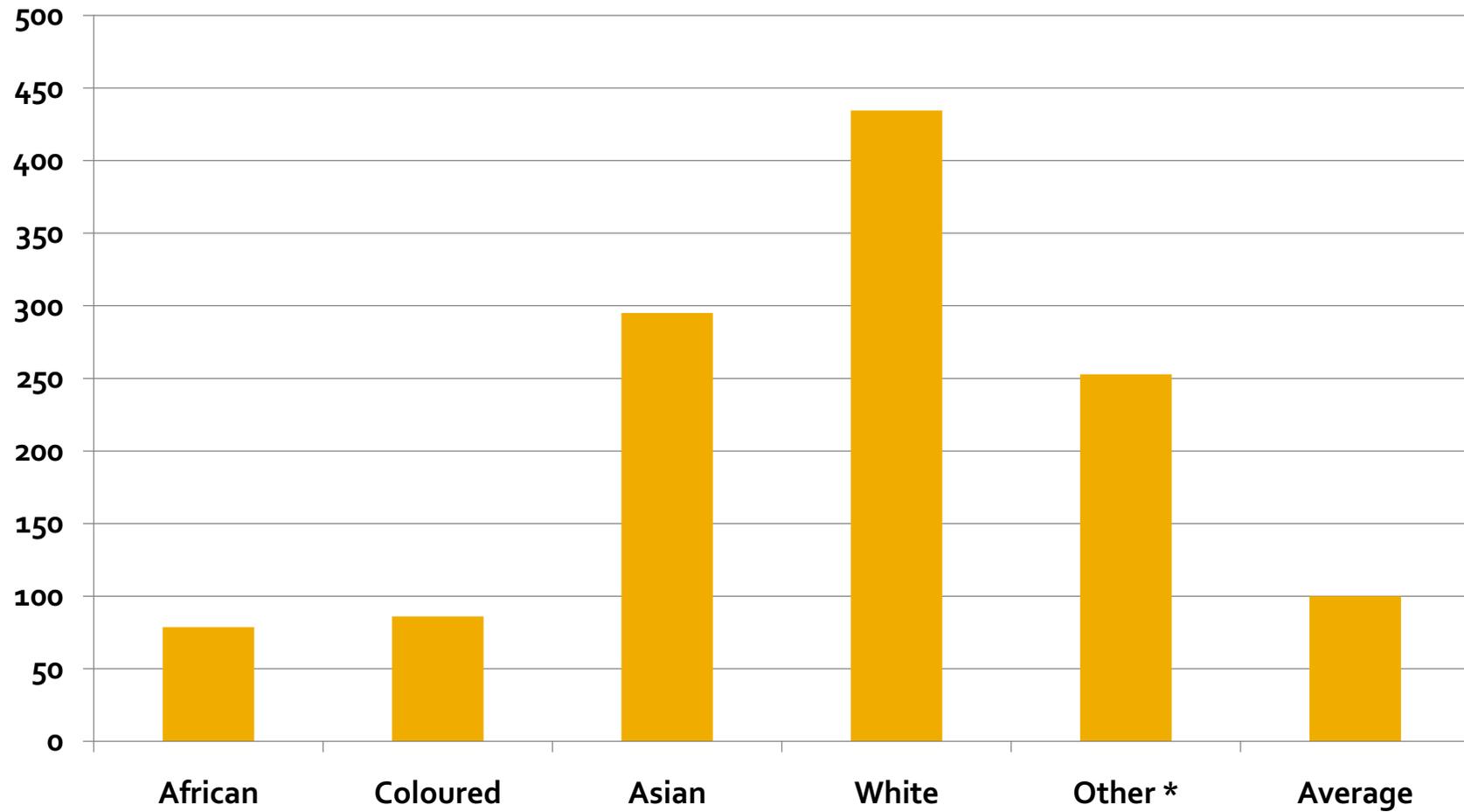
Field of study does sometime matter

- Law, business and agricultural studies are seen as the better-paid fields.
- Services lag quite dramatically - but one must remember that the hospitality and retail sectors make up much of this sector and this is governed by department of labour laws.
 - A typical service field of study earns around 48% of a business related field.
 - Labour laws seem to hurt the higher educated more than the semi- and unskilled.

Working for yourself vs. someone else

- A business owner typically gets 14% more than someone working for someone else.
 - This could be higher in the formal sector but probably not by more than 50%.
 - Around 85% of the employed workforce works for someone else.
 - Nearly one in four white males work for themselves, while one in five Asian males as well as white females work for themselves.

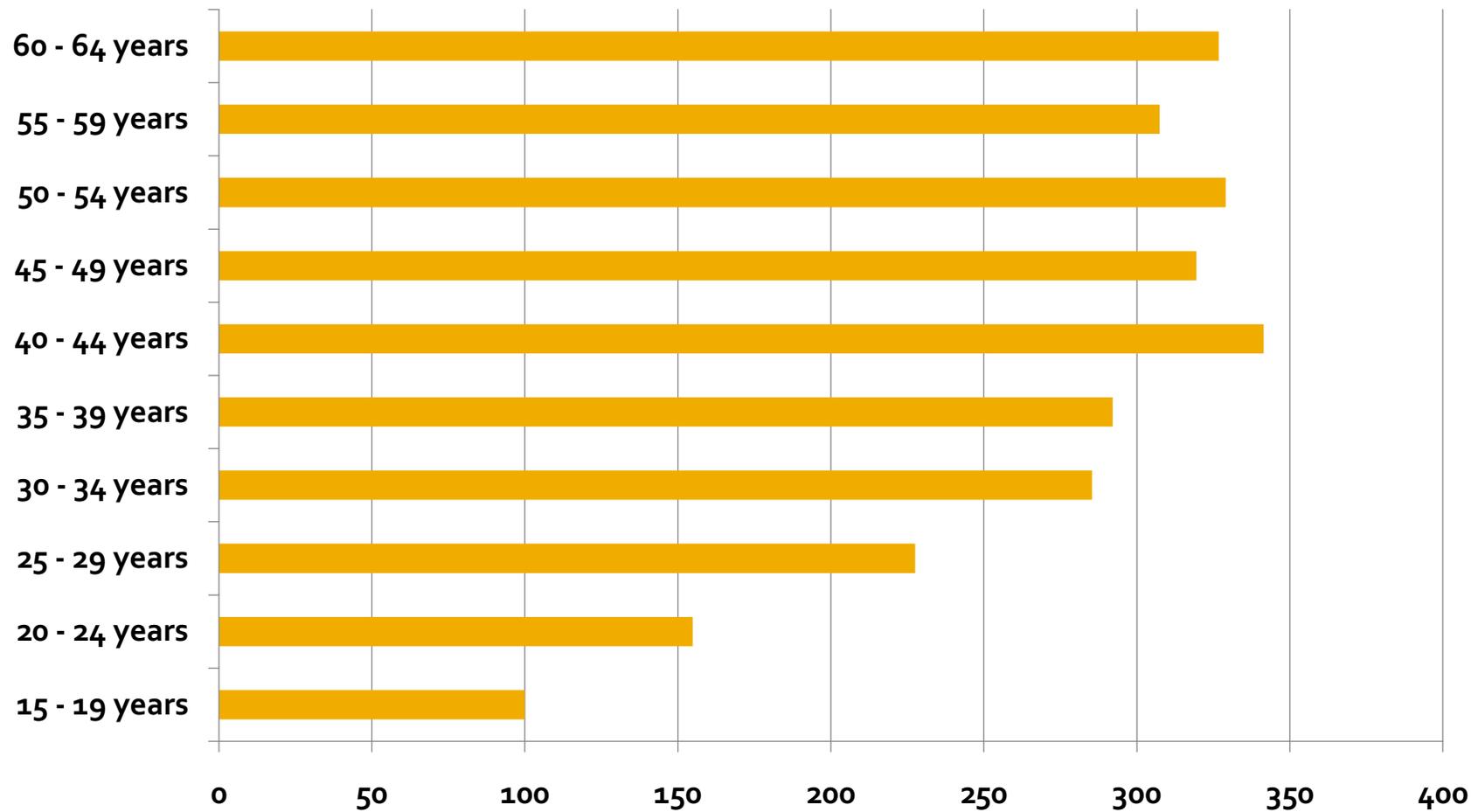
Population group.



Population group matters.

- The white population group has the highest income which is about 450% more than black income and 400% more than coloured income.
 - However the median salary of coloured people is lower than that of black people, (Median is where the 50th person out of 100 would be and is different to average.)
 - Asians get nearly 70% the earning of whites.

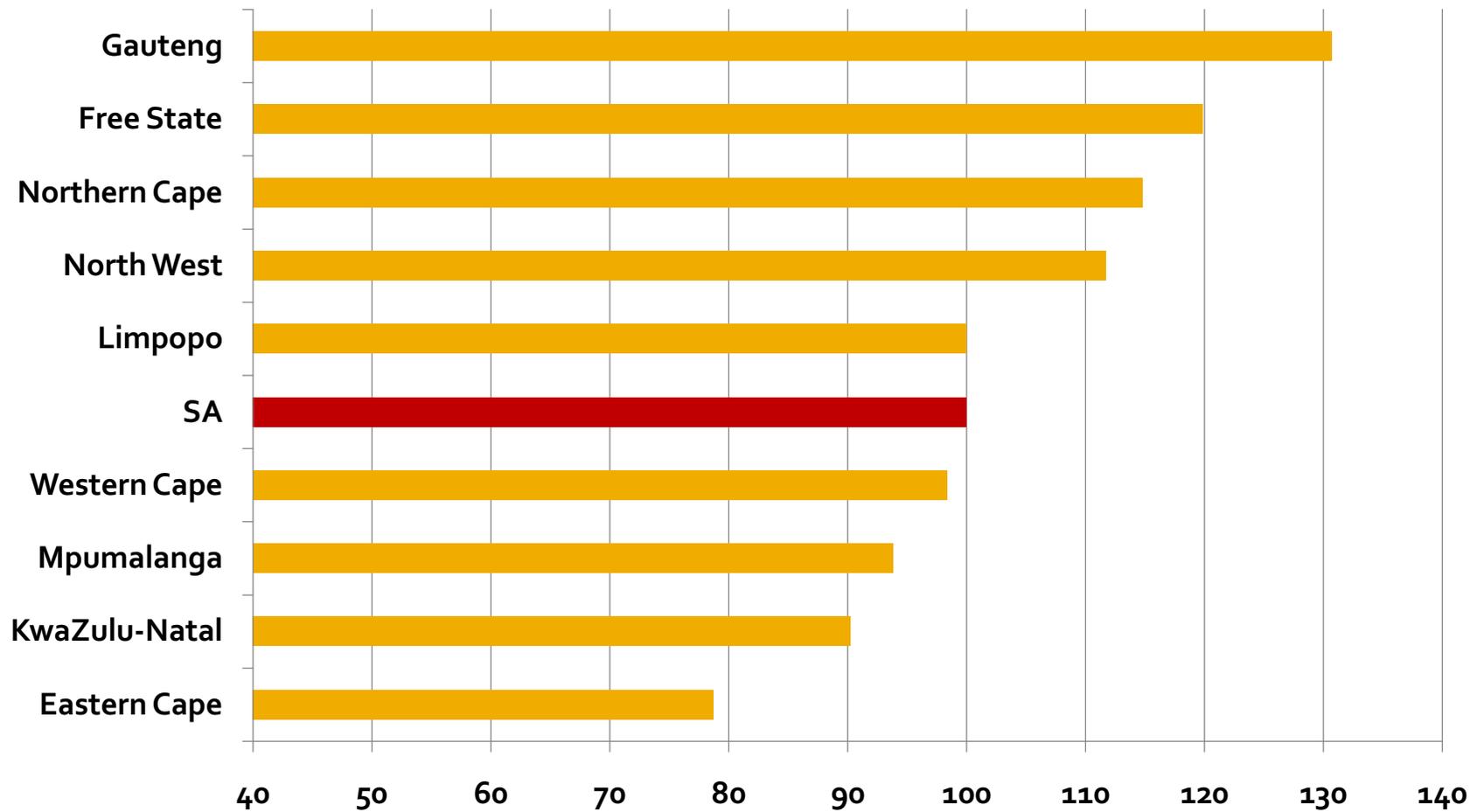
Age and income



Age matters too

- At the age of 40 to 44 a typical worker earns their highest income - while in the younger age groups the pay is less than one third of the 40 year old group.
- After age 44 income remains high but slowly declines relative to that of the 40 to 44 year old group.
- A typical 24 year old earns about 45% of a 44 year old while a 30 year old would earn 83% of the 44 year old.

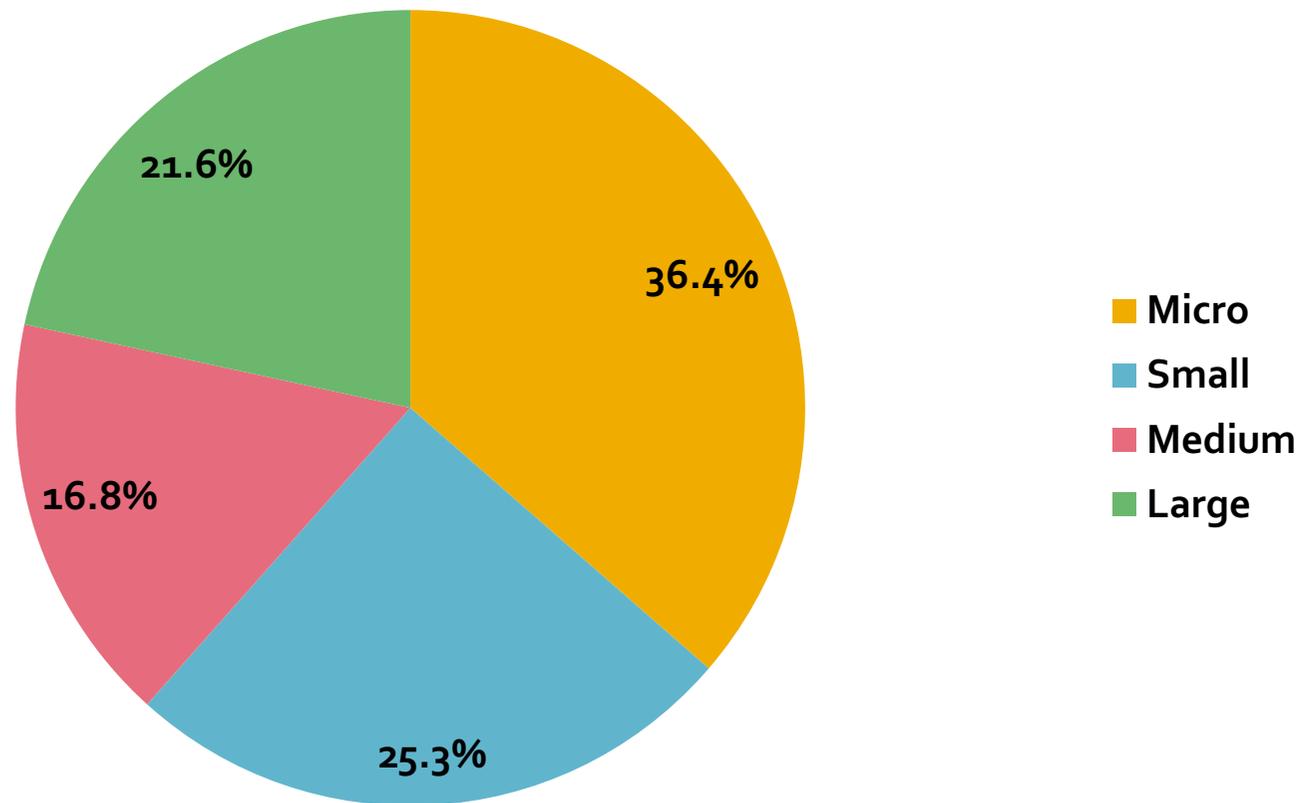
Provincial differences – a surprise!



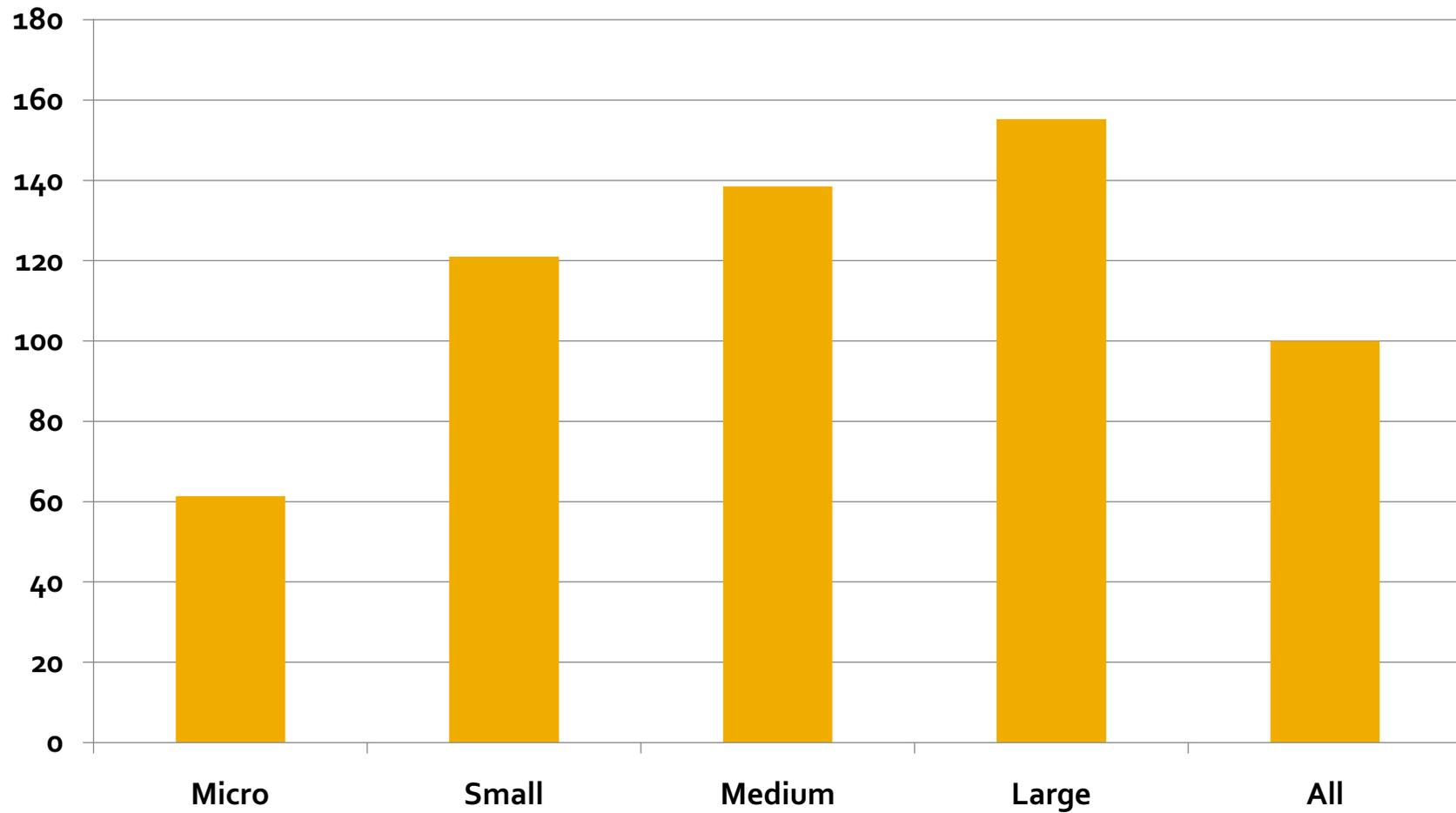
Earnings in provinces

- Eastern Cape earnings per employee is only 60% of that in Gauteng, while the Free State has the second highest earnings.
 - This was surprising but the fact is that unemployment levels are higher in the Free state and much lower in the Western Cape so the overall level of income in the Western Cape would be higher.

Where South Africans work



Firm size and pay.



Firm size and pay.

- 36% of employed people work for micro enterprises (less than 5 employees) and on average they earn only 39% of what workers in large firms (over 50 employees) get.
- Small firms (less than 20 employees) employ just over 25% of workers and have the second lowest pay but it is over 21% higher than the average.
- Large firms pay over 55% more than average.
- Government generally pays 180% more than average (when filtered out) so that would also be a big difference.

Trade unions and pay.

- Workers who belong to a trade union earn 108% more than the average worker.
- Worker not represented by trade unions earn only 70% of the national average salary.
- Basically worker who belong to a trade union earn three times more than workers who are not represented.
 - This however may also have to do with firm size as trade unions generally focus on larger firms.

Summary.

- Education makes the biggest difference by far.
- Population group is the second biggest factor.
- Age is the third biggest factor.
- Firm size is the fourth biggest factor
 - Government actual average is higher than big firm pay.
- Field of study is fifth.
- Union membership is the sixth biggest factor.
- Where you stay is the next factor followed by whether you own your own business.

Another story.

- The average large company director in SA got about R474 000 per month while the worker got R11500 per month.
- Therefore the average director for these companies got 41,3 times more than the average employee they employed.
- However in other countries similar if not even bigger differences remain.
- Very few people get to be directors as only one in 8000 working people get to be directors.

Thank you

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