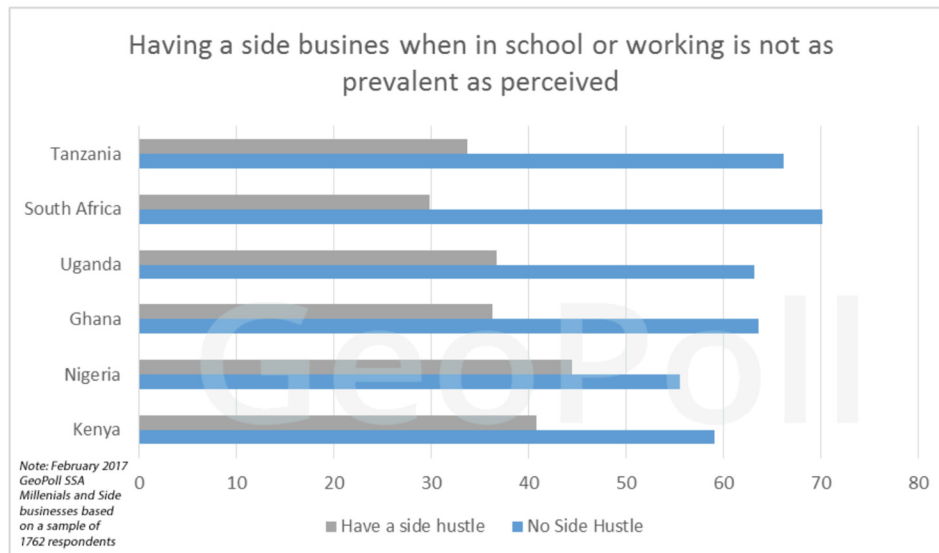


Side Hustle in SA

According to a recent study (July, 2019) by Henley Business School of Africa (HBSA) titled "What is the future of work in South Africa? Examining the Side Hustle Economy.", more South Africans are undeniably juggling more than one job. Based on survey data including just under 1,160 individuals over the age of 18, 27% of respondents indicated that they are either involved in a Side Hustle or Side Job. Similarly, a study by Geopoll (2017) focusing on millennials showed that 30% of South Africans have a side hustle.

Side hustlers are defined by the Henley Business School as people who are employed but who run a business separately from their main income, where main income can come from employment or self-employment. Related to this is the "side-jobber", defined as individuals who offer the same services to a main employer as well as one or more other employers outside of their main working hours.

South Africa is not unique in its growing trend for side hustles. International surveys have shown that 35-45% of employed individuals are either side hustling or holding multiple jobs, and there is potential for this to grow to 50% of the work force. This is an indication that South Africa is likely to see continued growth of hustling prevalence. As shown in the chart below, South Africa is lagging behind compared to other African countries in terms of side-hustling among millennials. Comparing only millennials, the Geopoll survey showed that over 40% of Nigerian and Kenyan respondents held a side-hustle. The tougher South African economic environment is likely to contribute to this trend in the country, especially amongst struggling graduates.



The purpose of the side hustle

The most prominent reason for holding a side hustle is the additional income. Over 71% of individuals with side businesses and 65% of multiple job holders indicated that the hustle was to supplement their income. To put it into context, the survey indicates that hustlers made 19.8% to 24.2% of their total income from their side hustle, while the remainder came from formal employment, or main business if self-employed. The dependence on the side hustle is quite significant if one considers that it can make up almost a quarter of one's overall income.

Hustling's link to income is further highlighted by the age analysis with younger side-hustlers (18-34 years old) sighting economic reasons for the side-hustle than the middle aged (35-44) and seniors (45-64). This makes intuitive sense given that younger individuals are at the beginning of their careers and have a lower earning potential than older generations, contributing to their greater dependence on their side-gigs. Nevertheless the financial dependence on the side hustle is broadly visible across all age groups and could have a more significant impact on individuals with a greater number of dependents as would be the case in middle-aged and older individuals.

Be that as it may, most hustlers (56.3%) indicated that they would not leave their main employment/source of income even if the side hustle showed success and long term potential. This could be related to the greater certainty and income stability linked to formal employment compared to side-hustles. The fact that the majority of income came from their main employment indicates the risk one might be facing by "taking the jump".

Fortunately, there seems to be no frictional relationship between hustlers and their main employers with the majority of respondents reporting their side-hustle to employers (72%) and the majority of respondents feeling that main employers had no issue with their side -gig/s. The study also showed that most hustlers spent more time in the workplace and on their main employment than non-hustlers, further mitigating against employer disgruntlement over the hustle.

The implication for income protection

Given the dependence on this additional income stream, income protection based only on formal employment, could be under-insuring individuals by as much as 25% of their total income. Considering that 20% of the formal workforce is side-hustling, with the trend likely to grow, long term cover needs to adapt to the changing needs and evolved lifestyle of many individuals in the country.



Source: Henley Business School of Africa

The Hustle: businesses and jobs in the side-gig

For the benefits it provides, the side-gig requires a significant commitment from the individual, and in many cases financial investment. The following highlights key resources required and characteristics of side-gig in the South African space.

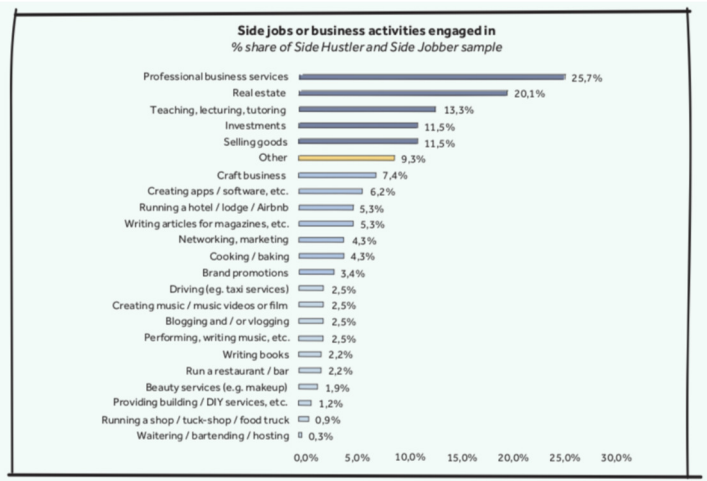
Time:

Possibly the most demanding of them all is time. A study of side-hustling in the UK showed that individuals spend between 5 hours to 12 hours a week on their side hustle, much of which could be concluded during weekends. In South Africa the comparable average is 17 to 26 hours per week. The demand on one's time, in addition to time spent working in the main employment can be taxing on the individual (so it's worthwhile to ensure one has good medical insurance cover). However, pursuing a passion and finding deeper fulfillment from the side-gig mitigates against fatigue. Positively, hours invested on the side-gig declines over time while its contribution to the individual's total income increases. On average individuals in their first year of the side business spent almost 22 hours a week on the side hustle, while individuals who had the business for 11 years or longer spent an average of 12 hours a week on it. The comparable contribution to total income is 20% for "first-yearers", vs almost 24% for those in who have spent 11 years or more in their side business.

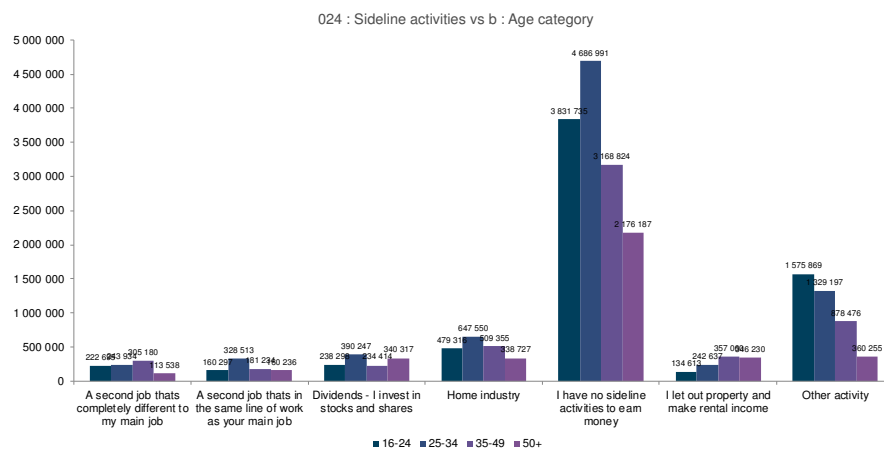
Skills and expertise:

It is worth noting that a considerable number of individuals with a side-hustle are skilled or educated, while many spent their own resources to upskill and educate themselves - sometimes to the benefit of the main

employer. This contributes to the trend in the types of businesses and second jobs taken on. The majority of hustles involved some kind of service provision. Almost 26% of hustles were in the professional consulting space while teaching accounted for more than 13% of gigs.



Source: Henley Business School of Africa



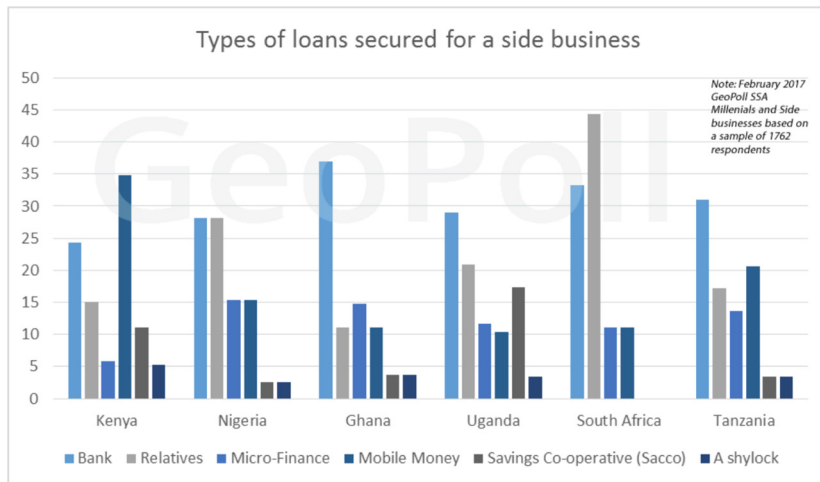
Statistic: Weighted, Weight: Population

Powered by: InsightVX

Financial investment:

Aside from service provision which may not demand as much financial resourcing, trade and investment also contributed notably to side-gigs. Real estate was the second largest contributor to side-gigs (20%), which could include agency, rental properties and flipping amongst others. Investments contributed to 11.5% of gigs, while trade, which would involve some kind of stocking of goods, also made up another 11.5%. Where financial input is involved, owners are clearly shifting from a "side-hobby" to a "side-business", and it would be interesting to know how prominent business insurance is in the side-hustling environment. The more wallet it demands, the more important it is to protect ones investment. This is even more so if one seeks credit to finance the business, calling for credit insurance.

It is worth noting that in South Africa, millennials secured credit from family members more than any other source of credit, which creates a huge burden on the individual to repay this debt from the hustles income. Securing the income from the side hustle therefore has weight on one's ability to pay off "unofficial" credit. This highlights the importance of reaching out to millennials with regards to life insurance and income protection products in a way that really speaks to them: nothing is cool about leaving your family members in unpaid debt. "Hustle cover" is really a product for the youth because they will be leading the growth trend in this space.



Source: Geopoll 2017

Employment:

The South African results showed that 30% of side-hustlers employed at least 1 person. The contribution to employment in a country struggling with job creation is important. However, with a high start-up failure in most industries, what are side-hustlers doing to protect the incomes of their staff? Survey results indicated that businesses which employed one or more individuals also generate greater revenues; hence employing additional help is likely to contribute to long term success.

Sources:

- <https://www.dailymaverick.co.za/article/2019-07-28-south-africans-are-hustling-to-make-ends-meet/>
- Henley (Africa) white paper2: 27,5% earned income from another job
- Sub-Saharan African Millennials in GeoPoll 2017