

2022 CEEMEA Inflation and Rewards Actions Survey

South Africa results

October 2022

About the survey – South Africa



28

Respondents from South Africa completed the survey



Local company / group

41%

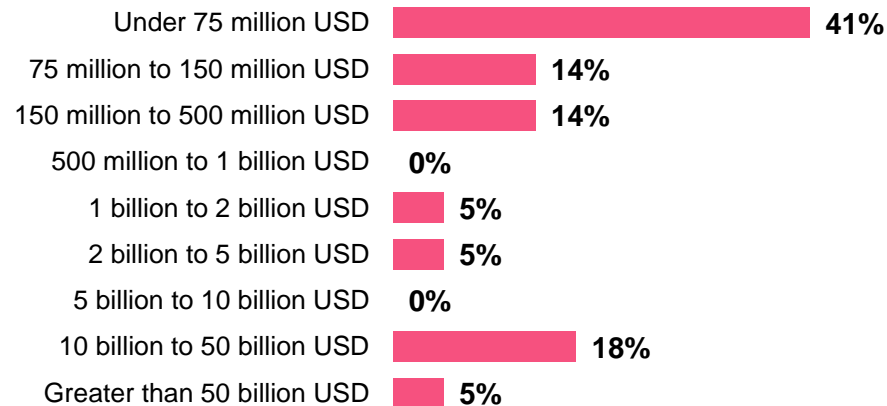
Subsidiary of international company

55%

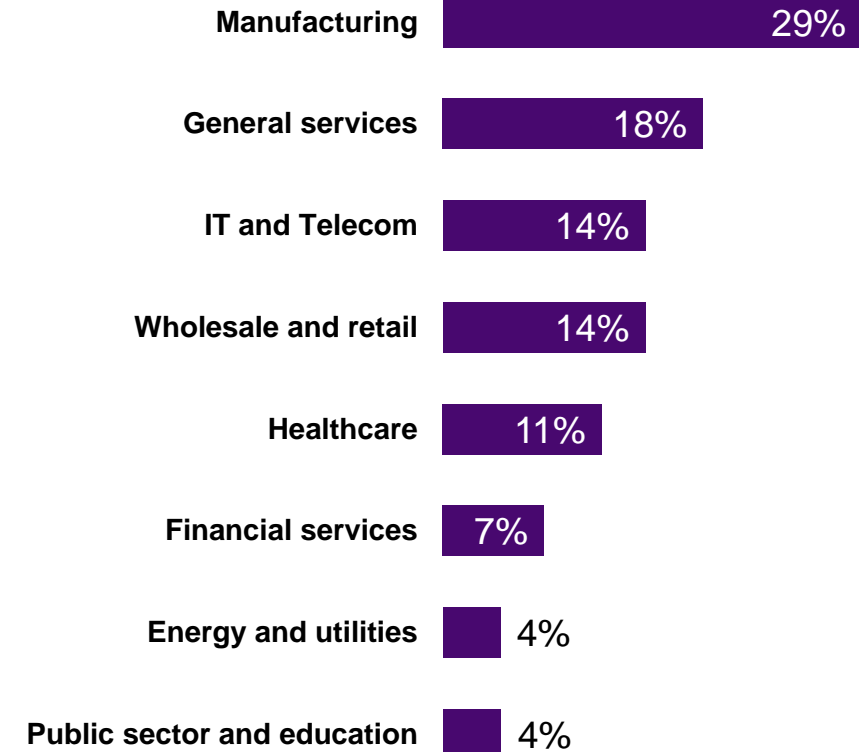
Joint venture

5%

Annual revenue in 2021



Industry



Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa



Executive summary

Concerns about possible global recession coupled with tight labour market and inflationary pressures in some economies led us to conduct a recent Inflation and Reward Actions Pulse Survey across CEEMEA.

This study provides insights on how organisations in South Africa approach current challenges related to attraction, retention and managing rewards in a high inflation / tight labour market environment.

In South Africa, companies are placing greater emphasis on non-financial elements of compensation, revisiting salary increase budgets and reviewing salary structures and using retention bonuses more extensively.

There are segments of talent that are reportedly more difficult to attract and retain than others – most notably Executives and Top Management.

Inflation, attraction & retention issues push organizations to rethink compensation programs

These actions are being undertaken amidst scrutiny from stakeholders

Inflation is high and expected to remain so

- Annual Consumer Price Inflation in South Africa stood at 7.6% at end of May*.
- Just under half (42%) expect it to last over 12 months and 13% expect the current period of high inflation to last more than 18 months.
- The annual inflation rate in South Africa has accelerated from a 2021 average of 4.5% exceeding the Reserve Bank target range of 3% to 6%, holding close to levels not seen since 2008. *

Attraction & Retention are at the top of the HR agenda

- Nearly one third of organizations increased recruitment since the start of the year.
- Even with unemployment sitting at 39.3%, organizations are currently experiencing problems attracting or retaining: Executive (45%), Professionals (35%), Middle Management /senior professional (33%) & Talent with digital skills (29%).

Organizations are attempting to address these challenges by re-thinking their compensation programs and through informal actions such as hiring higher in salary range, increasing workplace flexibility, targeted use of training, modifying and leveraging benefits.

* Source: Statistics South Africa

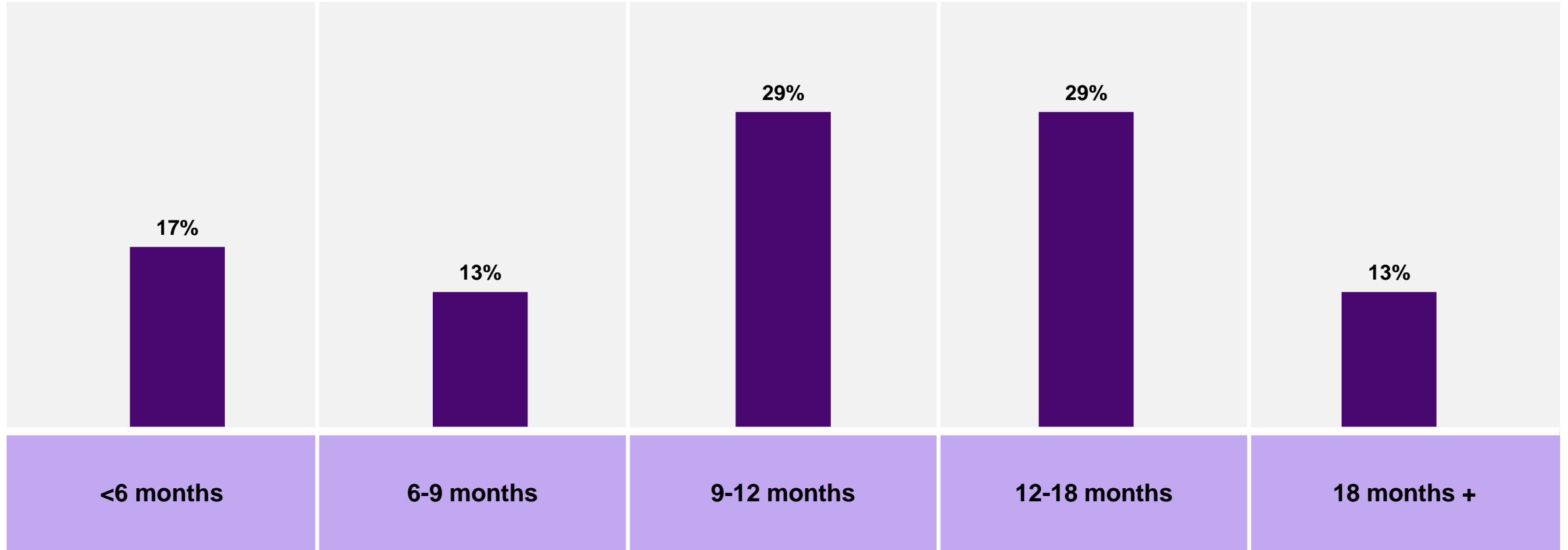
Source: 2022 Inflation and Reward Actions Pulse Survey , South Africa

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Most of respondents expect the high inflation to last 9-12 more months

How long do you expect the current period of high inflation will last?*



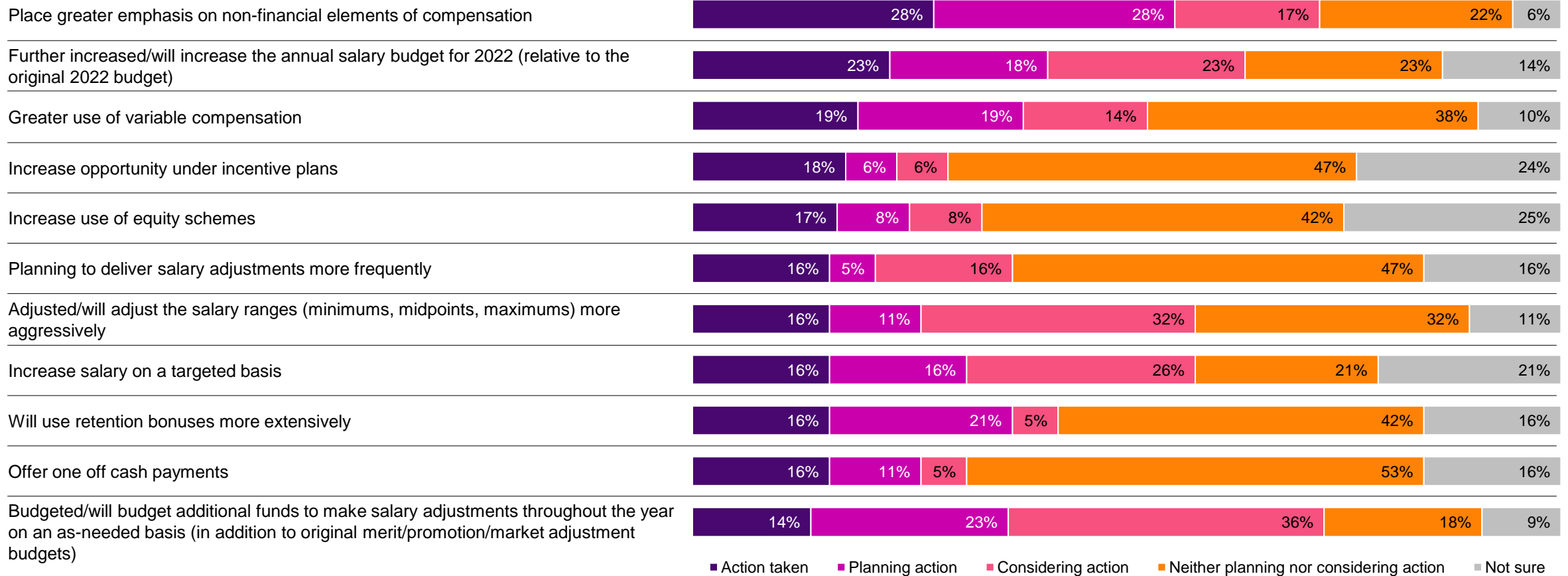
Note: *(n=24)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa

Actions organizations are planning to take...

Organizations are more likely to place greater emphasis on non-financial elements of compensation

What approaches are you taking to address the impact of the competitive labor market and inflationary pressures on compensation management?*

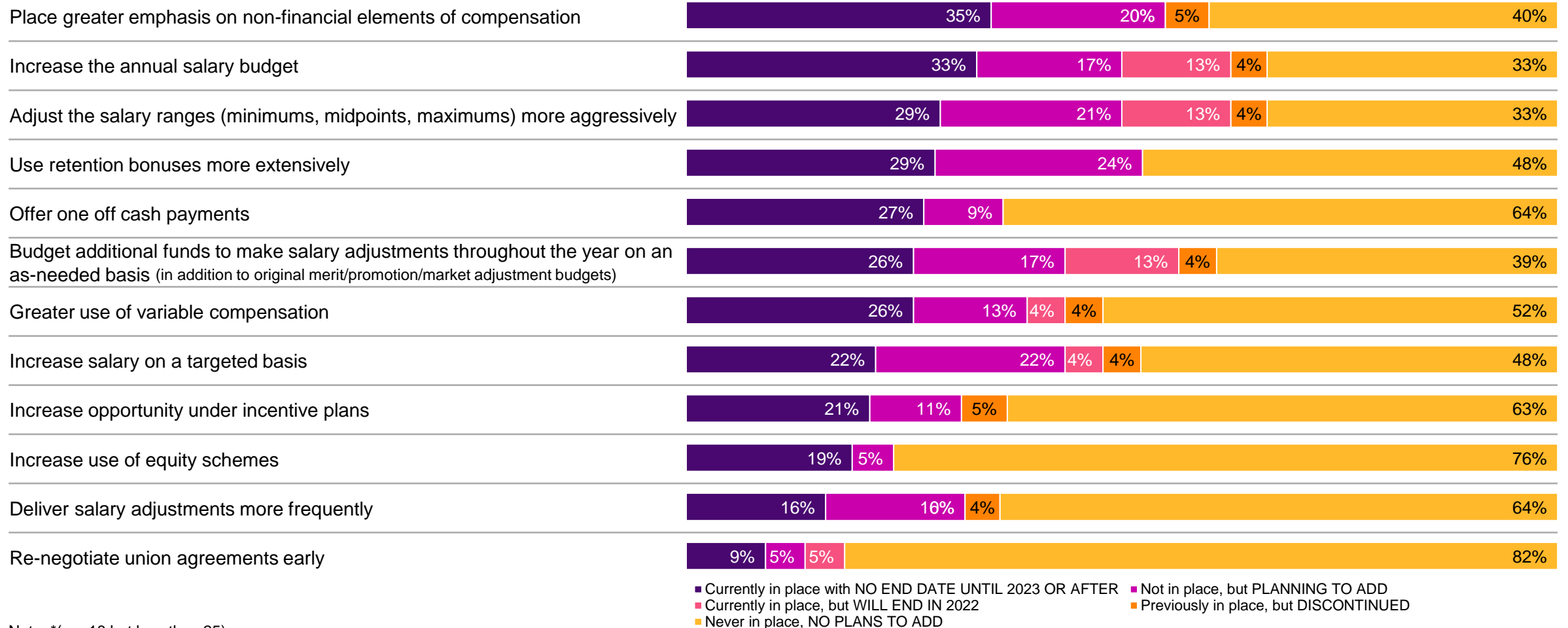


*(n >11 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa Note: "Not applicable" removed

...Are likely to last beyond 2023

Do you anticipate these changes to be temporary or are you considering implementing these programs for 2023 and beyond?*

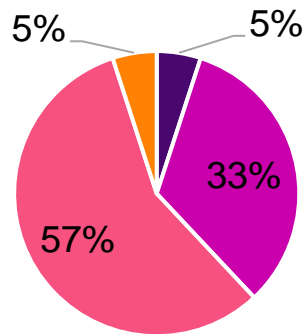


Note: *(n > 18 but less than 25)

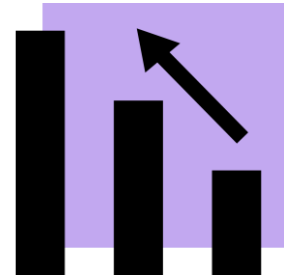
Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa

Nearly one third of organizations increased recruitment since the start of the year

By end 2022, where will you expect your company performance to be vs. last year's results?*



- Slightly below last year
- About the same as last year
- Slightly above last year
- Substantially above last year



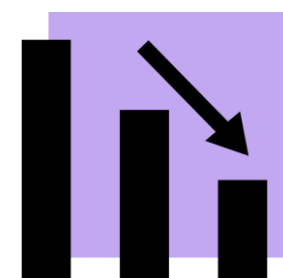
31%
Increased



54%
Stayed the same



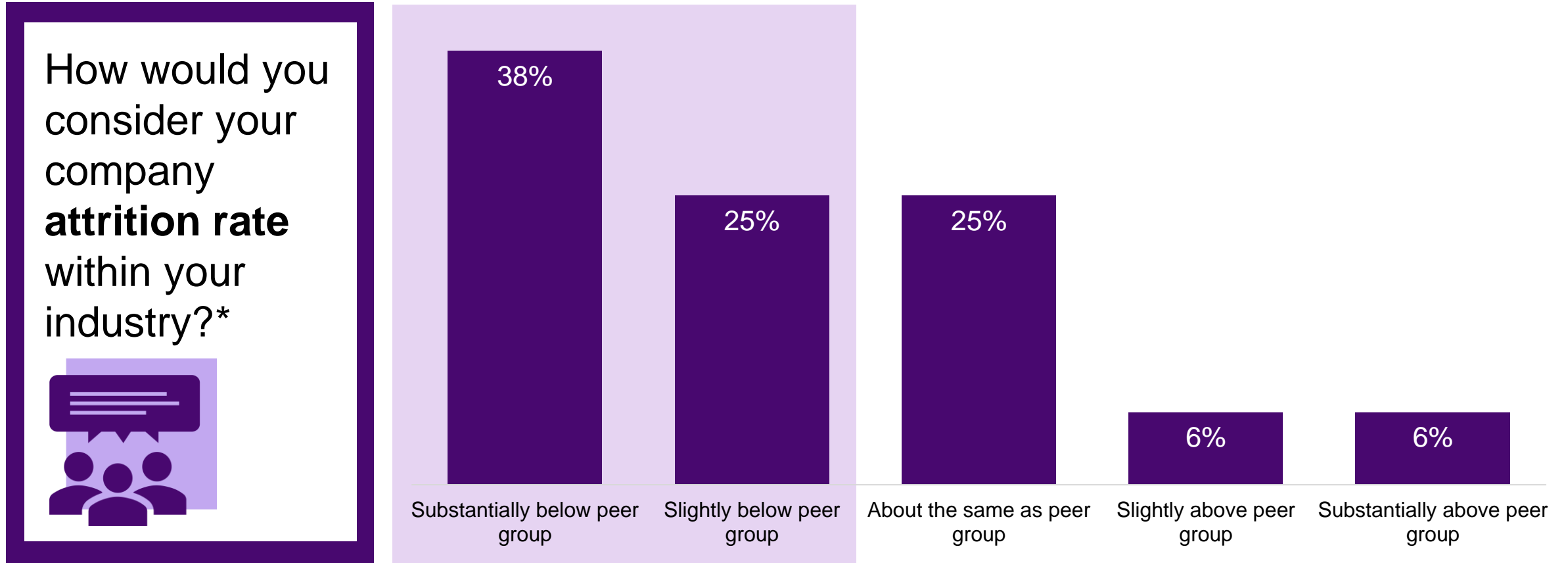
4%
Decreased for
some job roles



12%
Decreased
across the board

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa; note: percentages may not add up to 100% due to rounding

2 in 3 respondents consider their attrition rate below industry peers



Note: *n=16

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa; note: "Don't know" removed

Organizations typically conduct exit interviews prior to the employees leaving



95%

Yes

Does your company
conduct **exit
interviews** prior to
the employees
leaving?*



5%

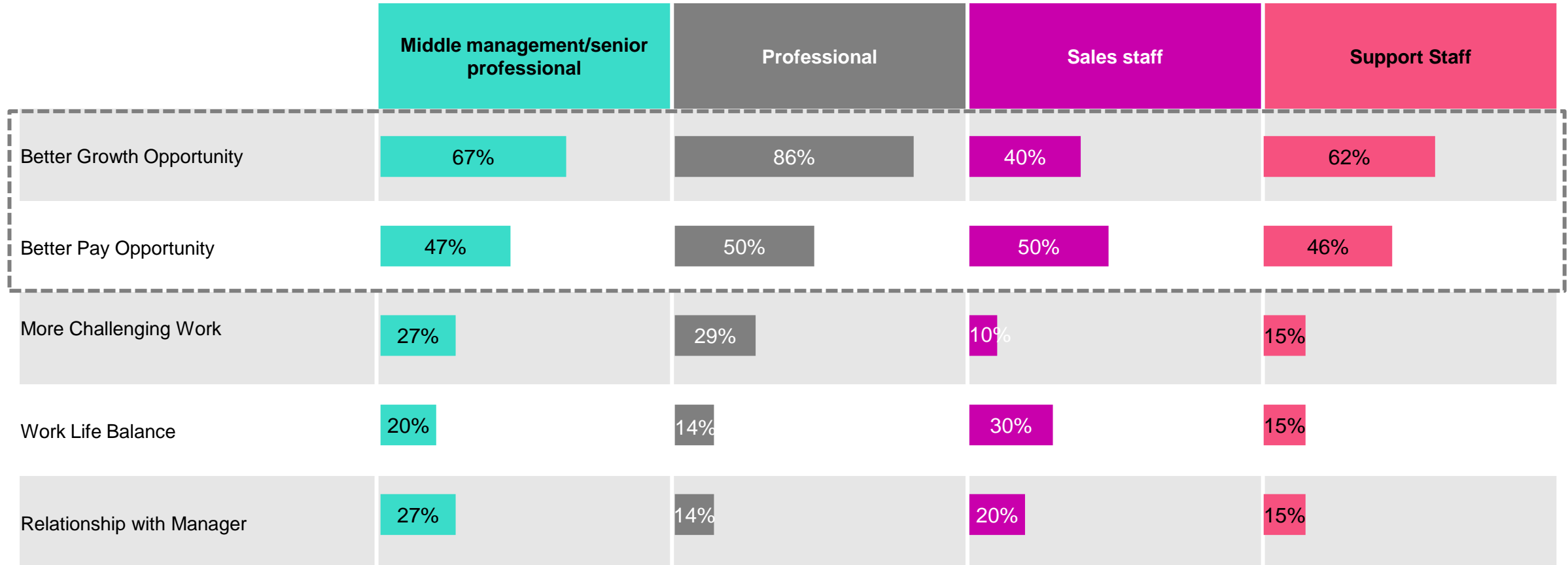
No

Note: *n=22

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa

Better growth opportunity and better pay opportunity are the most commonly cited reasons employees leave

What is(are) employee's main reason(s) for leaving your organization over past 6 months?*



Note: *(n > 9 but less than 25)

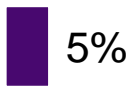
Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa

Organizations are more likely to experience problems attracting or retaining executives/top management and professionals

To what extent is your organization currently experiencing problems attracting or retaining employees in the following groups?*

Is your company planning to add, reduce or maintain headcount in the next 12 months?

Add significantly



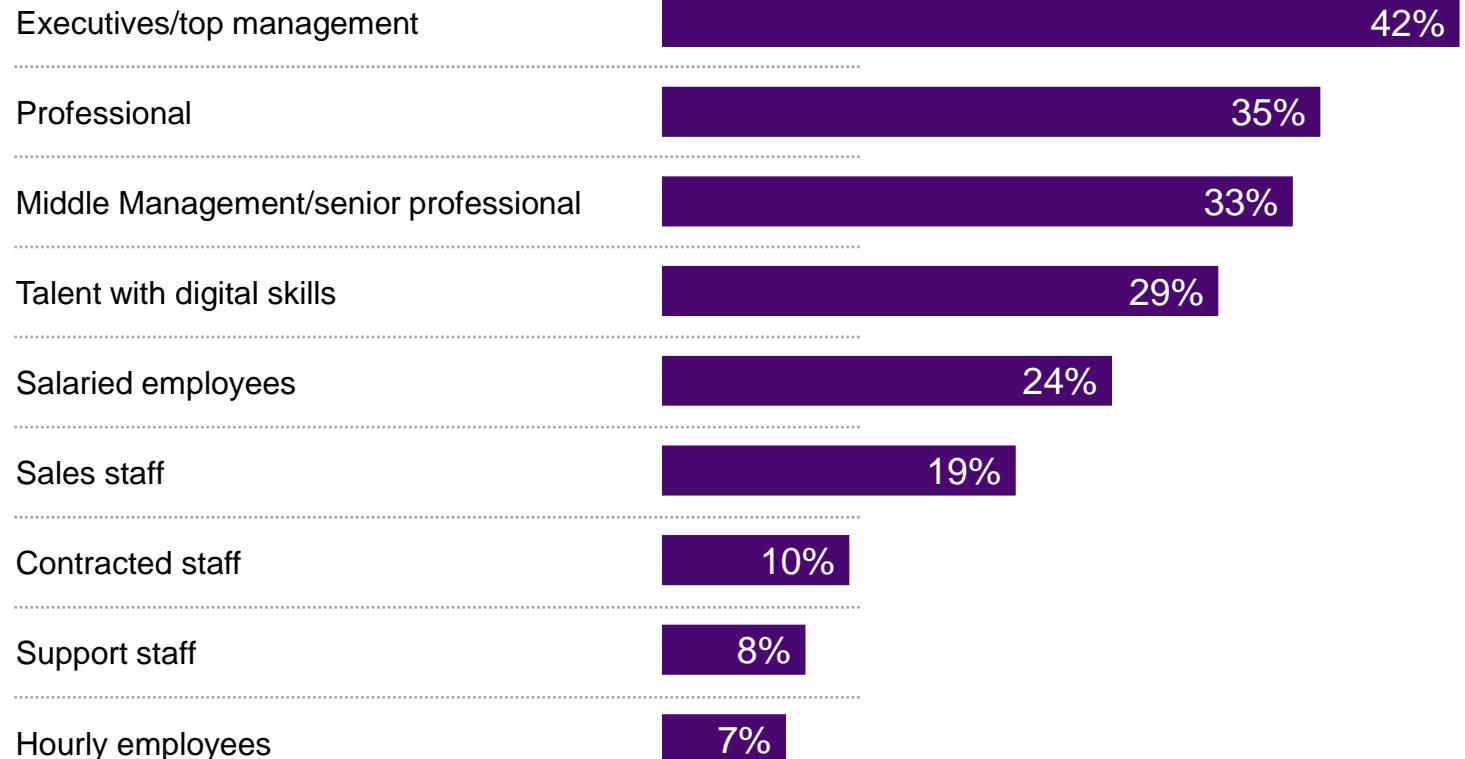
Add



Maintain



Reduce



■ Great extent / ...

Note: *(n > 9 but less than 25)

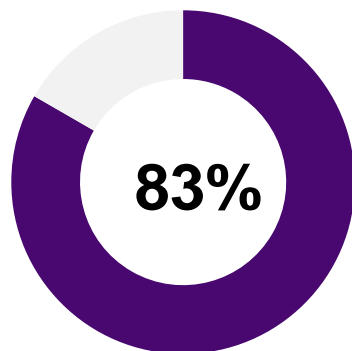
Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa

About 3 out of 4 organizations hire people high in the salary range, increase workplace flexibility to address attraction & retention difficulties

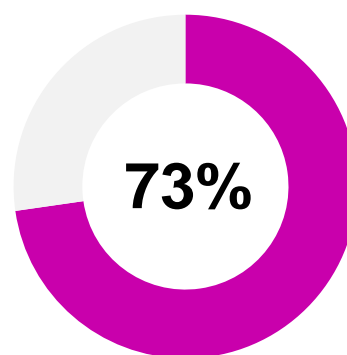
What informal actions do managers at your organization take to address the attraction, retention of these employee segments in their department?*



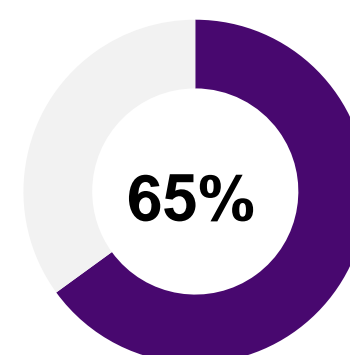
Hiring people high in the relevant salary range



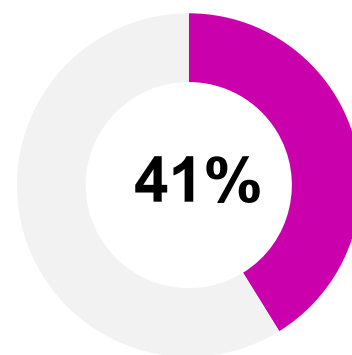
Increased workplace flexibility



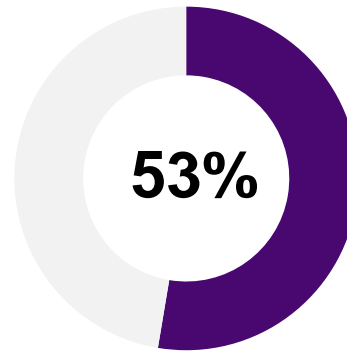
Increased/targeted use of training opportunities



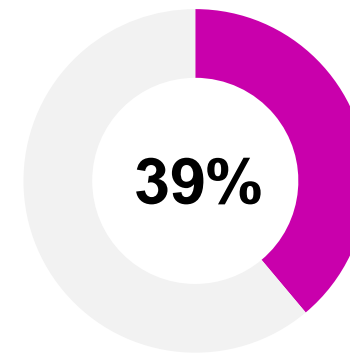
Use of retention bonuses



Sign-on bonuses



Use of spot rewards



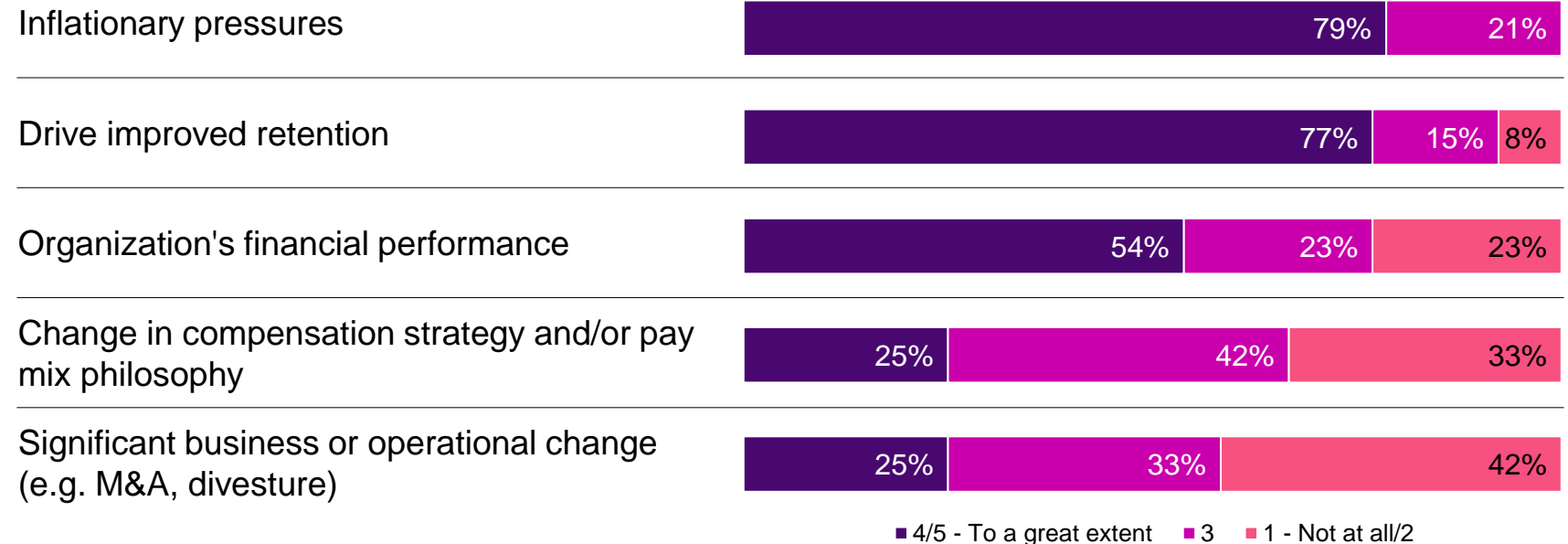
Note: *(n > 16 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa; note: percentages indicate "taking action"

Inflationary pressures and driving improved retention are the primary reasons for budgeting for salary increases

Budget for salary increases*

To what extent are the following **primary reasons** for budgeting for salary increases?



Note: Based on respondents shown on page 13 that have budgeted or plan to budget for salary increases (*i.e. increase the focal annual salary budget, budget additional funds to make salary adjustments throughout the year on an as-needed basis, deliver salary adjustments more frequently, adjust salary ranges more aggressively, increase salary on a targeted basis*)

*(n > 11 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, South Africa

Actions companies can take



Refine and enhance the organization's reward philosophy

Revisit reward levers and determine the purpose and eligibility of each within the context of the broader career and employee experience



Optimize reward spend

Conduct Total Rewards Prioritization/Optimization exercise to define optimal reward spend and increase employee retention and attraction



Review market data and update salary structures

Analyze pay relative to market, also confirming areas of pay pressure (hot in demand roles) and determine where salary structure ranges have not kept pace with actual pay increases



Enhance manager capability and accountability in work and rewards decisions

Educate managers on the full set of monetary and non-monetary programs to enable their autonomy in driving talent retention

Source: 2022 Inflation and Reward Actions Pulse Survey South Africa



Thank you!