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SURVEYS



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Emergence Human Capital

**Increases Survey Report
(South Africa)**

07 April 2022

Report compiled by the EHC Surveys Team

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WHY EMERGENCE HUMAN CAPITAL?

Emergence is dedicated to providing expert Human Capital, Reward & Learning Solutions.

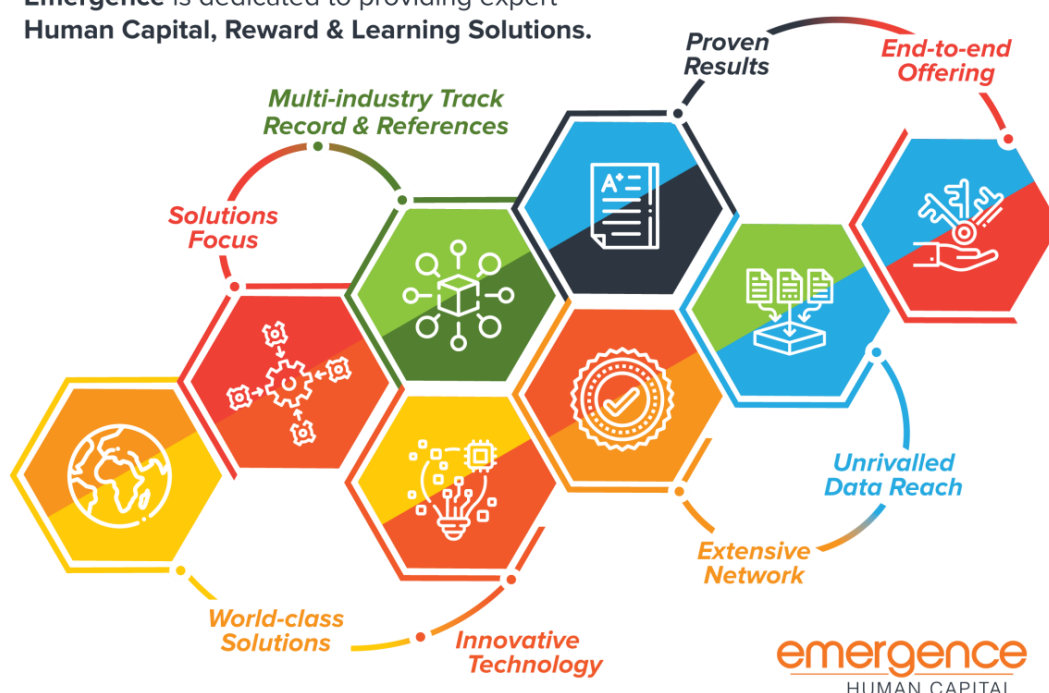


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1. Scope & Background

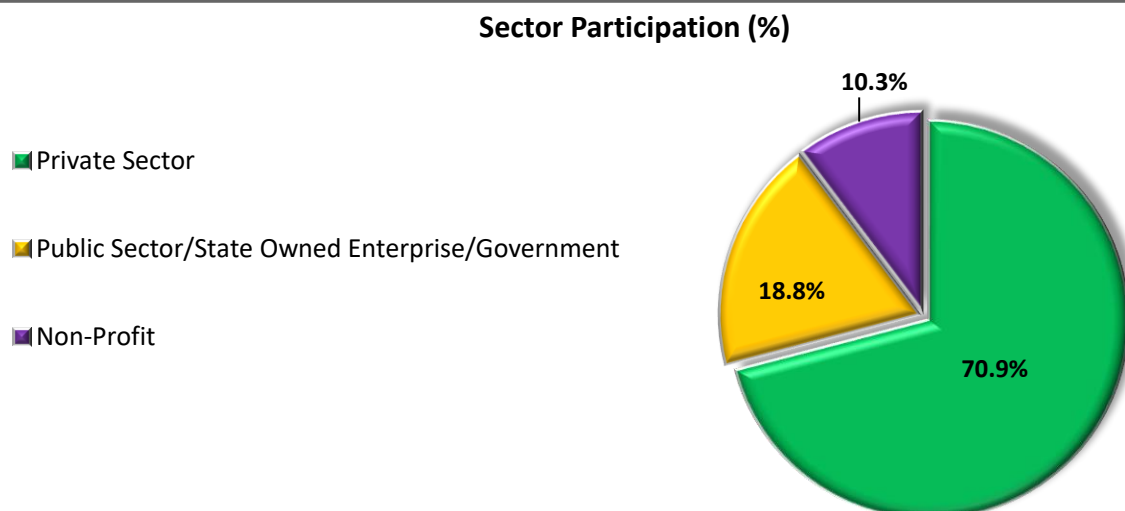
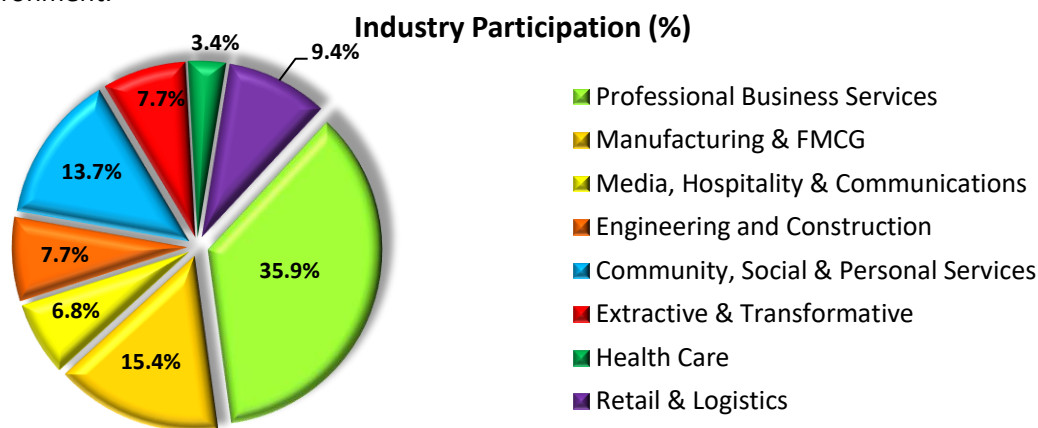
Salary Increases are important to everyone - businesses, RemCo's and employees! As a leader in Salary Increases Survey research, we once again sought to obtain valuable feedback to help us understand your organisations stance regarding these important Remuneration Decisions, Reward Allocations and Hybrid Work. With many companies extending operations into Africa, the need for reliable market data has grown in importance.

Some elements that we researched included:

- ▶ Increases granted in 2021 (Q2, Q3, Q4) & 2022 (Q1);
- ▶ Predicted / budgeted increases for 2022 (Q2, Q3, Q4) & 2023 (Q1);
- ▶ Month in which increases are granted;
- ▶ Short Term Incentives;
- ▶ Factors influencing increases;
- ▶ Reward Structure Changes; and
- ▶ Hybrid Working (In Office and Work from Home).

2. Participation Statistics

The following section outlines the participation of 189 organisations by industry, and sector in the South African business environment:



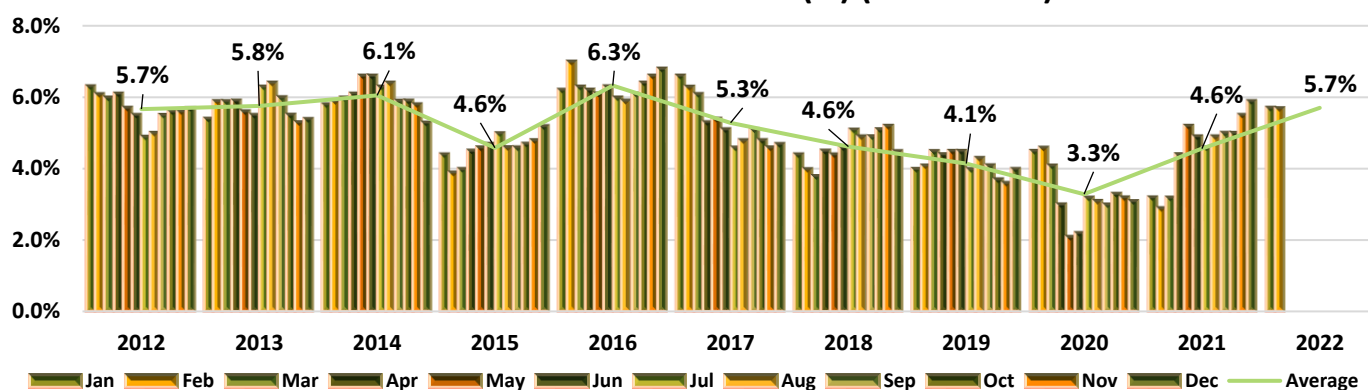
Inflation and Economic Indicators

The table below provides additional inflationary statistics for South Africa over the last 10 years (2012 – 2022):

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2012	6.3%	6.1%	6.0%	6.1%	5.7%	5.5%	4.9%	5.0%	5.5%	5.6%	5.6%	5.7%	5.7%
2013	5.4%	5.9%	5.9%	5.9%	5.6%	5.5%	6.3%	6.4%	6.0%	5.5%	5.3%	5.4%	5.8%
2014	5.8%	5.9%	6.0%	6.1%	6.6%	6.6%	6.3%	6.4%	5.9%	5.9%	5.8%	5.3%	6.1%
2015	4.4%	3.9%	4.0%	4.5%	4.6%	4.7%	5.0%	4.6%	4.6%	4.7%	4.8%	5.2%	4.6%
2016	6.2%	7.0%	6.3%	6.2%	6.1%	6.3%	6.0%	5.9%	6.1%	6.4%	6.6%	6.8%	6.3%
2017	6.6%	6.3%	6.1%	5.3%	5.4%	5.1%	4.6%	4.8%	5.1%	4.8%	4.6%	4.7%	5.3%
2018	4.4%	4.0%	3.8%	4.5%	4.4%	4.6%	5.1%	4.9%	4.9%	5.1%	5.2%	4.5%	4.6%
2019	4.0%	4.1%	4.5%	4.4%	4.5%	4.5%	4.0%	4.3%	4.1%	3.7%	3.6%	4.0%	4.1%
2020	4.5%	4.6%	4.1%	3.0%	2.1%	2.2%	3.2%	3.1%	3.0%	3.3%	3.2%	3.1%	3.3%
2021	3.2%	2.9%	3.2%	4.4%	5.2%	4.9%	4.6%	4.9%	5.0%	5.0%	5.5%	5.9%	4.6%
2022	5.7%	5.7%	-	-	-	-	-	-	-	-	-	-	5.7%

Represented diagrammatically:

South Africa Inflation Rate (%) (2012- 2022)



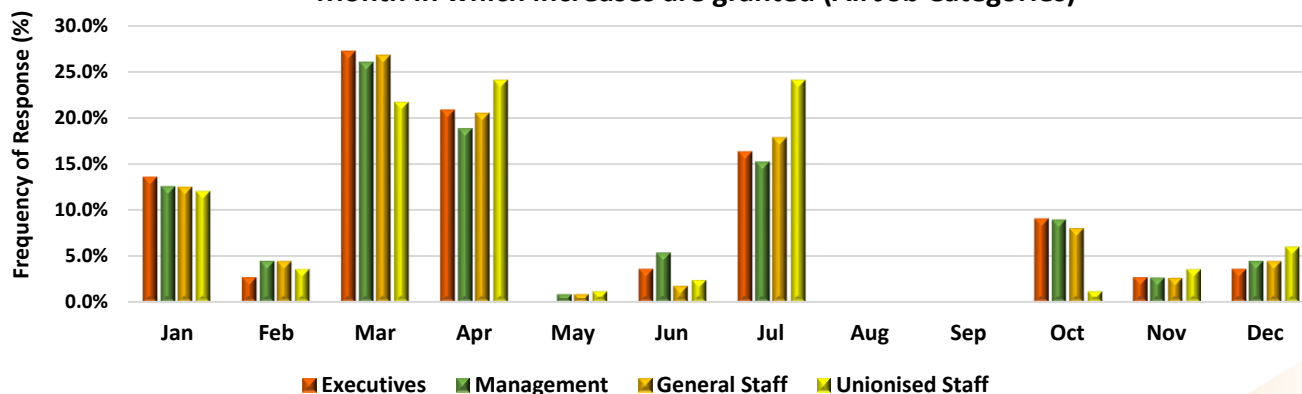
3. Salary Increases

The following section outlines the timing of increases, current pay approach per job category, actual and predicted increases per job category, performance-based differentiation in increases granted, and the factors that influenced the decision making in granting increases of those organisations that participated in the survey.

Increases (month granted)

The graph below is based on the selection of respondents, and outlines their normal timing of increase, per job category.

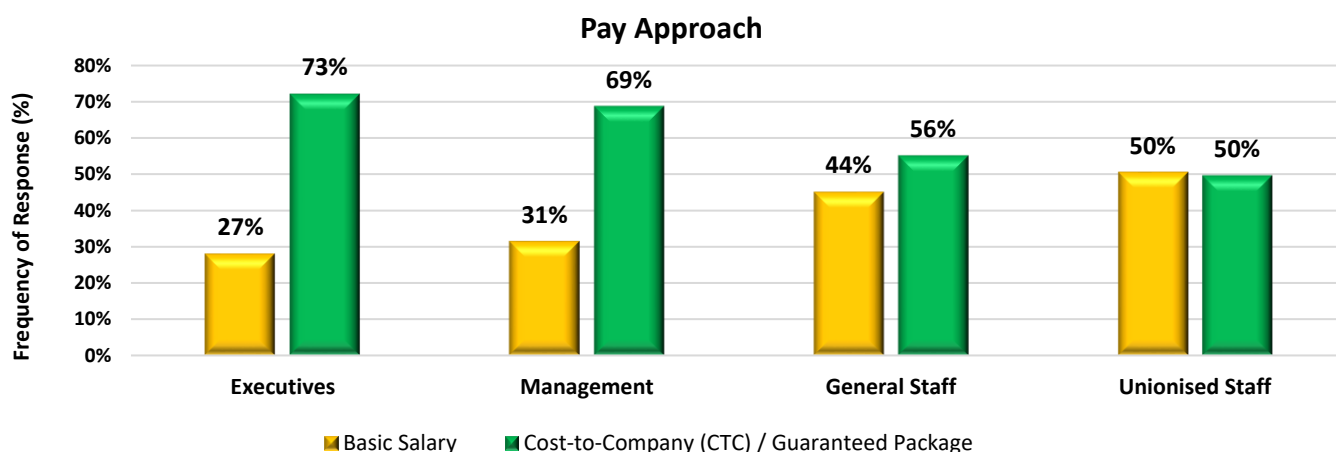
Month in which increases are granted (All Job Categories)



Pay Approach

The following table outlines the selected pay approach, by job category/level:

Pay Approach	Executives	Management	General Staff	Unionised Staff
Basic Salary	27%	31%	44%	50%
Cost-to-Company (CTC) / Guaranteed Package	73%	69%	56%	50%



The following table indicates the percentage of organisations planning on converting to a CTC/Guaranteed Package, or changing from CTC/Guaranteed package to Basic Salary by job category/level:

Planning to convert to CTC or Basic Salary	Executives	Management	General Staff	Unionised Staff
Yes	11%	11%	11%	6%
No	60%	62%	63%	49%
N/A	29%	27%	26%	46%

Actual / Predicted Increases

The following tables provide information on **actual increases** granted for the period **2021 (Q2, Q3, Q4) & 2022 (Q1)**, and **predicted increases** for the period **2022 (Q2, Q3, Q4) & 2023 (Q1)**.

Actual Increases - 2021 (Q2, Q3, Q4) & 2022 (Q1):

The table below indicates the actual increases provided per job category, where increases were granted:

Job Category	10th Percentile	25th Percentile	50th Percentile	75th Percentile	90th Percentile
Executives	2.0%	3.0%	4.5%	5.5%	6.5%
Management	3.0%	4.0%	4.8%	6.0%	6.6%
General Staff	2.1%	4.2%	5.0%	6.0%	7.4%
Unionised Staff	3.0%	4.5%	5.0%	6.0%	7.4%
Average Increase	2.5%	3.9%	4.8%	5.9%	7.0%

Predicted Increases – 2022 (Q2, Q3, Q4) & 2023 (Q1):

The following table indicates the percentage increases that organisations are predicting that they will be providing to different job categories for the period **2022 (Q2, Q3, Q4) & 2023 (Q1)**, from lowest to highest, for those organisations that will be granting an increase to staff:

Job Category	10th Percentile	25th Percentile	50th Percentile	75th Percentile	90th Percentile
Executives	3.5%	4.7%	5.2%	6.0%	7.0%
Management	3.5%	4.7%	5.4%	6.0%	6.8%
General Staff	3.5%	5.0%	5.5%	6.0%	7.0%
Unionised Staff	3.0%	5.0%	5.8%	6.5%	7.0%
Average Increase	3.4%	4.8%	5.5%	6.1%	7.0%

Factors influencing Salary Increases

The following table represents the factors influencing increases, across all employee job categories, as well as the factors affecting increases among the different job categories:

#	Factor	Executive	Management	General Staff	Unionised Staff	Average factor frequency (%)
1	CPI (Inflation)	20.7%	21.4%	22.7%	21.4%	21.5%
2	Affordability	18.5%	18.9%	18.4%	18.1%	18.5%
3	Company Performance	18.8%	17.6%	15.2%	14.8%	16.8%
4	Individual Performance	16.9%	17.6%	17.2%	12.4%	16.4%
5	Local Market Pay Levels	13.2%	13.6%	13.3%	9.5%	12.7%
6	Retention	10.7%	9.6%	7.4%	6.7%	8.8%
7	Bargaining Council	1.3%	1.2%	5.8%	17.1%	5.3%

4. Remuneration Practices

Does your organisation guarantee an increase for any of the following job categories?

The following table outlines the selections made by respondents, with regards to guaranteeing increases:

Are salary increases guaranteed, by Job Category?	Executive	Management	General Staff	Unionised Staff
Yes	17.5%	17.5%	20.2%	33.7%
No	82.5%	82.5%	79.8%	66.3%

The following table outlines the average increase based on performance criteria for the following levels of staff:

Average Increase based on performance Criteria	Executive	Management	General Staff	Unionised Staff
% increase for performance below expectation	3.39%	3.46%	3.75%	5.27%
% increase for performance that meets expectation	5.24%	5.48%	5.64%	6.38%
% increase for performance exceeding expectation	8.26%	8.07%	8.25%	7.15%

Guaranteed 13th Cheque

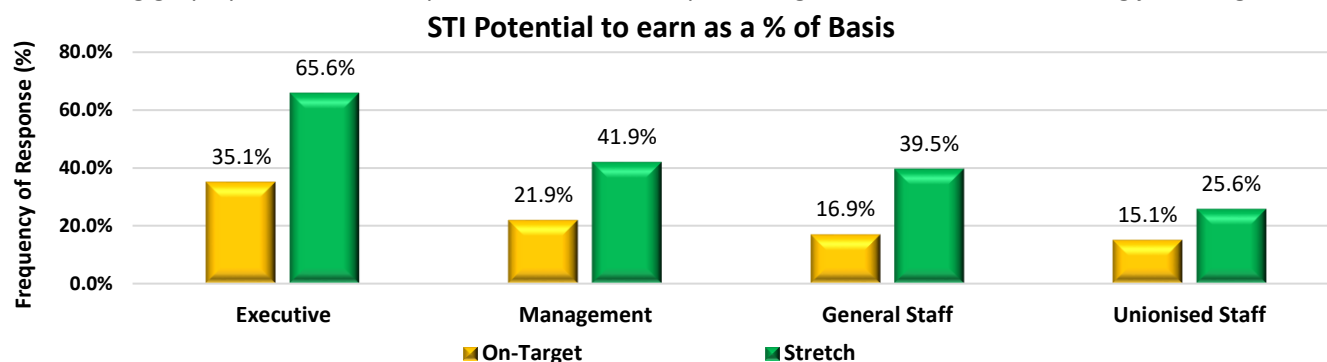
The following table outlines whether organisations guarantee a 13th cheque for different job categories, or not:

Are 13th Cheques guaranteed, by Job Category?	Executive	Management	General Staff	Unionised Staff
Yes	20.4%	23.2%	35.3%	40.7%
No	79.6%	76.8%	64.7%	59.3%

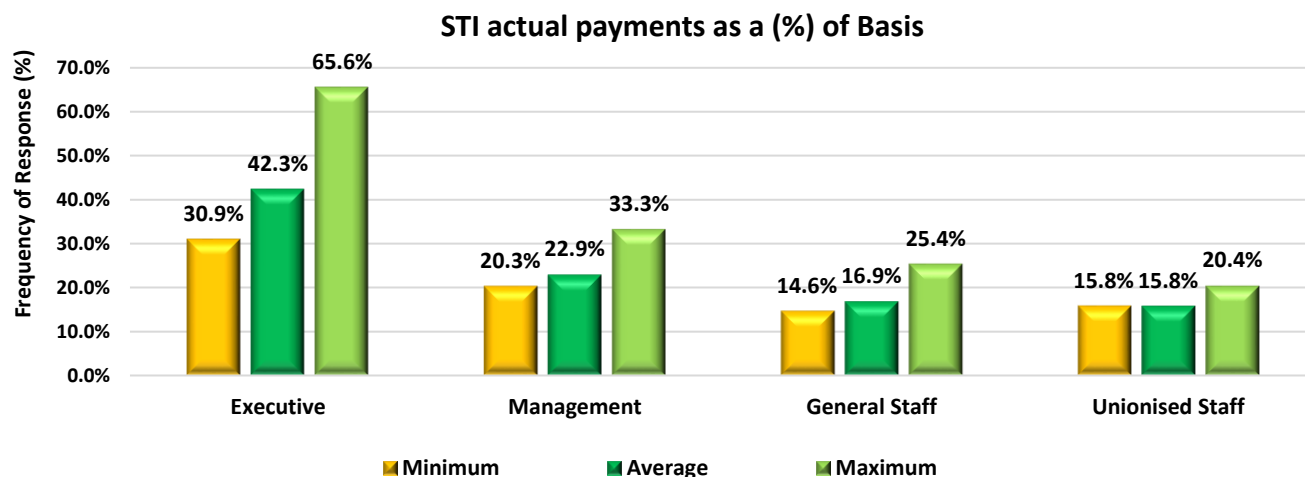
5. Short Term Incentives

STI Potential to earn as a percentage of Basis

The following graph presents the STI potential to earn as a percentage of Basis, for the following job categories:



STI Payments as a (%) of Basis, for the following levels of staff



6. Reward Structure Changes

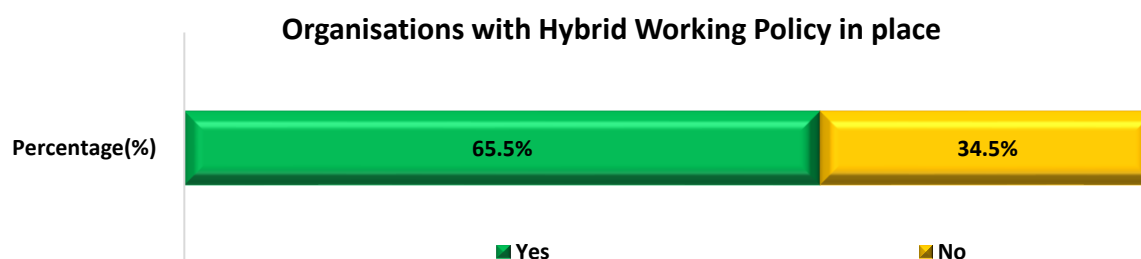
The following table indicates the adjustments that organisations are making to remuneration & benefit structures, in South Africa:

Benefits	Reduced Significantly	Reduced Slightly	Unchanged	Increased Slightly	Increased Significantly	N/A	Combined Percentage of organisations reducing respective benefit	Combined Percentage of organisations increasing respective benefit
Salary	3.7%	1.2%	34.1%	51.2%	3.7%	6.1%	4.9%	54.9%
Flexibility in working hours	1.2%	2.4%	42.7%	23.2%	13.4%	17.1%	3.7%	36.6%
Learning opportunities	0.0%	2.4%	53.0%	20.5%	13.3%	10.8%	2.4%	33.7%
Use of cutting edge technology	1.2%	2.4%	42.7%	20.7%	12.2%	20.7%	3.7%	32.9%
Performance Bonuses/Incentives	6.1%	2.4%	48.8%	22.0%	6.1%	14.6%	8.5%	28.0%
Wellness/Employee Assistance Program	0.0%	1.2%	52.4%	14.6%	9.8%	22.0%	1.2%	24.4%
Medical Aid/Healthcare	1.2%	3.6%	50.6%	20.5%	3.6%	20.5%	4.8%	24.1%
Retirement Funding	1.2%	3.6%	55.4%	15.7%	3.6%	20.5%	4.8%	19.3%
Data Connectivity	2.4%	1.2%	51.2%	13.4%	4.9%	26.8%	3.7%	18.3%
Participation in Share Scheme (LTI)	1.2%	1.2%	35.8%	11.1%	6.2%	44.4%	2.5%	17.3%
Life/Funeral Cover	1.2%	1.2%	56.1%	12.2%	2.4%	26.8%	2.4%	14.6%
Study Assistance	2.4%	1.2%	64.6%	7.3%	4.9%	19.5%	3.7%	12.2%
Leave Allocation	2.4%	2.4%	73.5%	7.2%	3.6%	10.8%	4.8%	10.8%
Car/Travel Allowance	2.5%	2.5%	51.9%	8.6%	1.2%	33.3%	4.9%	9.9%
Paternity Benefits	1.2%	1.2%	74.4%	8.5%	1.2%	13.4%	2.4%	9.8%
Cellphone Allowance	1.2%	1.2%	64.6%	7.3%	1.2%	24.4%	2.4%	8.5%
Long Service Awards	1.2%	1.2%	68.3%	6.1%	2.4%	20.7%	2.4%	8.5%
Maternity Benefits	1.2%	1.2%	77.1%	7.2%	1.2%	12.0%	2.4%	8.4%
Family Responsibility/Compassionate Leave	2.4%	1.2%	81.9%	3.6%	1.2%	9.6%	3.6%	4.8%
Average	1.8%	1.9%	56.8%	14.8%	5.1%	19.7%	3.6%	19.8%

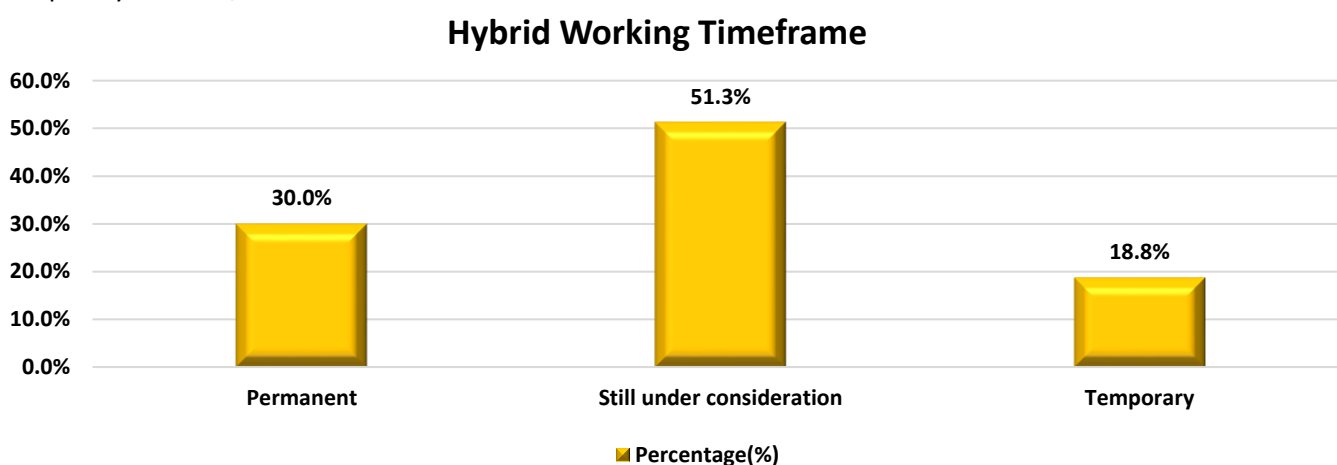
54.9% of respondents are increasing their salary & wage bill. Flexibility in working hours has also remained a major component of the interventions introduced by organisations to accommodate working parents and essential workers, to avoid large congregations in response to the latest Level 1 Covid-19 restrictions. Use of cutting-edge technology is as always, seen as a massive priority as organisations keep up the momentum, to ensure that they and their workforces are sufficiently prepared for the new ways of work. A large portion of organisations also indicated that they are increasing their focus on providing learning opportunities (33.7%) for workers that need to be upskilled quickly in order to help organisations adapt to new requirements.

7. Hybrid Working (Working in office and Working from home)

The following graph indicates the percentage of organisations that have a hybrid working policy in place:



The following graph indicates whether organisations will use a Hybrid working model permanently, use it as a temporary solution, or whether it is still under consideration:



The following table indicates how often employees are required to work in the office:

Frequency of Days per week by job category	Executive	Management	General Staff	Unionised Staff
1 Days per week	27.8%	19.5%	14.6%	11.9%
2 Days per week	15.2%	18.3%	15.9%	13.6%
3 Days per week	30.4%	25.6%	15.9%	13.6%
4 Days per week	10.1%	11.0%	6.1%	3.4%
5+ Days per week	16.5%	25.6%	47.6%	57.6%

The following table indicates the percentage of responses, in order to outline the importance of tools and resources that employees require, to work from home effectively as they would in the office space:

Work from home Tools and Resources	Strongly Disagree	Disagree	Agree	Strongly Agree
Staff members have all the necessary tools and resources to effectively work from home, as they would in the office	3.6%	12.0%	43.4%	41.0%

WHY EMERGENCE HUMAN CAPITAL?

Emergence is dedicated to providing expert Human Capital, Reward & Learning Solutions.

Talk to us about how to unleash performance by better attracting, rewarding, engaging, developing and retaining highly skilled & talented people.

All solutions design & consulting services are based on proven methodologies and a deep set of research & IP. Our extensive network of African offices is underpinned by tools, technologies and skills that allow us to tailor-make lasting and pragmatic solutions for your most complex and pressing HR problems.



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8. Profile - Emergence South Africa



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Emergence Human Capital is a specialist Human Capital, Reward and Learning solutions provider. We specialise in enabling greater performance by assisting organisations to better attract, reward, engage, develop, and retain highly talented people. We base our solutions design on a deep set of research and IP within various areas of expertise. Strengthened by a network of offices across Africa and underpinned by appropriate skills, tools, technology and resources, we offer lasting solutions for your most complex and pressing problems.

We understand the importance of getting the right people in the right place at the right time – a critical part of our success is matching the

skills of our consultants to the requirements of each client, for each component of work, in every project.

Our services are summarised as follows:



Emergence Growth South Africa is a level 2 B-BBEE Contributor.

CSD Registration Number: MAAA0392839

We are members of the following associations:



As an independent third party, we are able to present an objective and unbiased standpoint without fear of pressure for promotion of a particular solution / outcome.

Strategic Partnerships

Our partners include a number of highly regarded global consulting, reward, legal and learning solutions providers. These partnerships give us unsurpassed reach, capacity and capability in the most remote countries. Together, we provide access to specialised market intelligence in over 180 countries.

9. Conclusion

We would like to thank you for the opportunity of submitting this Increases and Short Term Incentives report. We look forward to the possibility of working with your organisation on other important projects and/or discussions. Should you have any queries or would like to discuss any aspect of this report, please do not hesitate to contact us.

Submitted on behalf of Emergence Human Capital by:



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