

REM
channel

01

**FINDINGS OF THE 2023 APRIL BI-ANNUAL
SALARY AND WAGE MOVEMENTS SURVEY**



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René Richter, Managing Director, Remchannel (Pty Ltd) has more than 27 years' experience in reward consulting comprising of remuneration trend surveys, job architecture, pay structuring and remuneration management. She was a founding member of the REMchannel on-line salary survey which provides invaluable remuneration trend information to more than 740 clients in South Africa, Namibia and Swaziland.

POPULATION

15-64YRS | 40.5m



LABOUR FORCE

23.7m



EMPLOYED

15.9m

FORMAL SECTOR (non-agricultural)	11m
INFORMAL SECTOR (non-agricultural)	3m
AGRICULTURE	860k
PRIVATE HOUSEHOLDS	1.1m



UNEMPLOYED

7.8 m



NOT ECONOMICALLY ACTIVE

16.8m

DISCOURAGED WORK - SEEKERS	3.4m
OTHER (not economically active)	13.4m

RATES
(%)

32.7%

UNEMPLOYMENT RATE

39.3%

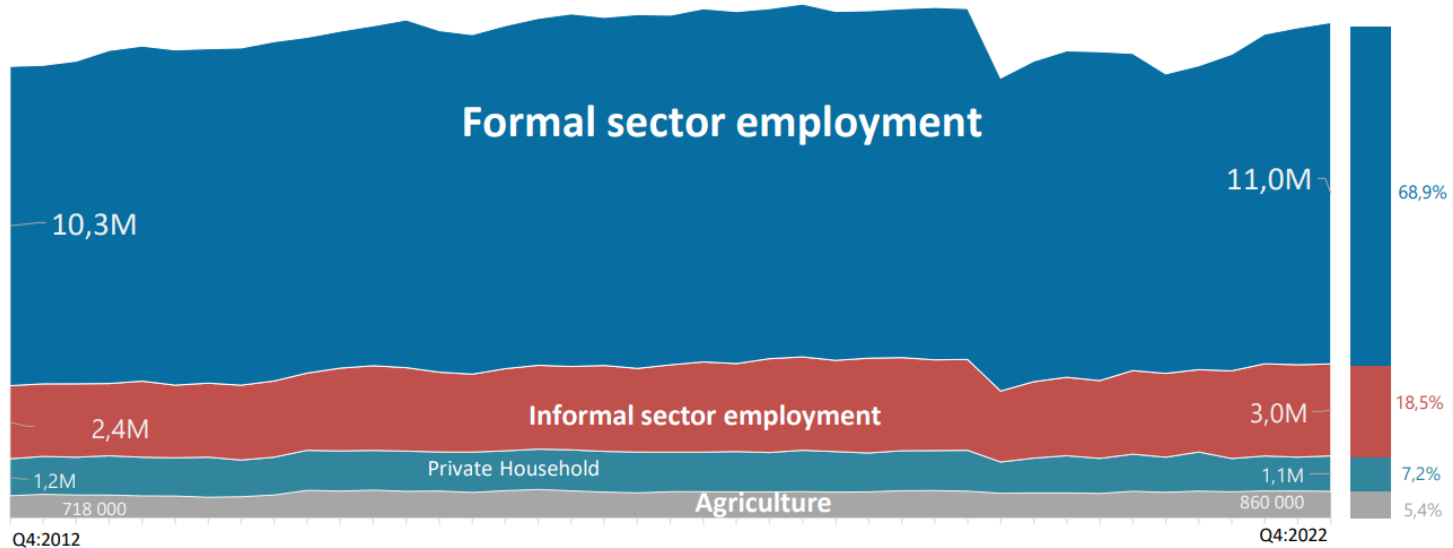
EMPLOYED/POPULATION RATIO (absorption)

58.5%

LABOUR FORCE PARTICIPATION RATE

Change in employment statistics over 10 years

Employment share by sector, Q4:2012 to Q4:2022





1

Survey sample and methodology

RESEARCH METHODOLOGY



Solicit participation – Remchannel
clients and non clients



Analyse and
report data

Extensive validation
of data submissions

SURVEY SAMPLE BY ECONOMIC SECTOR

- ▶ 65 participants
- ▶ 49.2% unlisted
- ▶ 30.8% JSE Listed
- ▶ 10.8% Government/quasi government
- ▶ 9.2% dual listing/international listing

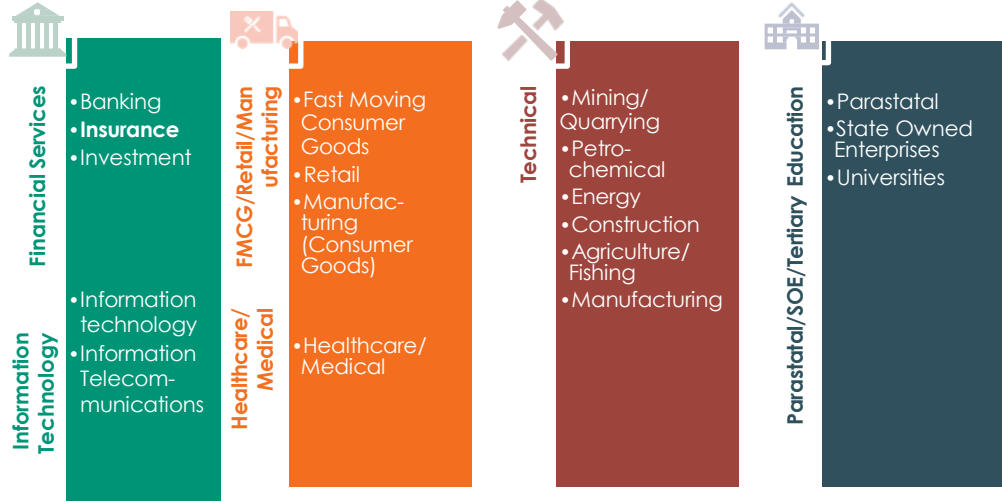
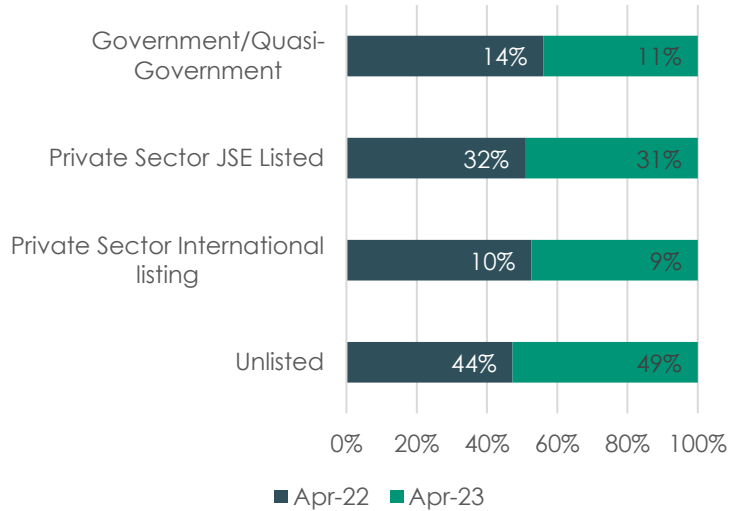
Other sources:

REMchannel online salary survey (more than 1 million data points), 4-day work week survey



Survey sample by economic sector

April 2022 versus April 2023 research sample



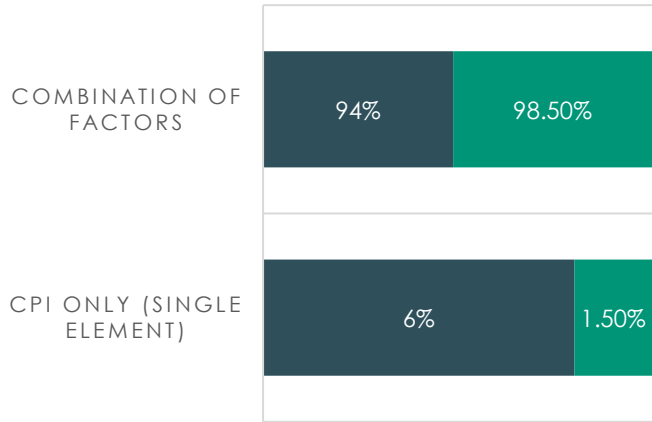


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Salary increases

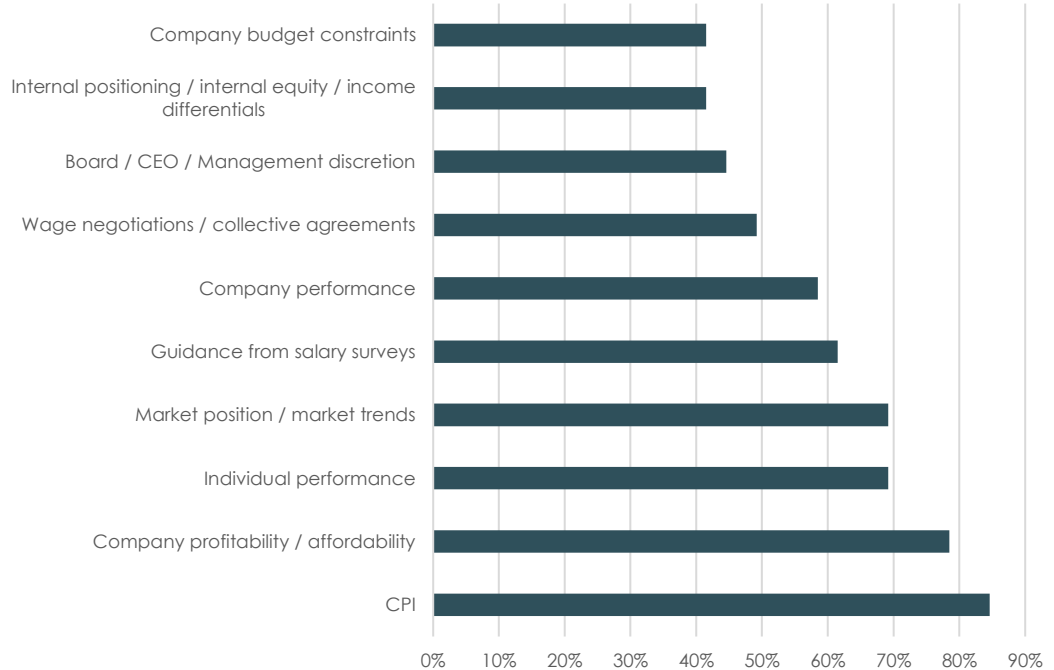
Determining salary increases

■ 2022 Percentage of participants
■ 2023 Percentage of participants



CPI no longer the only driver in determining increases.

Top 10 considerations in terms of salary increases

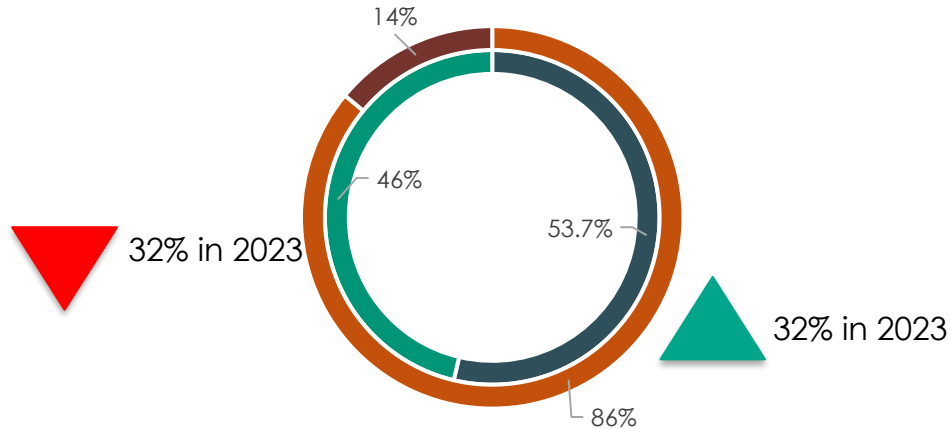


INCREASE POLICY – PER EMPLOYEE LEVEL

Policy criteria	Executives	Management	General staff	Unionised staff
Policy 1 - Combination of inflationary increase and individual performance	56.3%	56.3%	54.1%	9.7%
Policy 2 - Increase is negotiated regardless of individual performance	3.1%	3.1%	9.8%	67.7%
Policy 3 - Increases are not guaranteed and based solely on individual performance	18.8%	18.8%	14.8%	-
Policy 4 - Inflationary increases only i.e., no individual performance measure	20.3%	20.3%	19.7%	16.1%
Policy 5 – Other	1.6%	1.6%	1.6%	6.5%

Managing internal equity and fair pay is not only a regulatory requirement in terms of the Employment Equity Act but a focus area for the remuneration committees of organisations.

The majority of participants (66.2%) indicated that they differentiated between top performers and other levels of performance in terms of the increases granted.



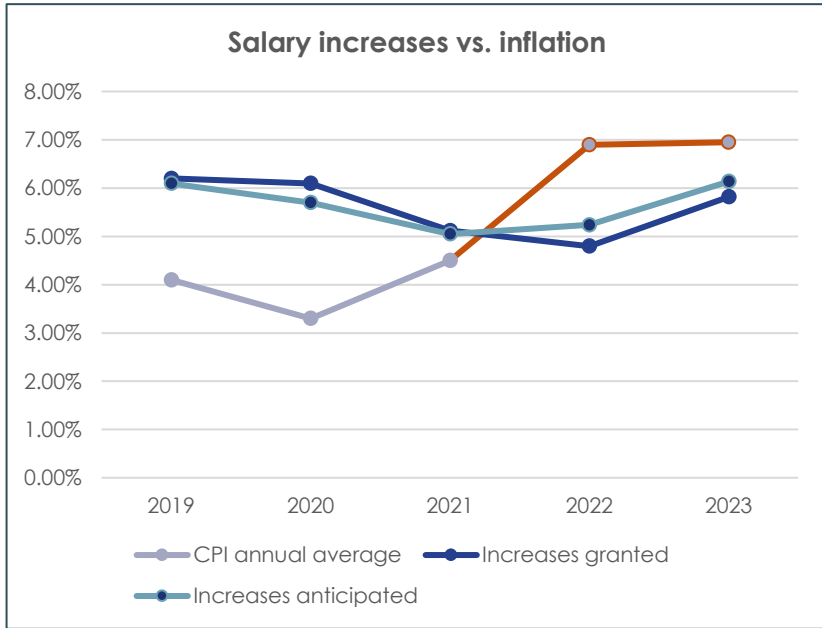
■ Top performers were awarded % higher than norm ■ No differentiation

100%

% top performers rewarded through a the short-term incentive scheme

56.1% in 2022

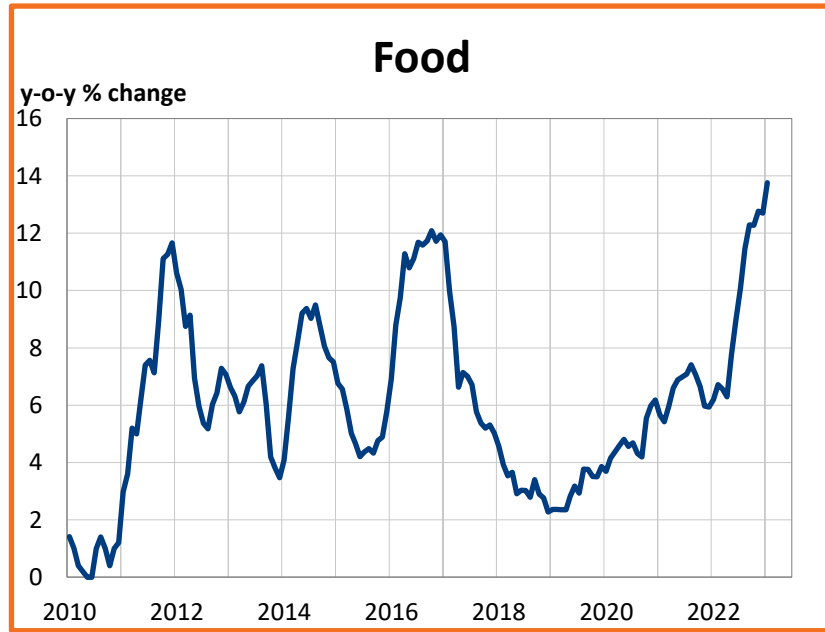
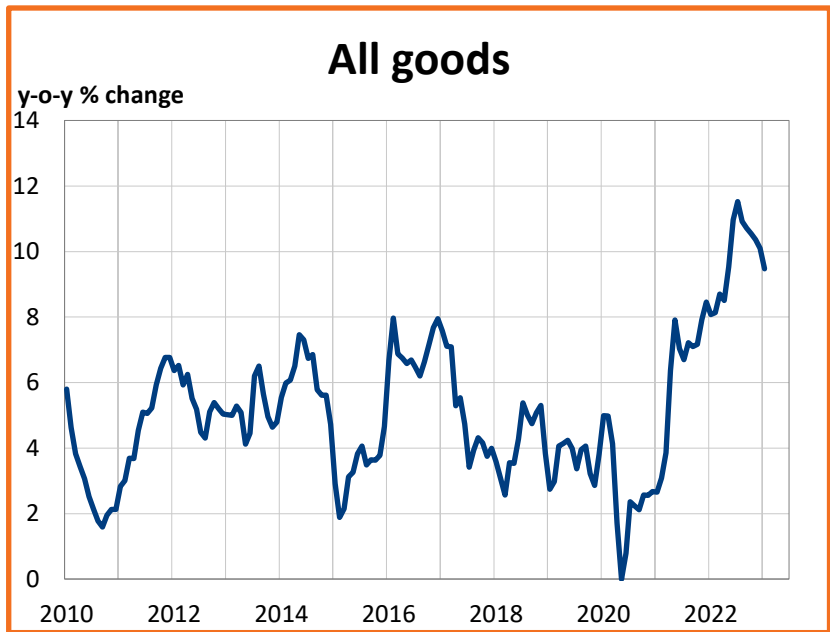
ECONOMIC REALITIES AND THE RELATION TO INCREASES



Historic and predicted increases for the 5 year period April 2019 to April 2023

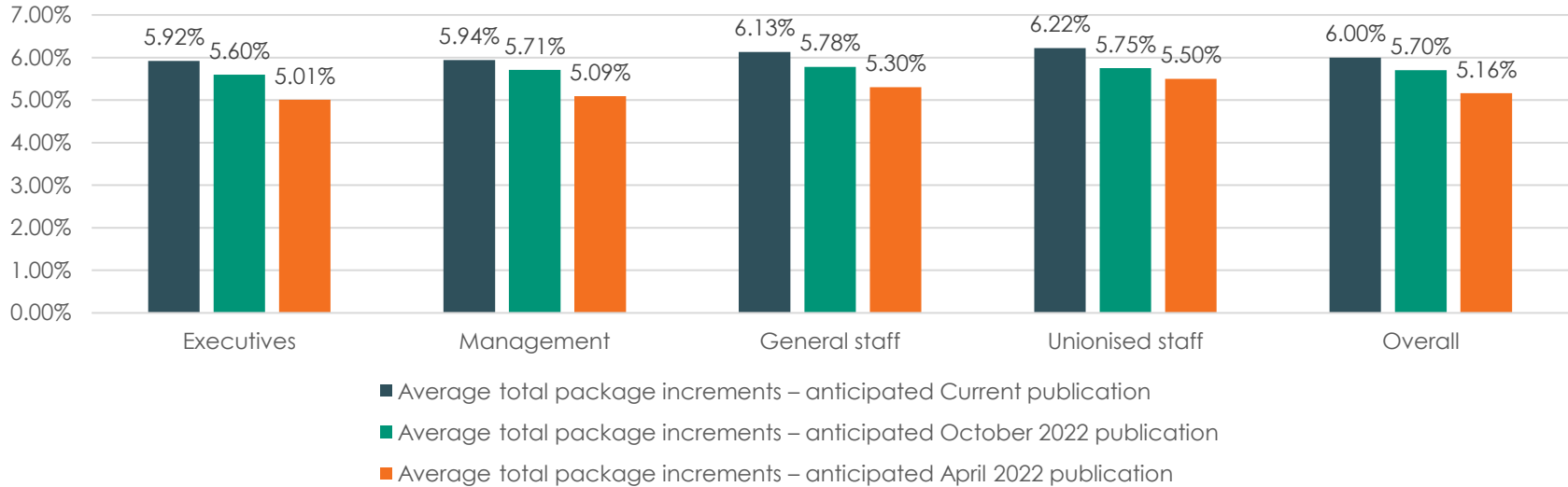
Year	Increase granted	Increase predicted
2019	6.2%	6.1%
2020	6.1%	5.7%
2021	5.12%	5.05%
2022	4.80%	5.24%
2023	5.82%	6.14%

CORE INFLATION VERSUS CONSUMER REALITIES



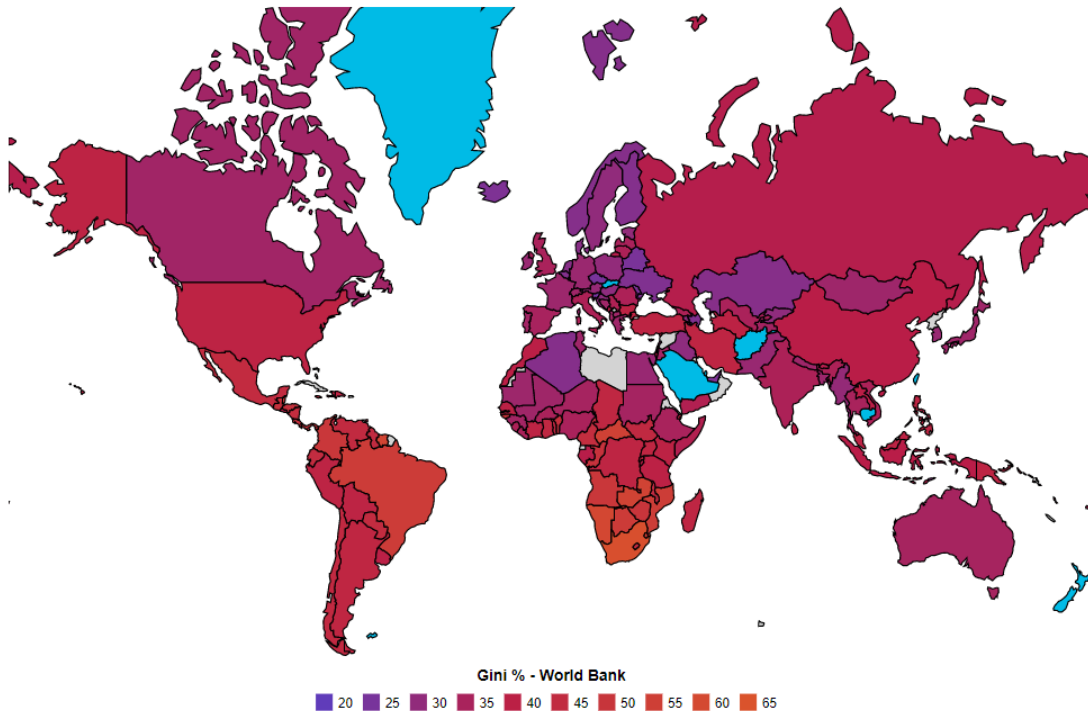
INCREASE PERCENTAGES RISING BUT NOT KEEPING UP WITH INFLATION

Predicted increases 2022 versus 2023



Income inequality

Gini Coefficient by Country 2022



According to the World Bank, South Africa has the largest unemployed population in the world (2020 statistics). This has recovered slightly post the pandemic.

Based on the REMchannel online salary survey database of more than 1 million data points, the **employed** national **guaranteed package** Gini is 44.29%

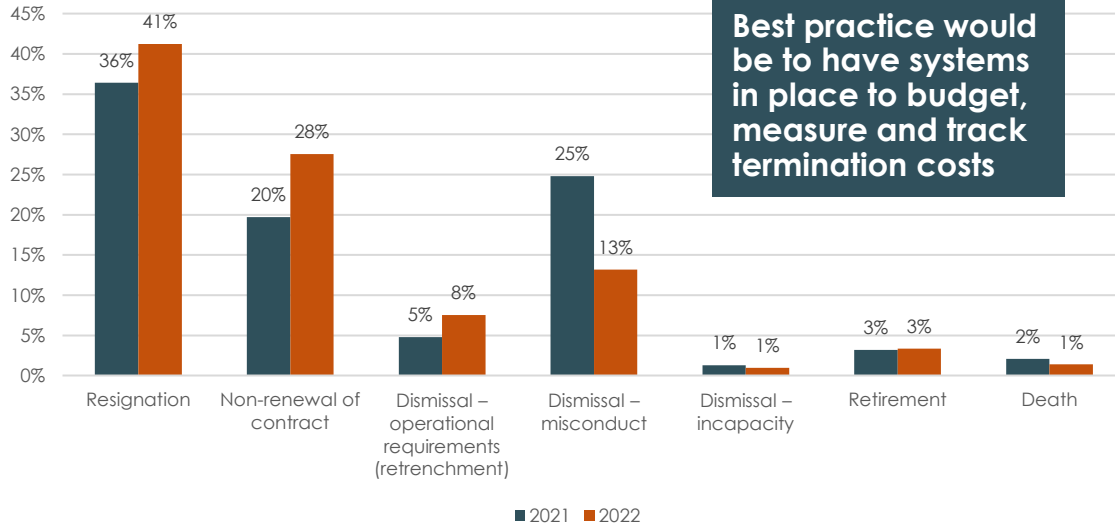
3

The “Great Resignation”



Labour turnover costs SA companies billions

Turnover by category – 2021 versus 2022



Trend the same as in October 2022.

41% resignations – total sample 343,097 employees, and average turnover rate 16.6%. This means that just over 23000 employees resigned from 65 companies in the past 12 months.

Cost implications: Assume that most are professional staff at average annual salary of 650k. Conservative cost 1 x annual salary (recruitment, HR, assessments etc.) to replace employees, costs a staggering 15.1 billion rand. Misconduct will cost the participants 4.8 billion if the same assumption is made.

54.7% of the participants in the survey are not measuring the cost of labour turnover

REASONS FOR TERMINATIONS

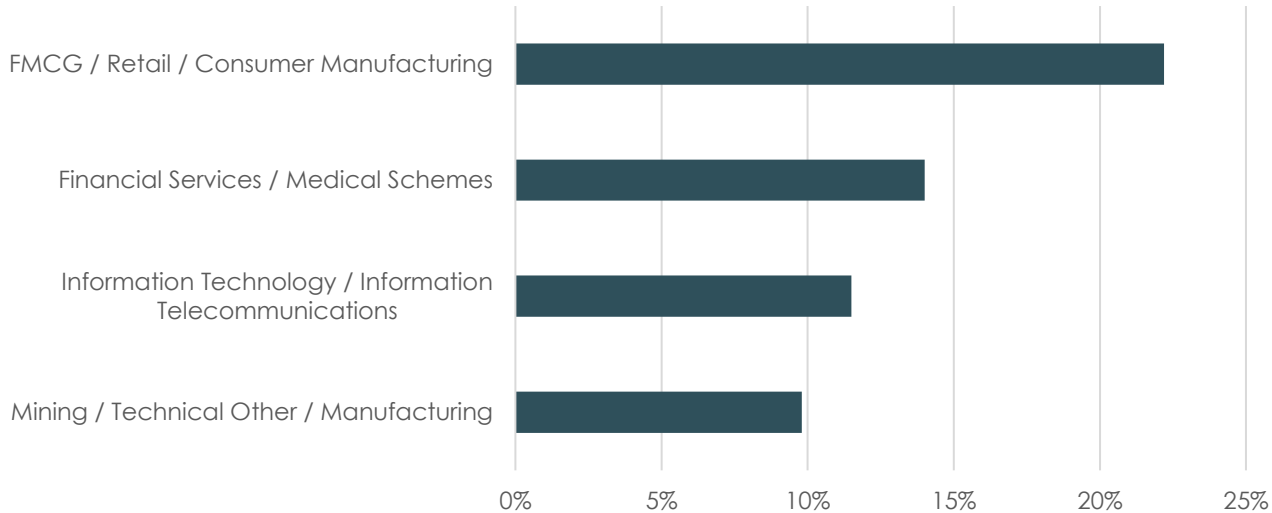


Key take outs:

Employee value proposition and retention:

- **44%** of employees resigned due to **better career prospects, higher remuneration and improved employment conditions.**
- **9%** experience a **toxic workplace**
- **20%** of employees experience **burnout, stress, changing careers or emigrating.** Some of these quoted personal reasons in their exit interviews.

LABOUR TURNOVER BY INDUSTRY SECTOR



2022 versus 2021:

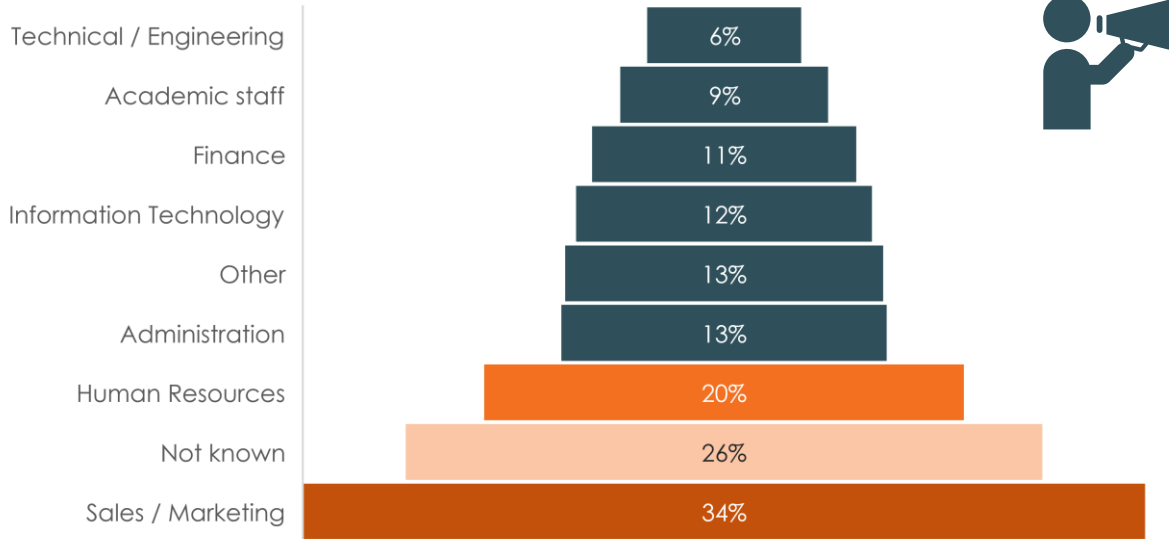
Mining: 2.5%

Information technology
4.7%

Financial Services 3.9%

FMCG/Retail up 7.3%

LABOUR TURNOVER BY DISCIPLINE



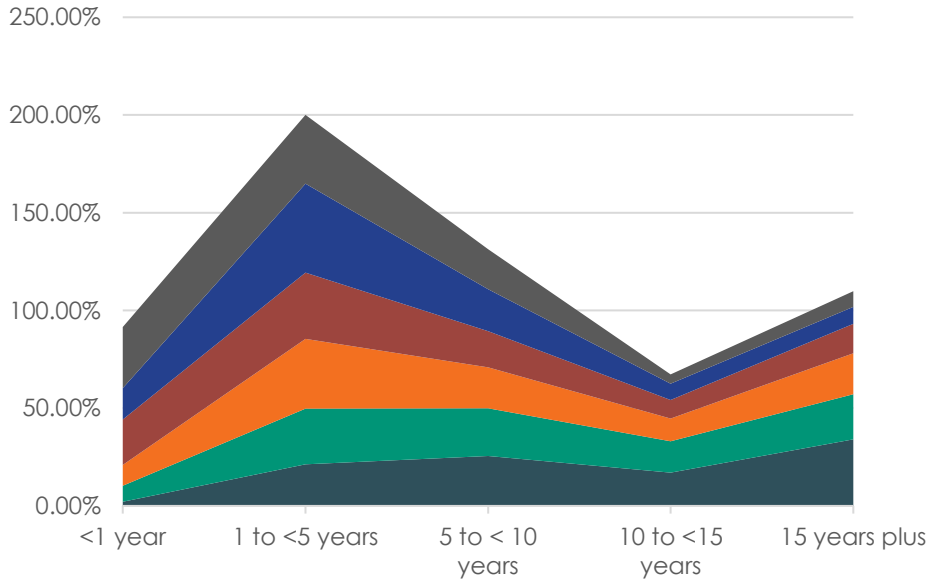
Continued impact of COVID-19 on Human Resources professionals – could this be the reason why the percentage is so high? Or alternatively these are seen as scarce skills in the market.

Sales and marketing – this includes all reasons and may also be attributed to the greater focus on marketing to ensure organisational growth.

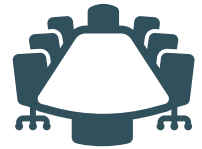
Of concern is the “Not Known” category percentage. Does this mean that organisations are not tracking key loss of skills as accurately as they can?



TERMINATIONS BY LENGTH OF SERVICE



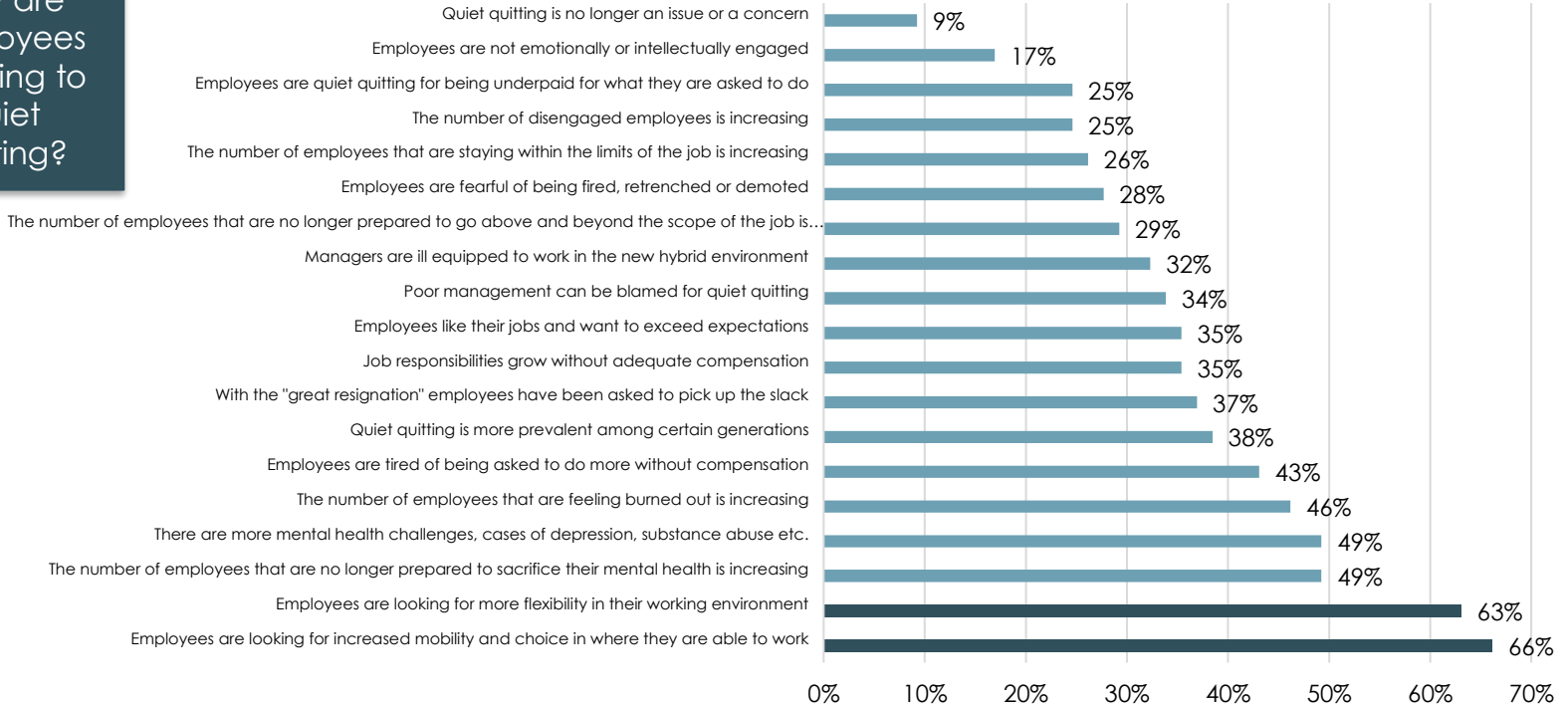
- Unskilled and defined decision-making
- Semi-skilled and discretionary decision-making
- Skilled technical and academically qualified employees
- Professionally qualified and experienced specialists
- Senior management
- Top management / executives



Over the past 3 years we have seen the greatest loss of skills with more than 15 years experience in the top management category

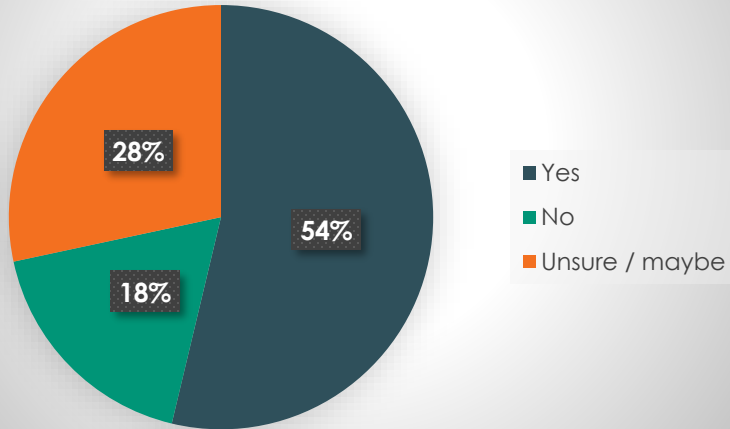
Responses to "Quiet Quitting"

Why are employees resorting to quiet quitting?

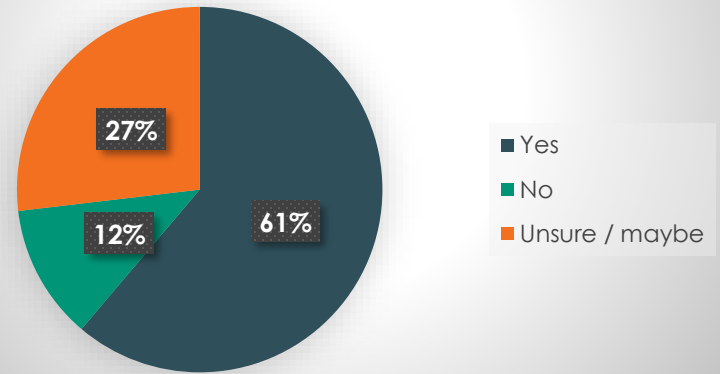


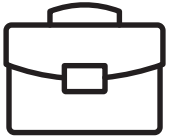
Reduced work week – what does the research say?

Will a 4-day work week lead to cost savings?



Will a 4-day work week lead to increased productivity?





Employers need to
rethink their EVP



Talent retention
remains top of mind



We need to
consider
sustainability



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