

# HR

# Quarterly

May 2011

*A quarterly journal  
published by PwC  
Remchannel South Africa  
providing informed  
commentary on current  
developments in the  
Reward arena both  
locally and  
internationally.*

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### **From the team**

## **Passionate about delivery and service excellence**

***As we are entering the second quarter of 2011 we recognise that our clients continuously keep us facing in the right direction. We value each and every client equally and your needs drive our search for innovate reward solutions and product offerings.***

***We remain passionate about reward and the contribution that we can make in assisting you with your day to day decision-making in the remuneration arena.***

***If you require our assistance, please do not hesitate to call on us!***

***The PwC Remchannel Team***

***If we are facing in the right direction, all we have to do is keep on walking.***

# Economic overview and general staff salary increases

*Overall the economy has shown positive signs in terms of recovery with interest rates remaining stable and the real economic indicators such as retail and wholesale sales volumes increasing with 8.4% and 6.5% respectively. Sales volumes for new passenger cars increased with 32% from January 2010 to December 2010.*

The headline CPI (Consumer Price Index) annual inflation rate in January 2011 was 3.7%. This rate was 0.2 of a percentage point higher than the corresponding annual rate of 3.5% in December 2010. On average, prices increased by 0.4% between December 2010 and January 2011. Although these percentages are marginal, the fuel price increases of 10.8% in the same corresponding period and the anticipated further increases due to the turmoil in Libya will impact the producer inflation and of course CPI in the coming months.

The unemployment rate in 2010 decreased with 0.2% but the labour force that are not economically active increased with 5%. What is interesting is that the discouraged work seekers increased with 25.7%. It is anticipated that a rate increase will be announced in the 4th quarter of 2011 and this will of course contribute to increased CPI and salaries and wages. The table below

reported in this table was collected over the past 12 months.

The labour turnover analysis in the March 2011 Salary and Wage movement survey indicated that the labour turnover percentage was on average 11.21% with the highest turnover percentage reported in the Financial Services Industry Sector over the past 12 months.

Remuneration Structure	Percentage Increases			
	Last 12 months		Next 12 months	
	Mean	Median	Mean	Median
Basic Cash	8	8	7.3	7.3
Flexible Package	8.1	8	7.8	8
Total Package	7.6	7.3	7.2	7

contains the anticipated mandated increases as reported in the January 2011 publication of Remchannel.

It should be noted that Remchannel is a *rolling database* and the data

For more information, or a copy of this report, please contact Louna Robbertse at [louna.robbertse@za.pwc.com](mailto:louna.robbertse@za.pwc.com). Please note that terms and conditions apply.

## Immigration compliance - keeping you in the saddle

*Immigration compliance in many African countries has become increasingly onerous for expatriate employees and their employers. We have made a significant investment in people, process and technology to deliver customised inbound and outbound immigration solutions and project management services.*

We provide you with a specialist immigration practice in South Africa comprising some of the most experienced practitioners in the country. We also have the ability to provide you with the benchmarks required in the work permit application process.

Our footprint in Africa is unsurpassed: 70 offices in 31 countries, ensuring that we can fully support any future expansion of your business into Africa.



For assistance with immigration, please contact Stephen Marlin at +27 11 797 5534 or [stephen.marlin@za.pwc.com](mailto:stephen.marlin@za.pwc.com).



## Rewarding Excellence

# The SARA Awards

*For most reward professionals rewarding excellence means developing a reward strategy and implementing associated measures such as a performance management system, incentive schemes and recognition schemes.*

Reward professionals often do not get the recognition that they so richly deserve. PwC Remchannel has sponsored the SARA (South African Reward Association) reward awards for a number of years.

These prestigious awards recognise reward professionals in Southern Africa for their exceptional contributions to the profession in the following categories:

### *The Strategist Title*

There are individuals who fight at the top of their class and have been responsible for the development and implementation of complex reward systems and frameworks within broad strategic guidelines. The role requires professional or management

acumen and the impact horizon would typically be longer than 12 months.

### *The Practitioner Title*

The training has paid off and they've gone the distance and been accountable or actively involved during the enhancement, implementation and/or maintenance of reward systems of a procedural nature. Detailed knowledge of company policies pertaining to these procedures would be required. The work is performed within provided guidelines and typically would have an impact horizon of 2 – 12 months.

### *The Team Title*

Stepping into the ring with their eyes on the title an organisation may nominate a team in recognition of the achievement of defining and implementing innovative reward practices. These projects could be of a strategic or operational nature.

The winners of each category will not only receive a cash prize of R20,000 but will also be recognised as outstanding title holders in the reward arena.

To nominate your contenders in one or more of the categories submit your nominations by 18 August 2011.

*If you require more information please contact Peet Kruger at [peet.kruger@za.pwc.com](mailto:peet.kruger@za.pwc.com).*

## **And now introducing: The Remuneration Report Award**

*PwC encourages and supports good governance. Which is why we believe excellence in reporting on remuneration issues, to promote trust and transparency in the area of remuneration, should be recognized. We are proud to announce our sponsorship of such an award - The Remuneration Report Award - to be presented at the 2011 SARA Reward Awards.*

The winning remuneration report provides clear and concise disclosure of the company's remuneration policy and its application. As well as having regard to the requirements of legislation and corporate governance principles, the report provides evidence of a manifest commitment to best practice and communicates how the company's approach to remuneration supports its business strategy and aligns the interests of its executives with those of its shareholders.

Remuneration reports published prior to 30 June 2011 and in respect of financial years ending on or before

31 March 2011 will be eligible for nomination.

Please submit your nominations by 8 August 2011.

On Saturday 29 October, at Gallagher Estate, the winners will be announced. To book your places for this prestigious event please visit the SARA website at [www.sara.co.za](http://www.sara.co.za).

*Contact Nia Davies on [nia.davies@za.pwc.com](mailto:nia.davies@za.pwc.com) for more information.*

## And how do you rate us?

*We believe that continuous improvement is a given part of our processes. We ensure that our clients complete satisfaction questionnaires in all areas of the business and we encourage honest feedback.*

Here are some of the results for 2011:

*The value of Remchannel as a tool:* 95% of our clients rated us either good or excellent.

*The effectiveness of our training staff:* 97% of our clients rated us either good or excellent.

*The value derived from user group meetings:* 88% of our clients rated us either good or excellent.

*The knowledge of our staff in their respective areas of expertise:* 98% of our clients rated us either good or excellent.

We would also like to encourage our clients to provide us with suggestions to continuously improve our value proposition.

If you would like to give us further feedback, please contact René Richter at 082 460 4348 or email [rene.richter@za.pwc.com](mailto:rene.richter@za.pwc.com).

## Are you engaging the right employees for the right reasons?

*If these early days of economic recovery show us one thing, it's that companies around the world are committed to getting the most out of their workforces.*



Though productivity rose steadily during the recession, companies may now be paying the price in engagement, which we define as employees' involvement in and commitment to work, and to their company's strategy, mission and value proposition. After the layoffs and salary freezes of recent years, many workers have become stretched and demoralised.

Research shows, and our experience with companies supports - that higher employee engagement links to improved retention, customer loyalty, revenue, sales and profit.<sup>1</sup>

But not all roles are equal, and organisations that strive to raise engagement among all their people may be failing the ones who make

the biggest difference to the business.

In our thought leadership publication *Engaging your pivotal talent* the following key findings are addressed:

Companies often focus on retaining star performers or leadership talent, overlooking pivotal roles - jobs that have an outsized ability to create (or destroy) the value customers expect.

***Higher employee engagement links to improved retention, customer loyalty, revenue, sales and profit***

Focusing on engaging pivotal roles, not just key people, can help improve retention, while also improving company performance.

It's important to understand what people in pivotal roles want from their work, and to find creative ways to motivate them. For some, non-financial incentives can work better than more money.

*To obtain a copy of the thought leadership publication please contact René Richter at [rene.richter@za.pwc.com](mailto:rene.richter@za.pwc.com).*

<sup>1</sup> J.K. Harter, et al., "Causal Impact of Employee Work Perceptions on the Bottom Line of Organizations," *Perspectives on Psychological Science*, 5, 378-389, 2010.

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## ***PwC Remchannel Surveys***

# ***New survey participants!***

*We extend a warm welcome to the following companies who have joined our list of discerning South African survey participants since January 2011.*

Adcorp Holdings  
Aircom International  
Altrisk (Pty) Ltd  
AVI Limited  
Bidvest Financial Services  
Black Mountain Mining (Pty) Ltd  
Boynton Investments (Pty) Ltd  
Cape Union Mart International (Pty) Ltd  
Central University of Technology, Free State  
China Construction Bank JHB Branch  
Clientèle Ltd  
Compath (Pty) Ltd (Pathcare)  
Edward Snell & Co Ltd  
Exiliti Services  
FFS Refiners (Pty) Ltd  
GPI Management Services (Pty) Ltd  
HCI Khuysela Coal  
Karbochem (Pty) Ltd  
KZN Research Institute for Tuberculosis & HIV  
Letseng Diamonds  
Pensinsula Beverage Company (Pty) Ltd  
SA Pharmacy Council  
SDT Financial Software Solutions (Pty) Ltd  
Shell SA Marketing (Pty) Ltd  
Telesure Investment Holdings (Pty) Ltd  
Tenova Pyromet  
University of South Africa  
Unispan Formwork & Scaffolding  
Vukani Gaming Corporation (Pty) Ltd



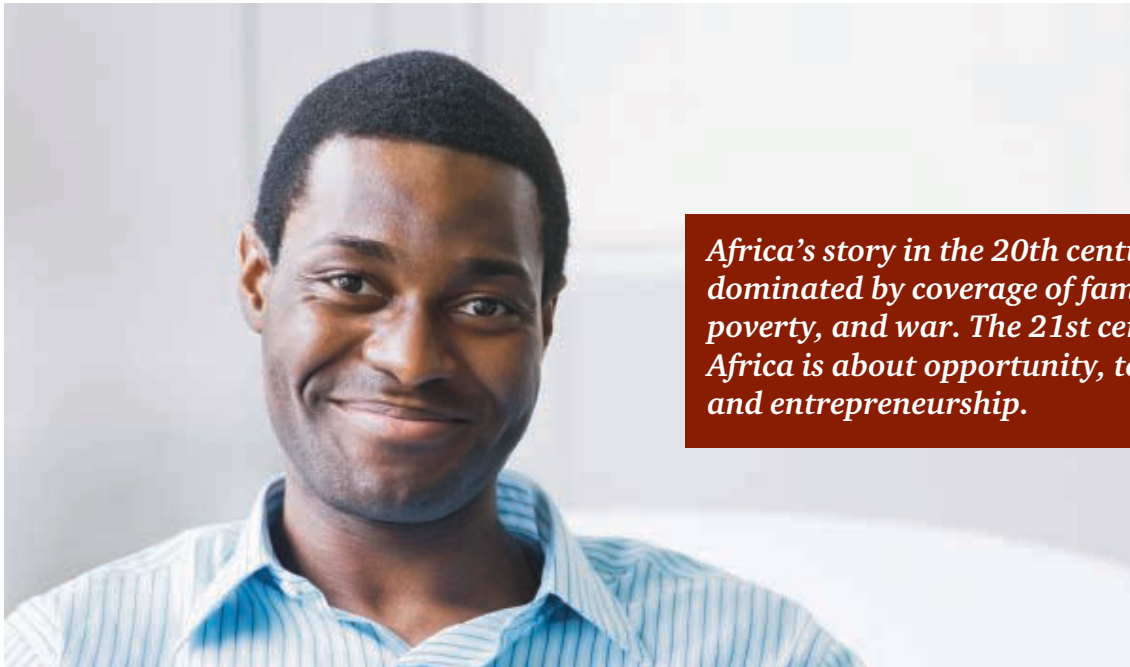
*If you would like to obtain an updated client and Key Account Manager list please contact Margie Manners at 0861 SALARY or +27 11 468 2639. You can also extract the participant list from the PwC Remchannel system if you subscribe to the on line survey or alternatively download the client list from [www.remchannel.co.za](http://www.remchannel.co.za).*

# Remuneration package structuring by industry sector

*The PwC Remchannel on line survey provides participants with a myriad of reports to ascertain industry trends. The table below provides an analysis of the manner in which organisations structure remuneration packages by industry sector.*

What is evident is that the majority of the Financial Services and Information/Communications sectors structure remuneration on a Total Package basis for all staff categories with the exception of Unionised staff. Not surprisingly the Fast Moving Consumer Goods, Manufacturing and Retail industry sectors tend to manage remuneration on a Basic Salary plus add on basis. Less than 50% of the participants in these industry sectors manage Executive remuneration of a total package structure.

Remuneration Package Structure	Executives	Management	General Staff	Unionised Staff
<b>NATIONAL ALL INDUSTRIES</b>				
Basic Salary	20.92	24.64	35.24	67.69
Flexible Package	10.32	9.46	8.02	4.62
Total Package	68.77	65.9	56.73	27.69
<b>FINANCIAL SERVICES</b>				
Basic Salary	7.32	7.32	12.2	43.24
Flexible Package	6.5	5.69	5.69	2.7
Total Package	86.18	86.99	82.11	54.05
<b>FAST MOVING CONSUMER GOODS</b>				
Basic Salary	57.89	57.89	78.95	92.86
Flexible Package	5.26	5.26	5.26	0
Total Package	36.84	36.84	15.79	7.14
<b>INFORMATION/COMMUNICATIONS</b>				
Basic Salary	7.14	7.14	7.14	75
Flexible Package	14.29	14.29	14.29	0
Total Package	78.57	78.57	78.57	25
<b>MANUFACTURING</b>				
Basic Salary	35.14	37.84	59.46	76.47
Flexible Package	13.51	13.51	8.11	2.94
Total Package	51.35	48.65	32.43	20.59
<b>MINING</b>				
Basic Salary	32.31	33.85	50.77	77.36
Flexible Package	13.85	13.85	10.77	5.66
Total Package	53.85	52.31	38.46	16.98
<b>RETAIL</b>				
Basic Salary	29.41	47.06	70.59	91.67
Flexible Package	23.53	17.65	17.65	8.33
Total Package	47.06	35.29	11.76	0
<b>HIGHER EDUCATION</b>				
Basic Salary	18.52	51.85	51.85	61.90
Flexible Package	11.11	7.41	7.41	9.52
Total Package	70.37	40.74	40.74	28.57



*Africa's story in the 20th century was dominated by coverage of famine, poverty, and war. The 21st century Africa is about opportunity, technology and entrepreneurship.*

## **PwC Remchannel Africa expansion strategy**

*During the merger announcement we provided our clients with a vision of expanding into Africa. The model is quite simple: replicate the PwC Remchannel offering in specific East, West and Southern African countries over the next three years.*

To achieve this vision we will have to ensure that clients in each of the African countries have access to the expertise required to provide a holistic reward solution. We will utilise our current infrastructure in these specific countries to replicate the model and we have already made great progress in Namibia, Botswana, Mozambique and Kenya.

We are in the process of partnering with our PwC offices in the African countries and identifying specific resources to train. Initially we envisage that the expansion will focus on market benchmark data, utilising the collection methodology which we have become known for in South Africa.

This will ensure that our clients have access to quality market benchmark data for specific positions in each of the African countries. This offering is vastly different from the information which is currently available in these countries as most of the published information is based on job level and not job content.

Carol Shepherd and Gary Seath will be responsible for the expansion and if you require more information on the methodology or progress made please contact them: [carol.shepherd@za.pwc.com](mailto:carol.shepherd@za.pwc.com) or [gary.seath@za.pwc.com](mailto:gary.seath@za.pwc.com).

## **Is Africa a rewarding continent?**

*According to The Economist, over the ten years to 2010, six of the world's ten fastest-growing economies were in Africa – and looking forward the IMF predicts that for the five years 2011 to 2015, the top ten fastest-growing economies (with population sizes exceeding 10m) will include seven African countries.*

Africa's story in the 20th century was dominated by coverage of famine, poverty, and war. The 21st century Africa is about opportunity, technology and entrepreneurship.

At the first **African Human Resource Services Conference**, PwC and other specialists on HR and Africa will host workshops that cover topics relevant to HR professionals with employees in Africa. Topics include:

The results of an African expatriate remuneration/benefits survey;

The relevance of global Human Capital trends to African employers;

Recent trends in incentive remuneration;

Finding and retaining talent.

**African Human Resource Services Conference  
The Safari Park Hotel  
Nairobi, Kenya**

**18 - 21 September 2011**

For further information please email Alan Seccombe at [alan.seccombe@za.pwc.com](mailto:alan.seccombe@za.pwc.com).

# REMeasure Certification Course is here

**REMeasure is our internet based job evaluation system that provides a quick, easy and balanced method to accurately measure and evaluate any position from Cleaner to Top Executive level. The system allocates a Paterson grade and a point score to the job, which can be correlated to any other public or in-house grading system.**

The REMeasure certification course will equip REMeasure users with the ability and competence to conduct valid and reliable job evaluations applying sound Job Evaluation principles within the context of their own organisations. It addresses a need identified in many organisations where users of the REMeasure system can receive a certificate of competency. At the same time it will enable non-REMeasure users to gain sufficient job evaluation experience to allow them to apply this experience to any other Job Evaluation process and system that they may use in their organisations.

understand the different job evaluation factors used in REMeasure;

navigate the REMeasure system;

evaluate jobs using the REMeasure Job Evaluation system; and

educate line managers within their own organisation regarding Job Evaluation and REMeasure.

## **Assessment**

The certification course will result in REMeasure users being certified to use the REMeasure system to conduct job evaluations. Competence is measured through a comprehensive theoretical and practical assessment at the end of the course.

## **About the facilitator**

Minda Botha holds a Masters in Education and she obtained an Industrial Psychology degree in 1996 from the University of Johannesburg. She collectively has more than 15 years experience in Human Resources Management and Job Evaluation in particular and has successfully implemented Job Evaluation in several organisations including Rand Water, Technikon Witwatersrand and National Development Agency to name a few. She currently heads up the REMeasure unit within PwC Remchannel.

For more information about the Certification Course please contact Minda Botha at [minda.botha@za.pwc.com](mailto:minda.botha@za.pwc.com).



## **Summary of workshop content**

The certification workshop will equip delegates who are certified as competent with the ability to:

understand, explain and apply the principles of Job Evaluation;

understand requirements for compiling an organisation specific Job Evaluation policy;

## *Forthcoming attractions*

*The following thought leadership and survey publications will be released in the coming months. For more information, contact René Richter (+27 82 460 434) or Gerald Seegers (+27 83 655 7097).*

Southern African Compensation Trends Publication  
(June 2011)

Executive Director Trends Publication (July 2011)

Salary and Wage Movement Survey Publication  
(October 2011)

Employee Benefits Survey (December 2011)

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