HR Matters
Namibia Newsletter
First Edition 2022
March 2022

A quarterly newsletter published by PwC Namibia providing informed commentary on current developments in the People & Organisation arena.

To subscribe to this newsletter visit http://www.pwc.com/na/en/tax-services/subscription.jhtml
In this edition

- Non-Executive Directors Remuneration Survey
- Toxic Cultures driving the Great Resignation
- REMchannel Statistics
- How to ignite resilience in your Career and Personal Life
- Retaining Top Performers
- Learn @ PwC | PwC Business School Events
Non-executive directors report 2022
Practices and fees trends report
Topical matters

ESG and Fair Pay

Two years into the COVID-19 pandemic, there remains widespread varying practice (and opinion) with regards to the integration of ESG strategy into executive remuneration structures. Within the Southern African context, the pandemic exposed the glaring social ills to exist and continue to persist in the face of high unemployment rate, macroeconomic volatility, gender and/or race inequality, and other issues. It was unsurprising that 86% of respondents voiced concerns in relation to health risks (inclusive of Covid waves and variants, other chronic illness, mental health and well-being issues) that could impact their companies. This context has also contributed to the increased importance of fair pay, and a telling observation was noted by one NED who said:

“The main struggle for me is the issue of the pay gap between the highest ad the lowest in this country, as it is steeped in the socia-economic and political dynamics of this country. I do not see any strategy or movement towards addressing it”.

Read more in the Survey report

The survey reports on the following content:

- Unpacking board culture
- Estate planning, ESG and Executive Pay
- Are employees among the working poor?
- Fending off the Great resignation: Retaining talent through co-investment
- Regulatory update
- ESG: From apathy to action
- Profile of a JSE Non-Executive Director
- JSE Non-Executive directors’ fees

Click here to download the 2022 Non-Executive Director Report
Toxic Cultures driving the Great Resignation

Research using employee data reveals the top five predictors of attrition and four actions managers can take in the short term to reduce attrition.

Publication by MITSloan Management review Jan 2022
“The Great Resignation”

More than 40% of all employees were thinking about leaving their jobs at the beginning of 2021, and as the year went on, workers quit in unprecedented numbers. Between April and September 2021, more than 24 million American employees left their jobs, an all-time record.

As the Great Resignation rolls on, business leaders are struggling to make sense of the factors driving the mass exodus. More importantly, they are looking for ways to hold on to valued employees.

To better understand the sources of the Great Resignation and help leaders respond effectively, 34 million online employee profiles were analysed by the MIT Sloan School of Management to identify who left their employer for any reason (including quitting, retiring, or being laid off) between April and September 2021.

Toxic corporate culture

A toxic corporate culture is by far the strongest predictor of industry-adjusted attrition and is 10 times more important than compensation in predicting turnover. Our analysis found that the leading elements contributing to toxic cultures include failure to promote diversity, equity, and inclusion; workers feeling disrespected; and unethical behavior.

Top predictors of Employee Turnover during the Great Resignation

was also assessed to assist organisation to understand how to respond effectively.

1. Toxic corporate culture

“ Toxic culture is the biggest factor pushing employees out the door during the Great Resignation.”
2. Job insecurity and reorganization.

Job insecurity and reorganizations are important predictors of how employees rate a company’s overall culture. So it’s not surprising that employment instability and restructurings influence employee turnover.

Managers frequently resort to layoffs and reorganizations when their company’s prospects are bleak. Previous research has found that employees’ negative assessments of their company’s future outlook is a strong predictor of attrition.

When a company is struggling, employees are more likely to jump ship in search of more job security and professional opportunities. Past layoffs, moreover, typically leave surviving employees with heavier workloads, which may increase their odds of leaving.

Another reason job insecurity could predict turnover is related to our measure of employee attrition, which incorporates job changes for all causes — including layoffs and involuntary terminations. We would expect frequent mentions of reorganizations and layoffs to predict involuntary turnover. According to the research, however, involuntary separations have accounted for less than one-quarter of all employee exits among large companies during the Great Resignation.

So it’s likely that poor career prospects and job insecurity contributed significantly to employees leaving on their own accord as well.

3. High levels of innovation.

It’s not surprising that workers leave companies with toxic cultures or frequent layoffs. But it is surprising that employees are more likely to exit from innovative companies. In the Culture 500 sample, we found that the more positively employees talked about innovation at their company, the more likely they were to quit. The attrition rates of the three most innovative Culture 500 companies — Nvidia, Tesla, and SpaceX — are three standard deviations higher than those in their respective industries.

Staying at the bleeding edge of innovation typically requires employees to put in longer hours, work at a faster pace, and endure more stress than they would in a slower-moving company. The work may be exciting and satisfying but also difficult to sustain in the long term. When employees rate their company’s innovation positively, they are more likely to speak negatively about work-life balance and a manageable workload. During the Great Resignation, employees may be reconsidering the personal toll that relentless innovation takes.

Failure to recognize performance.

Employees are more likely to leave companies that fail to distinguish between high performers and laggards when it comes to recognition and rewards. Companies that fail to recognize and reward strong performers have higher rates of attrition, and the same is true for employers that tolerate underperformance. The Issue is not compensation below market rates, but rather recognition — both informal and financial — that is not linked to effort and results. High-performing employees are the most likely to resent a lack of recognition for their results, which means that companies may be losing some of their most productive workers during the Great Resignation.

Poor response to COVID-19.

Employees who mentioned COVID-19 more frequently in their reviews or talked about their company’s response to the pandemic in negative terms were more likely to quit. The same pattern holds true when employees talk more generally about their company’s policies for protecting their health and well-being.
7 Ways to Ignite Resilience In Your Career And Personal Life
We are all feeling extra anxious some days. It’s normal considering what evil twins 2020 and 2021 dished up. The good news is that there are simple practical ways to ease the burden. Here we wish to share 7 Ways to Ignite Resilience In Your Career And Personal Life.

Source: [https://www.gohustle.co.za/how-to-ignite-creativity](https://www.gohustle.co.za/how-to-ignite-creativity)

1. Adopt an opportunity mindset
Adopting an opportunity mindset enables you to make the best of a bad situation by viewing challenges as a chance for growth realignment and success. It doesn’t ask “why the door is closed?” but rather, “How to cut the key that unlocks greatness?”

2. Baby steps
How do you eat an elephant? One bite at a time. Sometimes overcoming an obstacle or achieving a goal can seem insurmountable, but as long as you keep moving forward, victory is within your grasp. Breaking big ideas down into smaller steps allows you multiple small victories to celebrate along the way, making you feel like you’ve accomplished something new and made progress towards your final goal, as well as making those seemingly insurmountable tasks a little easier to stomach. Any step forward, no matter how big or small, is a step in the right direction!

3. Have a game plan
Even though taking it day by day is a necessity during the current turbulence, adopting a rough game plan can also help you prepare for what may come. “Plan for the worst and hope for the best” has never rang more true and if this pandemic has taught us anything, it’s that being prepared for any and every eventuality is underrated.

4. Build a tribe
Networking is imperative to survival, no matter what the weather. Connecting with other co-workers and clients through platforms such as LinkedIn or Facebook groups can help you tap into how others are feeling and what they’re doing to combat the common challenges businesses are facing. This can serve as a support system and a positive community to lean on and collaborate with when the going gets tough.

5. Manage expectations
As with all things, this too shall pass, but we are all feeling the mania of the present too much to always keep the big picture in mind. In a rapidly changing climate, it’s important to manage the expectations of clients and customers through clear communication. Over-promising and walking on a tightrope will only serve to compound already heightened feelings of stress and anxiety. Everyone is in the same boat, so clients tend to be more understanding of setbacks and shortfalls, as long as they are respected with honesty, positivity and constant communication.

6. Know your strengths
When faced with a particularly grueling task, we can often forget the mettle of which we are already made. Know your strengths and those of your team and play to them, be it in accomplishing a common task or strategising a new way forward. Part of being a team leader is knowing who can do what and using those individual talents to the benefit of the group as a whole.

7. Find your Balance
Managing our time and energy is equally challenging and in a time of being ‘always-on’ it only bound to get more challenging. Make an effort to get to know yourself. What restores your energy and what sharpens your mind knowing this on both personal and professional can only make you stronger, savvier and more resilient for the challenges to come.
Competitive and Equitable Pay - *Let’s Talk Salary Structures*

Offering a comprehensive remuneration package, can assist in getting top talent. While every organization’s remuneration packages differ, here are some components to consider:

- **Basic Cash**
  - This refers to the Basic Cash Component of the TGP

- **Annual Bonus (13th Cheque)**
  - This refers to the annual guaranteed / savings bonus included in the TGP

- **Retirement Fund Benefits**
  - This refers to the retirement fund benefits included in the TGP (Pension Fund, Provident Fund)

- **Medical Aid Benefits**
  - This refers to the Medical Aid Contributions included in the TGP.

- **Company Vehicle Benefits**
  - This refers to any company car benefits included in the TGP.

- **Housing Allowance / Subsidies, Free or Cheap Housing**
  - This refers to Housing Benefits included in the TGP

- **Other Cash Benefits**
  - This refers to any other cash benefits paid through payroll.

- **Telecoms**
  - This refers to any telephone or Internet Allowances included in TGP.

- **Other Non - Cash benefits**
  - This refers to any other non-cash benefit that can be converted into a cash value included in TGP

- **Group Life**
  - This refers to group Life Insurance Contributions included in TGP

- **Entertainment Allowance**
  - This refers to Entertainment benefits included in TGP.

- **Car / Travel Allowance**
  - This refers to any Car or Travel Allowances included in TGP.

Payments and Benefits included in TGP are all fixed and regular of nature and are normally exact Values. Employees are entitled to these payments and benefits every month.
How does the market structure their remuneration?

Organizations can use market data in order to design salary structures that speak to their needs. Here are some statistics from the REMchannel salary survey data reflecting how the market currently structures their salaries by employee category.
General Staff

Performance / Incentiv... 2.1%
Retirement Scheme 6.2%
Non-cash Benefits 7.6%

Medical Scheme 6.7%
Vehicle Benefits 1.1%

Cash Benefits 14.4%
Other Cash Benefits 2.5%
Housing Subsidy Allowa... 9.6%

Basic Cash 44.0%
Guaranteed Bonus 2.2%
Salary Structures are an important part of effective compensation and assist in pay equitability externally and internally - How are your salary structures applied, distributed and equitable in order to retain / attract talent?

This reflects the manner in which participants manage their guaranteed remuneration package structures. The move away from Basic Salary plus add-on benefits approach to package structure for senior employees is now an entrenched practice amongst many organizations.
Return to Work
Employees may finally return to the office in earnest this year, but likely not full time. Most workers say they want to collaborate with colleagues in the office sometimes and work remotely at other times—although not if the experience is going to be frustrating due to poor scheduling and disorganized workflow.

Hybrid workplaces come with a host of complex issues around facilities management. Space management technology is essential for a successful hybrid workplace, allowing employers to process real-time data, automate tasks and provide a superior employee experience.

"Space management is much more complicated now than it was previously and will be for the foreseeable future," said Juliana Beauvais, research manager for enterprise asset management and smart facilities at IDC. "For a long time, it was about accommodating volume, to make sure you had enough space for everybody, but now it is more about employee behavior."

What percent of people are expected to be in the office, when will those people come into the facility and what will they need to be productive? Those factors are driving the use of these automated solutions.

The flexibility that comes with implementing a hybrid work model is a critical benefit, but that flexibility comes with an organizational cost. When people show up at the office, they may not know who will be there or what kind of support they will have to do their job.

Many employers with hybrid arrangements will find they have more space than they need, providing an opportunity to transform traditional office cubicle setups into more collaborative areas. "Flexible spaces for people to meet will be a big part of every hybrid company’s strategy," she said.

For the employee, it’s about providing a great experience and making sure that if someone is coming into the office, that they have a dedicated place to work that day, they have visibility into who is also in the office and where they are located, and they are able to easily request services or equipment while onsite.

For the employer, in addition to effectively managing the space, the tools provide the ability to collect data about the behavioral use of the space to inform long-term decision-making.
A passionate community of solvers coming together in unexpected ways.
Learn @ PwC | PwC Business School Events

- **Anti-Money Laundering Training**
  - 8 March 2022
  - [Click to Register](#)

- **Pay Scale Design Training**
  - 9 March 2022
  - [Click to Register](#)

- **Mining Tax Symposium**
  - 14 - 28 March 2022
  - [Click to Register](#)

- **Job Description Writing Training**
  - 23 March
  - [Click to Register](#)

- **Governance, Risk Compliance & Fraud Prevention**
  - 30-31 March
  - [Click to Register](#)

- **Soft Skills Week**
  - 11-14 April

Grow @ PwC: Enroll for a short course at PwC Business School. Training calendar: [www.pwc.com/na/en/events](http://www.pwc.com/na/en/events)
We are a community of solvers combining human ingenuity, experience and technology innovation to deliver sustained outcomes and build trust.

It all adds up to The New Equation.

See how The New Equation can solve for you