

HR Matters

Namibia Newsletter

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

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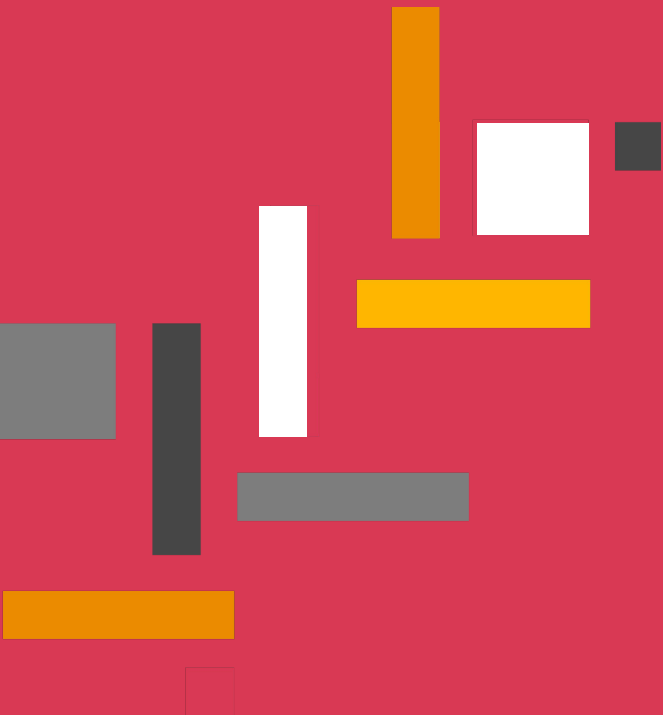
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Non-executive directors report 2022

Practices and fees trends report



Overview

Purpose. Risk. Retention. These are the three themes interlinking remuneration discussions and decisions today. The 15th edition of our Non-executive directors: practices and fee trends report explores how these themes intersect with some of the pressing boardroom topics today - including the urgency of the need for a rapid but just transition to a net-zero economy, and if and how this links to remuneration structures.

Our report also touches on estate planning considerations, the living wage and other fair pay considerations. It is clear that boards need to be agile, and prepared to take courageous action in line with a well-defined purpose. Good chemistry is vital for this, and we explore some of the boardroom biases which may hold boards back from maximum effectiveness.

The report presents an analysis of JSE non-executive fees for the period 1 September 2020 to 31 October 2021, our analysis of the profile of a JSE board today (including gender and race split), and the premium being paid to directors sitting on South African boards, but paid in foreign currencies

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 and the lowest in this country, as it is steeped in the socio-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 MIT Sloan 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.

Top predictors of Employee Turnover during the Great Resignation

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



“Toxic culture is the biggest factor pushing employees out the door during the Great Resignation.”

1. 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.



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.

Short-Term Actions to Boost Retention

The powerful predictors of attrition listed above are not easy to change. A weak future outlook that spurs restructuring and layoffs may be difficult to reverse; it is too late to fix poor response to the pandemic; and a toxic corporate culture cannot be improved overnight. Relentless innovation provides companies like Tesla or Nvidia with a competitive advantage, so they must find ways to retain employees without sacrifice their innovation edge.

Our analysis identified four actions that managers can take in the short term to reduce attrition. (See "Short-Term Steps for Companies to Increase Retention.") As in the graph above, each bar represents the topic's predictive power relative to compensation. This time, the topics predict a company's ability to retain employees compared with industry peers. Providing employees with lateral career opportunities, for example, is 2.5 times more powerful as a predictor of a company's relative retention rate compared with compensation.



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>

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.



Care



Make a difference



Reimagine the possible



Work together



Act with integrity

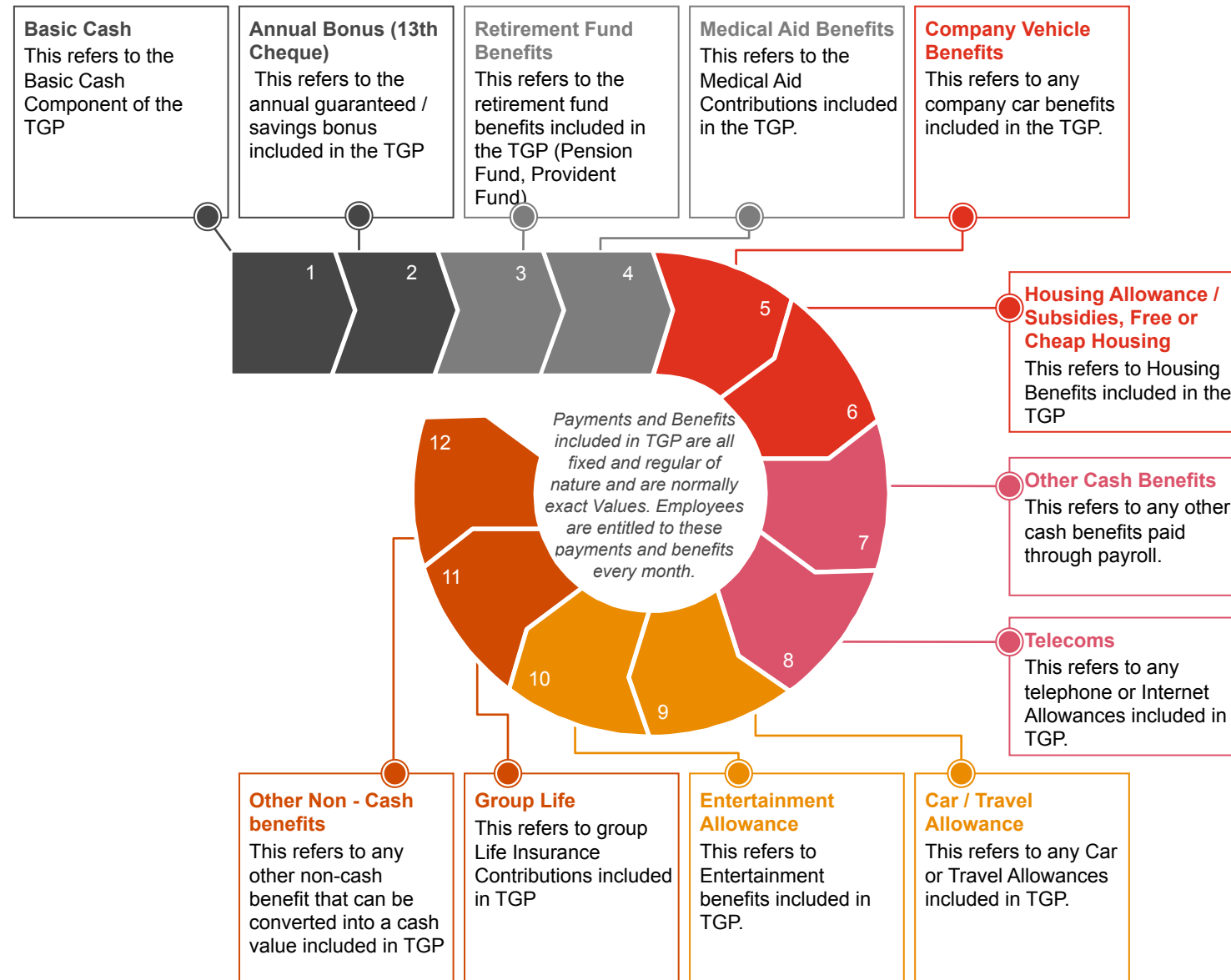
REMchannel Namibia Statistics



Competitive and Equitable Pay - *Let's Talk Salary Structures*



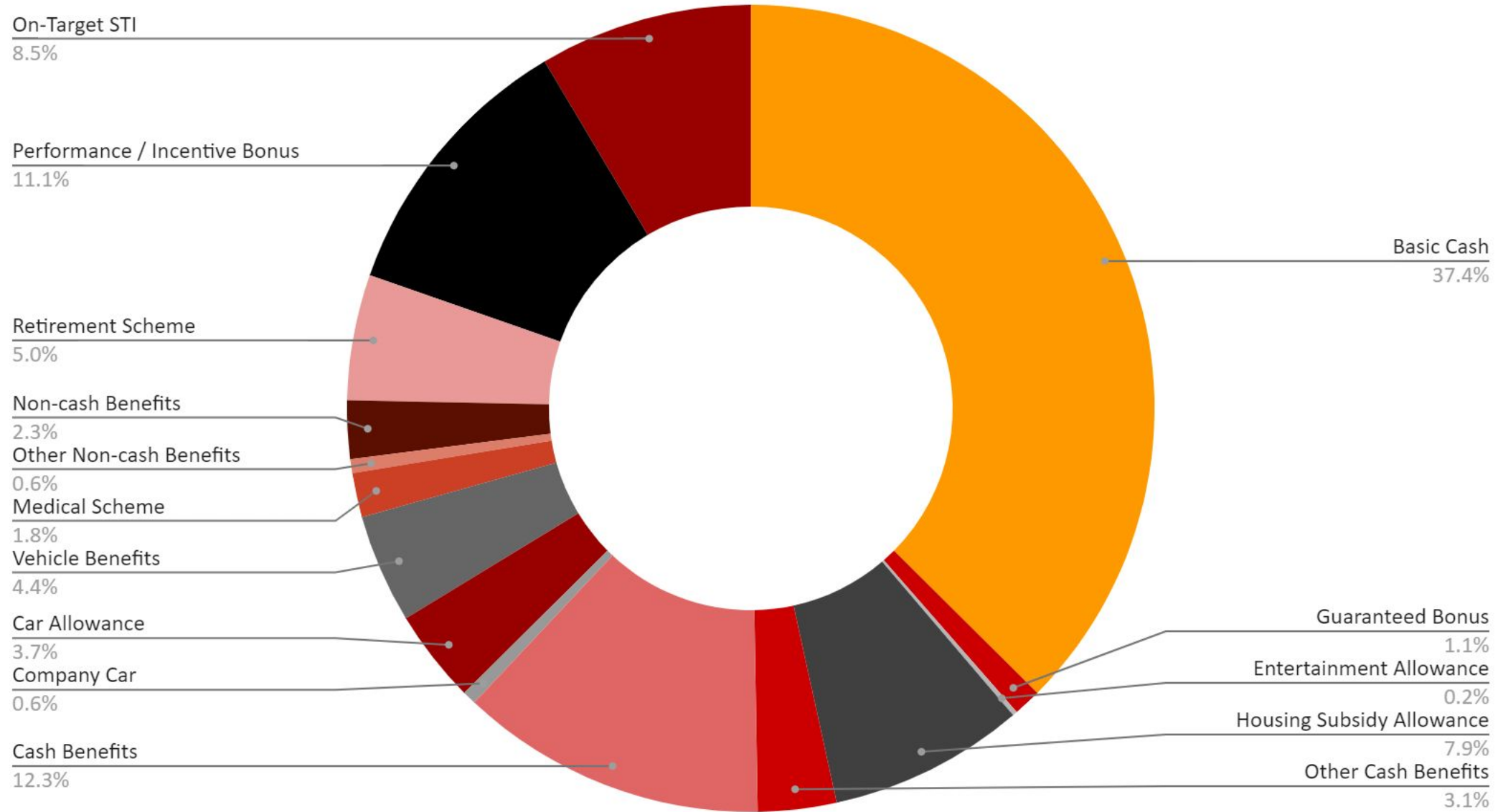
Offering a comprehensive remuneration package, can assist in getting top talent. While every organization's remuneration packages differ, here are some components to consider:



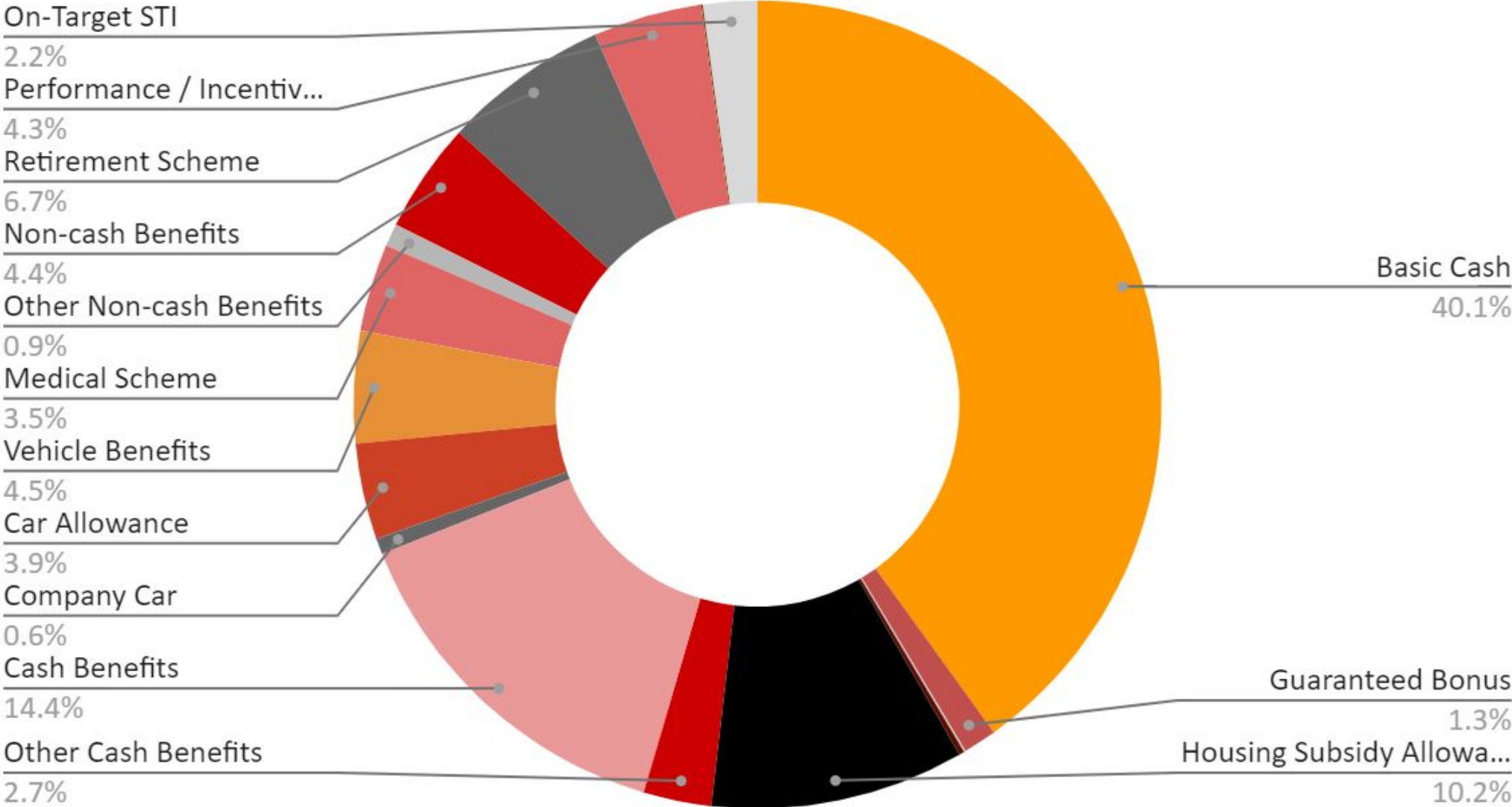
How does the market structure their remuneration?

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.

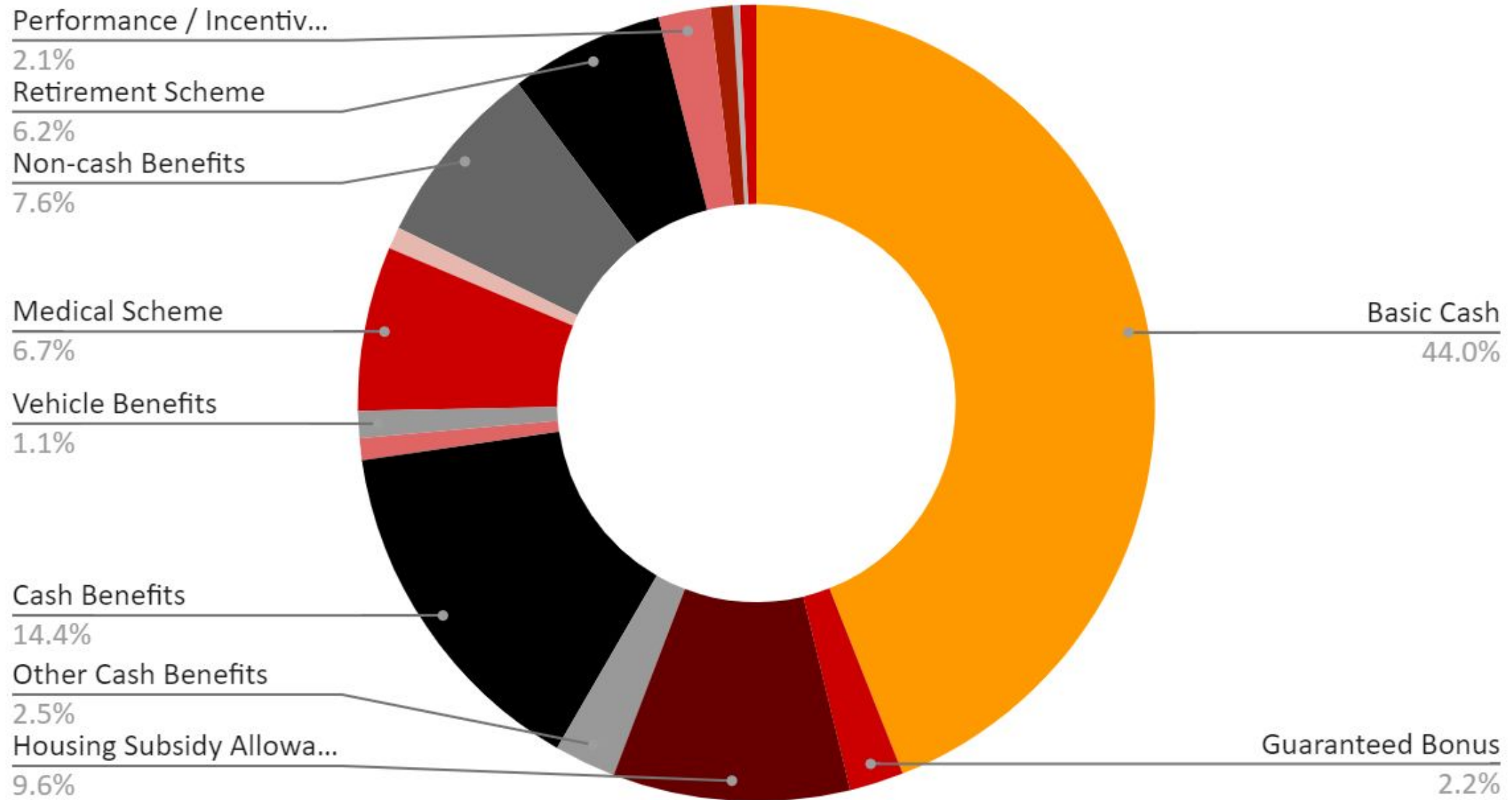
Executives



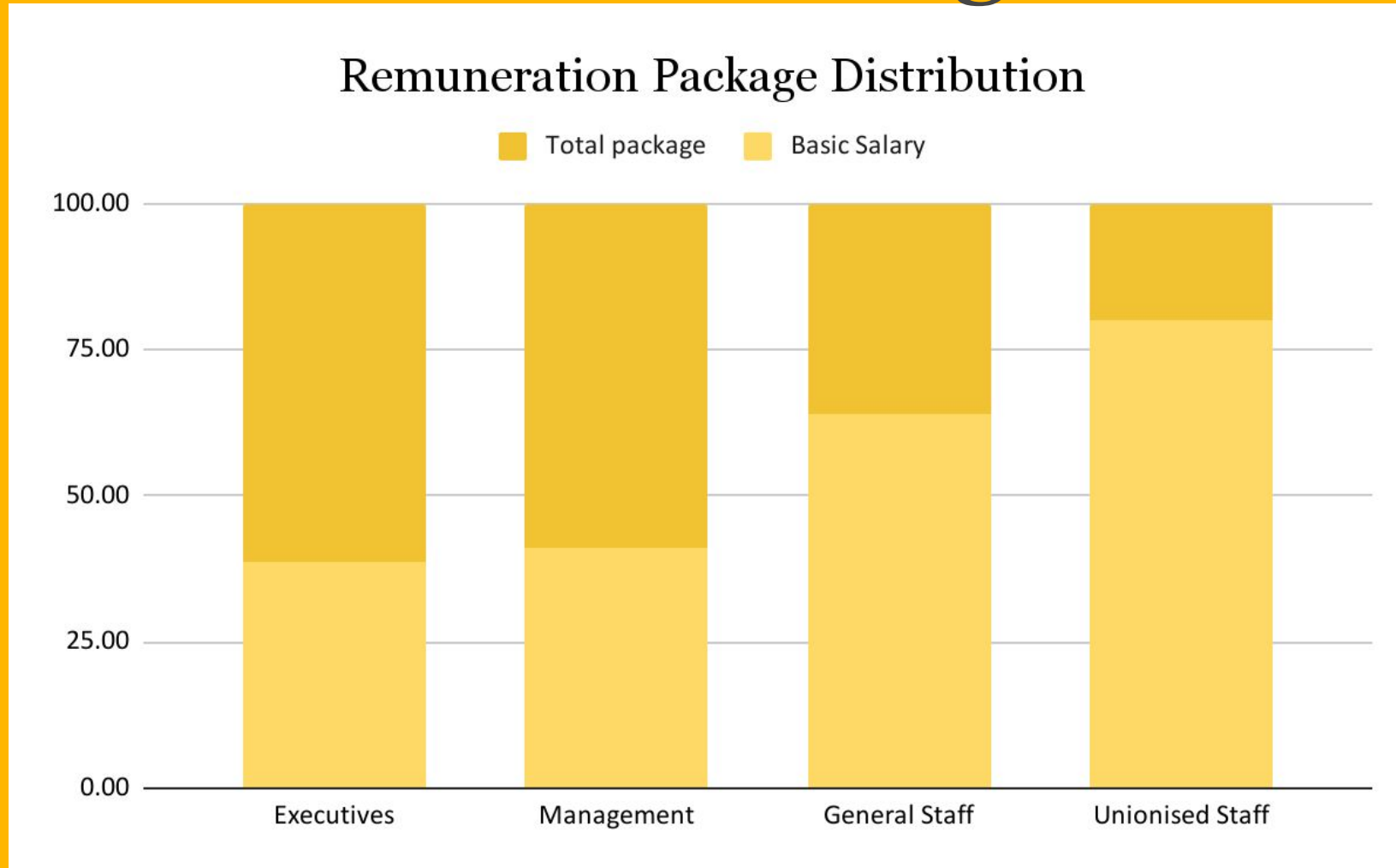
Management



General Staff



REMchannel Package Distribution




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

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?

Return to Work





Returning employees to the workplace during the COVID-19 pandemic requires both vigilance and flexibility to navigate uncharted territory. Employers need to stay up-to-date and ready to respond as threats and opportunities occur.

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.

An abstract graphic on the left side of the slide, consisting of several overlapping rectangular bars and rectangles in shades of gray, orange, and pink. The shapes are arranged in a somewhat vertical, staggered pattern, with some extending further to the left and others further to the right, creating a sense of depth and movement.

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