

HR Matters

Namibia Newsletter

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In this edition

Remuneration Philosophy and Policy 4

Executive Pay and ESG 6

REMchannel Statistics:
- Gender Pay Gap 9
- Annual increase percentages 11

Top 3 Employee Value Propositions for 2022 13

Knowledge Share | Hopes and Fears Survey 2022 15

Learn @ PwC | PwC Business School Events 17



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Remuneration Philosophy and Policy

Your business strategy informs the human capital strategy, which dictates the operational requirements of your business in relation to human capital management. The drivers of your business requirements are our people - so in the absence of a HR strategy and more importantly the HR Philosophy or Policy, how does your organisation make human resource decisions - specifically in relation to how, when and what we will pay our talent?



What is a remuneration Policy

A remuneration policy, also called compensation policy, is a governing guidelines that any type of organization will have and that mainly outlines how employees will get paid for working for the organization.

The policy might state the base salary for each role in the organization, and it can illustrate the conditions under which pay raises will occur as well as any additional benefits.

What are the objectives of a Remuneration Policy?

According to Human Resource Management Research 2019 by Fajar, compensation is a fulfillment of the rights that must be received by workers/employees. The granting of compensation often raises problems if it is deemed unsatisfactory by employees, which is generally measured by an imbalance in the amount of compensation with workload.

For that, it is very important that there is a need to design compensation that can bring satisfaction to the organization and to employees as members of the organization as a whole.

Objectives for the remuneration policy differs from one company to another, however here are below basic objectives for a Remuneration Policy:

- Encourage performance and behavior that contributes to the achievement of company's strategic objectives.
- Endeavour to become an employer of choice and be able to attract and retain high performing individuals.
- Adhere to the remuneration principles of individual internal and external equity based on market surveys and benchmarks.
- Establish a remuneration framework that will determine the current market value of a position to ensure equity.
- Structure and provide competitive pay packages that are competitive in the general market.
- Pay for performance and ensure that remuneration practices foster a high-performance culture.
- Manage the total cost of employment for all employees in line with budgets and affordability of the organization and
- Adopt an integrated approach to remuneration that is aligned to local and international best practice in corporate governance.

Why the Policy is important?

The policy will underpin the reward strategy of the organisation, which governs the reward practices and policies & provide guiding principles which determine how the reward process operates and also determines pay decisions in the org.

Generally, companies will base their remuneration policy on their industry standard or benchmark. Each organization has goals it needs to reach, and thus if a company has a standout remuneration policy compared with its competitors, for example, the company will likely attract more qualified candidates for employment than the competitors, or become the Employer of Choice - all of which will need to be documented as a firm-wide approved Remuneration Policy.

Elements to Include in the Remuneration Policy

- Remuneration Philosophy and Strategy
- Remuneration Principles
- Pay and Benefits Framework
- Remuneration Structure
- Fixed pay and benefits
- Variable pay and benefits
- Pay administrations
- Remuneration Adjustments
- Market Position/Benchmark and Pay scale/design
- Job evaluation and Grading (if not documented separately)
- Performance Incentive / pay
- Remuneration review / adjustments
- Remuneration Governance

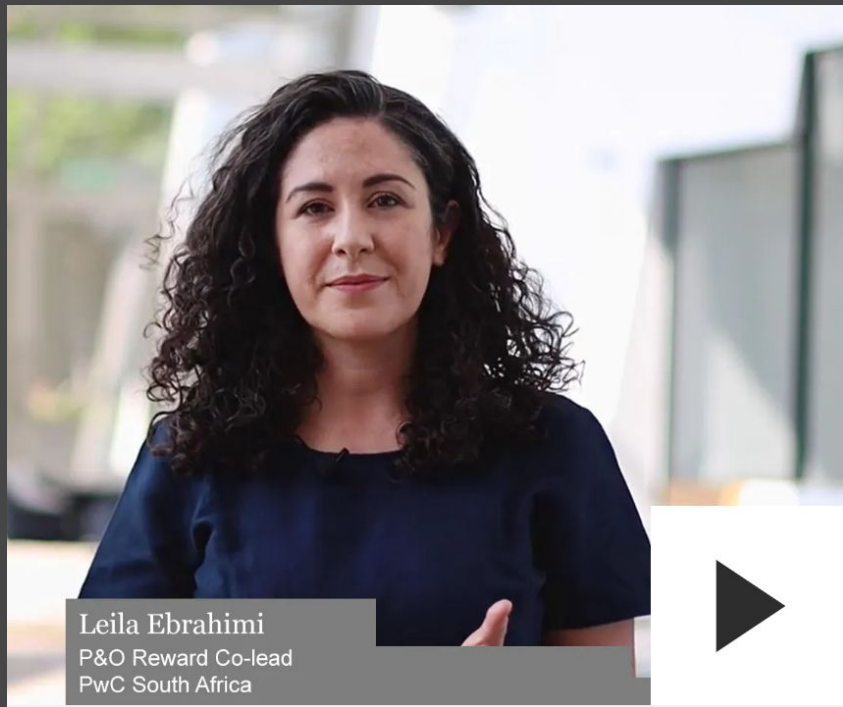
Executive Pay and ESG

*There is a push for executive pay to be linked to ESG factors.
But how best to do this responsibly?*



Videos - Executive pay and ESG

In our Executive directors report 2021: Practices and remuneration trends, we discussed an increase in awareness of environmental, social and governance (ESG) issues, with organisations beginning to link purpose to their strategy and begin the process of integrating ESG metrics into their incentive structures. Our PwC experts share their thoughts on linking ESG to remuneration structures.



The topic of ESG continues to dominate the discussions at many companies as they begin to grapple with what ESG means for their organisations and what changes they need to make, particularly when it comes to remuneration.

While the importance of ESG measures and their integration into incentive structures cannot be ignored in the business sector, many companies experience challenges in determining how they should be linked to executive remuneration and what the first steps are in their ESG journey. In determining how to include performance measures, it is important that companies not merely include ESG for the sake of compliance or silencing their stakeholders and in so doing, carry the risk of hitting the target but missing the point.



Pay outcomes should take ESG outcomes into account

[Executive pay and ESG: Part one](#)



All companies need a systematic response to ESG factors

[Executive pay and ESG: Part Two](#)



Businesses must develop ESG disclosure frameworks

[Executive pay and ESG: Part Three](#)



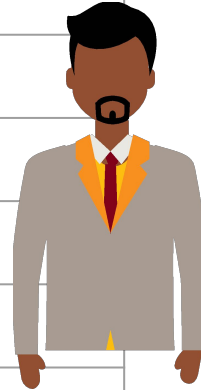
REMchannel Namibia Statistics

Is the Gender Pay Gap Closing?

Contrary to the belief that female employees have nearly closed the gender gap within the workplace, we look at some statistics from the Namibian REMchannel Salary Survey on the gender gap as well as a few considerations that may provide assistance as to how to close this gap.

The Gender Pay Barometer - Namibia National

Employment Equity Levels (Namibia National dataset)	Females	Males
Unskilled Level	40%	60%
Semi-Skilled	35%	65%
Skilled	46%	54%
Professionally Qualified	42%	58%
Senior Management	34%	66%
Top Management	18%	82%



From the statistics, we note the positive change especially on Skilled and Professionally Qualified categories, but we may still have a long way to go, certainly on Senior and Top Management.



As we ponder over the statistics above, how do we create gender equity within our own organisations?

Below are some considerations that may assist in closing the gap on gender equity:

Recruitment Process - To bring gender equality in the workplace, it needs to start with our recruitment process. We need to work towards a more diverse workplace by creating inclusive job descriptions (specifically to historically male dominated positions) and ensure that our recruitment processes are free of internal bias.

Remuneration and promotion procedures - Throughout the years we have seen organisations creating remuneration programs that are fair, equitable and transparent. The next step is to close these existing gaps within our organisations. We should focus on identifying these gaps and put into place measures that can be taken to gradually close the gaps. When actively recruiting we need to ensure that employees are remunerated according to the organisations remuneration structure irrespective of the gender. The same principles would apply for promotions within the workplace. Ensuring that the process is free of internal bias as well as ensuring that our promotion procedures are clear and transparent.

Creating a diversity and inclusion training program - Providing employees training on diversity to assist with internal biases and prejudices. This can greatly assist employees in becoming aware of personal biases and prejudices. With this comes the responsibility of keeping each other accountable through open and honest communication. Diversity and inclusion does not only cover gender diversity but creating a culture of inclusivity for all irrespective of gender, race, religious beliefs, sexual orientation and many more diversities that make up our organisations.

May some of these considerations provide you with a small picture of a few changes that can go along way but also open up conversations on other considerations that could assist in closing this gap.

The Drive Behind Pay Increases





Reported Pay Adjustments - Namibia National

Salary adjustments

The table that follows reflects the reported and anticipated annual increases by employee category for the **Namibia National** market.

Companies use a variety of elements, either combined or on their own, when determining their increases and there are indications that organisations base their increases on something other than the single element of CPI.

In addition to taking cognisance of CPI, the other most popular elements utilised are company financial performance, business results and budget affordability; individual performance; external economic indicators; market and benchmark information and market position tracking; industry related increases and comparisons and other market research trends.

Reported salary increases Namibia National data as at June 2022			
Employment category	Remuneration structure	Last 12 months	Next 12 months
		Mean	Mean
Executives	Basic cash	4.6%	3.7%
	Total package	3.4%	2.9%
Management	Basic cash	4.8%	4.0%
	Total package	3.7%	3.2%
General staff	Basic cash	4.7%	3.9%
	Total package	3.8%	3.9%
Unionised staff	Basic cash	4.5%	3.4%
	Total package	3.5%	2.8%



Top 3 Employee Value Propositions for 2022

Employee Value Propositions

Employee Value Propositions (EVPs) portrays how the labour market and employees perceive the value employees gain by working in an organization, across various attributes.

As employers we need to stay abreast with the developments of EVP's as the World of Work evolves. From recent studies of remuneration trends the following top three benefits trends were identified for 2022.

“Ping pong tables at lunch are a thing of the past now. Employees are really looking at the benefits package.”

1: Flexible, hybrid work arrangements



Flexible, hybrid work arrangements is considered the No. 1 benefit employers can provide outside of salary and standard benefits. Work and life have intermingled more than they did before. Now it's the norm for most of us. Working in the office with the time demands and commuting never allowed it previously and not everyone wants to be at home 100% of the time. Some people miss being with their colleagues. Others, who live alone or have children, want to get out of the house for a while. And each side has its benefits.

2: Improvement of emotional & mental health program



Many employers do offer mental health resources, the problem is they're underutilized. Make mental health benefits accessible to all. Employees can't use these benefits if they aren't aware of them. Take the time to communicate benefits often and work with your care provider to ensure there's visibility. Mental health programs also must be tailored to fit differing expectations of the multiple generations. Customise your programs - listen to your employees wants and needs when it comes to options for benefit packages.

3: Holistic employee leave strategy



The pandemic has caused 75% of employers to change their unpaid leave policies. COVID-19 definitely shifted the mindset of leave management and gave employers the opportunity to really hit a reset button on leave policies. When it comes to leave, employees really want to know what benefits are available to them, which caters for personal needs and showing that my employers cares. Companies need to utilise the opportunity to reassess leave benefits to include family care or personal time-off over and above the statutory leave - this will add to the types of perks that will attract and retain top talent moving forward.



Knowledge Share |

What 52,000 people think about work today

[PwC's Global Workforce Hopes and Fears Survey 2022](#)

If the ‘great resignation’ has taught employers anything, it’s to not take their workers for granted. Yet many companies risk doing exactly that—whether it’s by not paying close enough attention to skilled workers who are at elevated risk of quitting, by failing to support workers who seek personal fulfilment and meaning at work, or by missing opportunities to build the trust that so often leads to positive outcomes at the personal, professional and even societal levels.

We explore these and other issues in this year’s Global Workforce Hopes and Fears Survey, the third in a series dating to 2019. Power is a central theme of the findings in this year’s survey, which draws from more than 52,000 workers across 44 countries and territories and is one of the largest such surveys conducted.

For global leaders, some of our results will be a wake-up call. Workers who feel empowered by their current circumstances—i.e., those with specialised or scarce skills—are ready to test the market. More than one-third of respondents plan to ask for a raise in the coming year, and one in five said they are extremely or very likely to switch employers. Retaining these employees will require more than just pay; fulfilling work and the opportunity to be one’s authentic self at work also matter to employees who are considering a job change.

Our results also show that sensitive political and social discussions—topics that themselves hinge on issues of power and its distribution—are happening in the workplace, largely without company involvement, and are generating positive dividends for employees. Also, workers want more support in translating environmental, social and governance (ESG) considerations to their work. And as leaders develop hybrid work models, they need to consider the 45% of the workforce that can’t work remotely—people who do essential work but report feeling less fulfilled and empowered than respondents who can work remotely.

The upshot for the C-suite? As companies take on ambitious business and societal goals, leaders must remember that employees can be a force multiplier or a detractor. In fact, PwC research has found that the workforce is the number one risk to growth—and also the principal means by which companies can execute growth-driven strategies. Understanding workplace power in all its aspects can help leaders energise their workforce, tap into the power of their people and accomplish bolder goals.

[Visit our website for the full report and interesting insights.](#)

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Affirmative Action Compliance Training

28 June 2022

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Professionalism and Work Ethics Training

30 June 2022

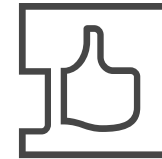
[Click to Register](#)



Basic Accounting Training

6-8 July 2022

[Click to Register](#)



ITAS Information Session

8 July 2022

[Click to Register](#)



Practical Approach to Microsoft Excel

19-20 July 2022

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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](#)

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