

HR Matters

Namibia Newsletter

April/May 2020

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

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People and Organisation news

Since the COVID-19 outbreak was declared a pandemic and with the current lockdown, it has had a huge impact on people's lives, families and communities. As we near the end of the lockdown many of us cannot help but wonder how this is going to impact the way we work in future and what effect this will have on our already weak economic climate. As always, remuneration and benefits are in the spotlight when we are faced with a crisis of this magnitude. Already we are seeing organisations making pay cuts to lessen the impact on their organisations. We have provided several articles in this edition dealing with some of the issues faced by organisations.

In addition, we have published some of the statistics from our most recent COVID-19 survey providing some insight into the strategic and operational actions that our clients are taking. We trust that this edition will provide you with valuable information while we are navigating the rough waters.

1 Seven steps to effective crises communication

Communication strategy during these types of events, however long they may last, can be critical, and the same three basic principles of communication apply: transparency, compassion, and ownership. But the COVID-19 outbreak is a complex event that affects many elements of a business – so what else can organisations do?



Know your audience

While the immediate priority should be employees in infected regions and those who may be at risk, a far wider audience will be looking to the organisation for reassurance and leadership. Every interaction should reinforce brand strategy and the image of a purposeful and empathetic organisation.

Keep messaging clear and consistent

An honest assessment of what the organisation can do is essential, as is the recognition that some things will be outside of the organisation's control. The main message is that the organisation is doing all it can, and we're all in this together.

Focus on perspective

There's an important balance to be struck between transparency – being open about the potential risks – and managing the fear factor. Social and traditional media can stoke alarm. Without downplaying the risks, help people keep the event in perspective.

Duty of care comes first

If employees become infected, the priority is fulfilling the organisation's duty of care to them, their families and colleagues. But there are other, less urgent, duties to consider. If the supply chain is disrupted customers will be affected, but if the impact is restricted to inconvenience, it's because the organisation is doing all it can to protect its people and the wider public. Integrity matters.

Scan the horizon

These types of events can unfold in unexpected ways, so preparing for a range of scenarios, even the seemingly unlikely, could help prepare the organisation for the future.

What's the worst that could happen? How could the organisation's reputation be affected? What mitigating action could we take in each scenario?

Keep communication flowing in both directions

Effectively tracking risks requires the help of the wider organisational community – the education sector, for example, has faced particular challenges as institutions need to know quickly if their students have been to or have met with visitors from affected areas. Dedicated hotlines and FAQs can help to target specific groups and encourage the flow of information.

Look out for unintended consequences.

Misinformation around these types of events may raise the risk of discrimination against particular communities. This is a time to reinforce corporate messages of inclusion and quickly counter any suggestions of prejudice.

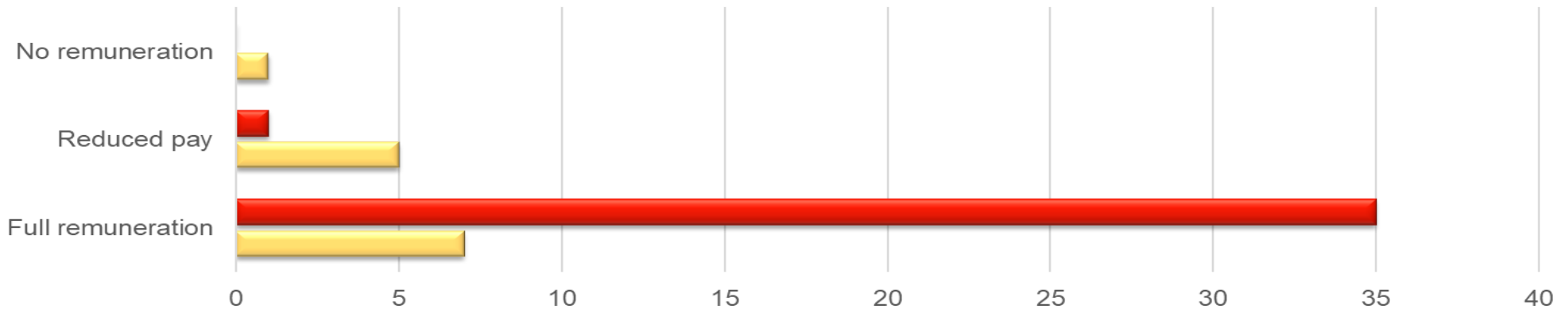
Article source: HR Quarterly, 1st Edition 2020

2

COVID-19 Survey: Namibian Companies

To live our purpose of building trust in society and solving important problems, we launched a survey to gauge with the overall Namibian market what practices are followed in light of the COVID-19 lockdown with specific reference to workforce management. The remuneration of employees is surely one of the biggest concern for organisations who are faced with the lockdown and we find several employers questioning how remuneration should be dealt with. From the survey we found that the majority paid employees **full remuneration** during the lockdown, whether employees were able to work remotely / from home or not.

From the survey however, we found the following:



What should Boards and Remuneration committees be thinking about?



To **what** extent do we need to balance the interest of shareholders and managers for material / critical events outside the control of the company? **How** do we effectively balance the interest of shareholders, management and employees?



What is the size and materiality of the impact of the unforeseen event, and how clearly can this impact be isolated from other facts impacting performance?



What actions, if any, has management taken, or **what** actions could it take, to negate either upstream or downstream impacts of this (e.g. supply chain continuity risk management, diversification of revenue stream)



How have other related scenarios (e.g. unforeseen events) been treated in the past? **What** precedent would the application / non-application of discretion set for the future?



What is the likely impact / consequence, if any, of not overriding the "formulaic" outcome? Is there genuinely a higher likelihood that talent will leave, but more difficult to attract, or be harder to motivate? Or are shareholders and investors likely to consider a formulaic outcome unfair?

3 Government Gazette - COVID-19 Suspension of Operations

A Government Gazette was published on 28 April 2020, referenced No.7164, proclaiming the State of Emergency Suspension of provision of certain laws and regulatory matters.

Contained in this Gazette per section 19, are the suspension of operations of certain provisions of the Labour Act we call on all companies to take note of.

A summary of the regulations quoted as follows:



GOVERNMENT GAZETTE OF THE REPUBLIC OF NAMIBIA

NS\$6.60 WINDHOEK - 28 April 2020 No. 7194

CONTENTS Page

PROCLAMATION
No. 16 State of Emergency - Covid-19: Suspension of Operation of Provisions of Certain Laws and Ancillary Matters Regulations: Namibian Constitution 1

Proclamation

by the

PRESIDENT OF THE REPUBLIC OF NAMIBIA

No. 16 2020

STATE OF EMERGENCY - COVID-19: SUSPENSION OF PROVISIONS
OF CERTAIN LAWS AND ANCILLARY MATTERS REGULATIONS:
NAMIBIAN CONSTITUTION

During lockdown an employer may not: lockdown period.

- Dismiss an employee or terminate any contract of employment, or serve notice of intended dismissal for reason relating to actual or potential impact of COVID-19 on business operations;
- Force an employee to take unpaid or annual leave for reasons relating to actual or potential impact of COVID-19 on business operations;
- Reduce remuneration of any employee for reasons relating to actual or potential impact of COVID-19 on business operations.

Despite the above, if an employer wishes to reduce or defer payment of full remuneration due to actual or potential impact of the lockdown, the employer must negotiate the intent with the respective parties, i.e. trade unions or workplace representatives. Such agreement, if concluded, must be filed with the Labour Commissioner.

If an employer has already dismissed an employee or forced an employee to take unpaid leave or annual leave since the lockdown, the employer must, as soon as possible, reinstate such dismissed employees, engage dismissed employees in negotiations about conditions of employment during the

In situations where an employee was placed under quarantine, or under self-isolation or was required to care for a family member who contracted COVID-19, the employee is entitled to Sick Leave, and where sick leave is exhausted, entitled to the extended sick leave benefit as permitted in terms of the SSC Act.

If, prior to the lockdown, an employer has given notice to employees for intended dismissal in terms of retrenchments, the date of the intended dismissal is deemed to be 28 days after the end of the lockdown period, unless a later date was specified with the notice.

If, after the period of lockdown, an employer wishes to dismiss employees for reasons related to the actual or potential impact of COVID-19, the employer must do so in compliance with respective regulations of the Labour Law, including negotiations over the right of the employees to be recalled to their former or comparable positions as the employer's operation may recover.

It is important that contravention to the stipulated regulations will be regarded as committing an offence and with conviction may be liable for a fine of N\$10,000 or imprisonment for two(2) years, or even both.

4 *Where to from here?*

Unlike many other ‘unforeseen events’ or events outside of management control, a key variable of COVID-19 is that there is no clear guidance as to how long the impact may last, and significant dependency on market sentiment.

Regardless, discussions on the topic are already occurring in boardrooms, and we have observed several public responses driven by the impact of the lockdown.



Accordingly, six suggested immediate steps for heads of reward and remuneration committee chairs include:

1. Confirm understanding of business impact;
2. At a high level, determine potential impact on reward outcomes given year-to-date performance (including on discrete reward elements such as fixed pay spend, STI outcomes, LTI outcomes);
3. Identify any differential reward impacts on each employee segment;
4. Consider other impacts or ‘asks’ of other employee segments that may impact views on internal equity/ fairness, e.g. are some employees being encouraged to take annual leave, or even leave without pay?
5. Revisit existing guidelines regarding consideration and application of discretion to ensure they are robust, and;
6. Confirm any messages that have been shared publicly to date regarding principles behind the use of discretion.

And of course, application of discretion is only one of the reward considerations that may arise, with additional questions:

- **Future performance assessment:**

How should performance assessment for the following periods be determined? Do existing metrics – particularly in STI – reflect the desired performance going forward? Are targets set on an absolute basis or relative to (unusually high or unusually low) performance in the prior year?

- **Retention and underlying value:**

Will there be increased pressure on fixed pay, if there is a perception or reality of lower incentive outcomes or reduced value of equity that vested (e.g. impacted by uncertain market sentiment)?

- **Mandatory shareholder requirements:**

To what extent will any fall in share price for a company require executives to further invest in shares to meet mandatory shareholder requirements?

It cannot be masked that this will be a difficult issue that is likely to generate significant discussion both within and outside of organisations for the FY20 performance year. However, unlike the broader population, boards and remuneration committees cannot wash their hands of the issue, and early consideration of the issues and establishment of clear principles to guide decisions are likely to place organisations in a better position come the end of year.

COVID-19: Responding to the business impacts of coronavirus

In addition to the serious implications for people's health and the healthcare services, coronavirus (COVID-19) is having a significant impact on businesses and the economy. We are working closely with organisations globally to help them prepare and respond.

As the international response to COVID-19 continues to develop, we know that organisations are facing significant challenges and need to respond rapidly.

PwC's [Global Crisis Centre](#) is working together with a range of organisations across industries to help them during this difficult time.

Follow the link to [our Global Crisis Centre](#) website for more information and diagnostics on how organisations, including those without direct exposure, can focus their efforts.

PwC's COVID-19 Navigator

Take the diagnostic to assess the potential impact to your business and gauge your readiness to respond.



[Take the diagnostic](#)

5 Current and Future upskilling trends for women

Automation offers new opportunities for economic advancement for women, however, many face new challenges as a result of automation³. Technology can break down many of the barriers faced by women whilst opening new economic opportunities for growth, allowing them to participate in the workforce, and enabling them to adapt to the new age automation.

Having recently celebrated international women's day we look at how the future of work impacts women and whether they are ready for the new age automation. Women are likely to face changes to their ways of working as technology is introduced in their workplace. Automation will affect women more than men due to the types of occupations they occupy. Employment studies show that the transport, healthcare, manufacturing, retail and human resource management are the sectors where automation is set to change the way of work and increase productivity. Manual tasks such as record keeping, testing, and grading exams could be automated.

Automation also bears the risk of roles becoming redundant. Roles most at risk of complete automation are those involving routine physical tasks such as machine operatives and craft workers, which are largely filled by men, and roles involving routine mental processing tasks, such as clerical or service work, that are mostly occupied by women.



According to HBR report women are disadvantaged compared to men when we consider new types of jobs, as the result of the new wave of technologies. Jobs such as social media managers, data scientists, and drivers on ride sharing apps that did not exist 20 years ago but have emerged as the result of the digital revolution. Further research also shows that in recent years more than 60% of newly created occupations have been in male-dominated fields. Women thus need to be adaptable, mobile and tech-savvy to compete in the new age of automation and artificial intelligence thus enhancing their tech skills.³

7-24%
of women currently in employment may need to transition across occupations by 2030.¹

70%
of roles at high risk of automation are held by women.¹

52%
of women are in clerical & service jobs.¹

20%
of women employed today could see their job displaced by automation by 2030, compared with 21% of men.³

35%
of women account for STEM students in higher education.²

one in four women employed today will need to transition between occupations depending on the pace of automation, and often into higher-skilled roles, in order to remain employed and seize new job opportunities.³

20%
of tech workers are female in many mature economies.³

77%
of people ready to learn new skills or re-train to remain employable in the future.⁴

Recommended solutions: It is not just about digital skills

- Focus on upskilling by identifying the knowledge, skills and experience that will be most valuable in the future for new and transformed roles
- Provide role-specific, business and soft skills, in addition to digital skills to enable them to work effectively alongside technology.
- Identify Skills gap and mismatches
- Schools, colleges, governments, and the private sector need to encourage girls and women to study and pursue science, technology, engineering and maths (STEM) fields.
- Define future workforce and understand impact of automation

Sources: ¹ Mason, B (2020) - What does the future of work look like for women, IEC.

² Mckinsey & Company Report, 2019

⁴ PwC, (2018). Will robots really steal our jobs?. <https://www.pwc.co.uk/economic-services/assets/international-impact-of-automation-feb-2018.pdf>

³ Madgavkar, A; Krishnanm, M and Ellingrud, K (2019). Will Automation Improve Work for Women — or Make It Worse? HBR.

PwC's REMchannel® Namibia Stats

With every months publications, we analyse data from our subscriber database. Here are some statistics from the survey for pay adjustments

All this information and more is available at your finger tips if you subscribe to REMchannel® the largest online salary survey in Namibia.

REMchannel published the reported pay adjustments for the National dataset as a whole. We've noted several organisations have postponed planned increments during the months of April and May to a later date. The current pay adjustments reflect as follows:

Executive

Remuneration structure	Percentage Increase last 12 months		Percentage Increase next 12 months	
	Mean	Median	Mean	Median
Basic Salary	5.50%	5.90%	4.90%	5.00%
Total package	4.70%	5.10%	4.20%	5.00%

Management

Remuneration structure	Percentage Increase last 12 months		Percentage Increase next 12 months	
	Mean	Median	Mean	Median
Basic Salary	6.30%	6.00%	5.20%	6.00%
Total package	5.00%	5.10%	4.60%	5.00%

General staff

Remuneration structure	Percentage Increase last 12 months		Percentage Increase next 12 months	
	Mean	Median	Mean	Median
Basic Salary	6.40%	6.00%	5.40%	6.00%
Total package	5.30%	5.00%	5.10%	5.80%

Unionised staff

Remuneration structure	Percentage Increase last 12 months		Percentage Increase next 12 months	
	Mean	Median	Mean	Median
Basic Salary	6.30%	7.00%	4.80%	6.00%
Total package	5.30%		4.20%	

For more info contact [Leandi van der Westhuizen](#) or [click here](#) to visit our website and please join our survey today!

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