Reward Trends and Opportunities on the African Continent

By Carmen Arico

Attending the South African Reward Association's annual Reward Conference is always a fantastic meeting of minds, with thought-provoking conversations and a chance to hear from some of the key players in the Reward sector. This year was no different, and I had the privilege of watching a panel facilitated by new SARA President, Nicol Mullins, and joined by panel members Frédéric Talla Kwetche, Group Head Rewards for Ecobank, Nevan Naidoo, Group Reward and OE for Shoprite and Chantelle Smit-Kotze, Head of Compensation, Policy and HRIS for Africa for Vivo Energy. The topic of discussion was one which touches every Reward person's day job here in Africa: "Reward trends and opportunities on the African continent" and I will cover off three of the key takeaway points from this panel that I feel we as Reward professionals can take value from.

1. Emigration

Emigration is one of those hot topics, particularly in South Africa, regardless which side of the fence you're on with this. However, SA is not the only country struggling with losing their talent to other countries. Nigeria has been rapidly losing highly skilled talent since the 1980s but even more so today, with around 45% of working age adults stating they plan to emigrate within five years due to economic instability in the country. In Ghana, many of the software engineers and geological engineers are leaving the country for better or more stable work opportunities elsewhere. This has taken a huge toll on organisations and it's an area that Reward professionals need to be well versed in to develop retention plans that will support the retention of key talent within Nigeria, South Africa and other countries in Africa that are losing their highly skilled workers elsewhere.

2. Dollar-based pay

Due to the volatility of the economy and local currency, some countries, such as Zimbabwe, Ghana, and the Democratic Republic of Congo, have a dollar-driven market. This has significant implications when it comes to pay. The question was posed about paying salaries in dollars, but due to banking regulations within each country as well as other financial considerations, this isn't regarded as a sensible option. As so perfectly put by Nicol, "*if you lose your currency as a country, you lose your independence".* Rather, what some companies have done in these countries particularly is either link a portion of salary to the dollar, create a ratio to the dollar on a monthly basis or add an inflationary allowance to create stability in pay, particularly where purchasing power would be significantly reduced due to exchange rate fluctuations. These approaches are always backed up by solid market intelligence through robust surveys and other data points. However, a conservative approach to hard currency linkages to pay is always encouraged so as not to affect the company's bottom line or create precedents which are unsustainable.

3. Governance

Governance is a staple of Reward, and with many organisations often having more than one legal entity per country it takes on even more importance to maintain data integrity. Manual processes leave room for errors, but by building in compliance factors those errors can be limited. It was highlighted during the panel discussion that by utilising a robust ERP, a central payroll system and pay ranges, organisations can create compliance boundaries and build in rules to maintain data integrity as well as manage costs.

Operating within the Reward space in Africa poses a number of challenges, but within those challenges the opportunity to innovate cannot be underestimated. Africa has shown that it has the right people and the right resources to be a global success, and we can drive that success by creating an environment where employees flourish here.

Carmen Arico is a Chartered Reward Specialist and Managing Director at Ignite Reward Consulting.