

A little pay rise for SA workers amid thawing of salary freezes

According to salary research from Willis Towers Watson (global advisory, broking, and solutions company), South African private sector workers are set to receive an average pay rise of 5% in 2021, which is a prudent improvement over the 4.2% given this year.



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The global pandemic forced many companies to revise their planned pay rises downwards earlier this year, and also to implement pay freezes and other financial controls in order to survive.

In a further sign of some optimism for next year, the survey found that the number of South African companies freezing their pay rates is also expected to fall sharply in 2021. This year almost four in 10 (38%) businesses froze their pay increases, but this is forecast to fall to one in eight (12%) firms in 2021.

Melanie Trollip, director of Talent and Reward at Willis Towers Watson South Africa, said:

“2020 has been a horror show for many businesses and their people, but there are signs of resilience and cautious optimism for next year. Companies are planning to expand their pay budgets and offer slightly more generous rises to staff. The widespread pay freeze that has covered swathes of companies will start to thaw.

“Whether all the planned 2021 pay rises go ahead remains to be seen, and there may be some downward pressure on them, especially in the hardest-hit sectors. But even during a pandemic, companies must fight to retain the best talent, and many have multi-year wage agreements to honour.

“Next year’s rise of 5% will be welcomed by many workers, but with inflation forecast at 4.1% the real terms increase that is left over will be more marginal. The jobs market is still in a very fragile state, with some sectors suffering more than others. The energy industry is budgeting for the weakest salary rises, while pharma and manufacturing are set to pay more generously.”

Vast variations

Willis Towers Watson’s latest Salary Budget Planning Report, which studies the size of pay budgets at firms, showed that pay rises in 2021 will vary greatly between industries, reflecting their different pandemic experiences and their recovery plans.

In South Africa, the weakest employers in terms of salary expectations are in the Energy and Natural Resources sector, where an average pay rise in 2021 of 3.5% is predicted, followed by Business and Technical Consulting (4.2%), and Energy Services and Utilities (4.3%). The top three industries expecting more generous rises are: Pharmaceutical and Health Sciences (6.4%), Manufacturing (5.2%), and High Tech (5.0%).

A similar overall average pay picture is emerging across Africa and the globe, with most organisations in major economies anticipating higher pay rises in 2021 than 2020.

Regional salary increases (average)		
Country	2020 (awarded)	2021 (budgets)
South Africa	4.2	5.0
Kenya	4.1	5.6
Nigeria	6.0	8.6
Mauritius	2.2	3.4

Global salary increases (average)		
Country	2020 (awarded)	2021 (budgets)
United States	2.3	2.7
China	4.7	5.4
Japan	1.7	2.0
UK	2.2	2.4
Germany	2.1	2.4
France	1.8	2.0
India	5.9	6.4

About the Survey

The Salary Budget Planning Report is compiled by Willis Towers Watson’s Data Services Practice and summarises the findings of Willis Towers Watson’s annual survey on salary movement and reviews practices. The survey was conducted online in October/November 2020, receiving over 18,000 sets of responses covering over 130 countries worldwide. In South Africa 243 businesses took part.