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## LETTER FROM THE EDITOR

It's only been a few months since I joined Remchannel as Managing Director Designate and I already feel part of the company's physical and virtual world. This is because of the amazing reception I have had from colleagues, peers, team members, clients, and other key stakeholders. The engagements I have had as part of a very well-structured onboarding programme have left me feeling welcome, empowered, and ready for 2024.

Taking on this role from the formidable René Richter is no small task, and I am honoured by the vote of confidence she and the Remchannel Board have shown through my appointment. I am also encouraged as the team and I will continue to benefit from René's exceptional knowledge and leadership as she takes up a Non-Executive Director role at Remchannel. Congratulations and well wishes to René as she transitions to this well-deserved oversight role.

I have been a long-time admirer of the outcomes that Remchannel enables clients to achieve through our total reward products, solutions and advice. I am therefore confident that Remchannel's talented and enthusiastic team of total reward experts will continue to partner with current and new clients to spearhead the company into an exciting chapter of growth and innovation.

I joined Remchannel as the team was working on a go-to-market strategy that will see the business optimise its capabilities to deliver a more holistic and integrated client value proposition in partnership with Old Mutual Corporate Consultants (OMCC). This strategy builds on the expansion of Remchannel's already-respected reward advisory services which we strengthened in FY2023.

The strategy also aims to ensure that we can independently deliver a full suite of remuneration, incentive and employee benefits consulting services and solutions, backed by both Remchannel and OMCC's practical research insights and proprietary advisory tools. This will enable our clients to have competitive, flexible, fair, and responsible employee value propositions (EVPs) to attract, engage and retain top talent in a highly competitive skills market.

This objective is closely aligned to our purpose of building a South Africa that has financially fit employees who are able to use their remuneration and benefits to effectively participate in the economy, save towards great retirement outcomes, and create a solid foundation for the wealth of future generations.

**I am honoured by the vote of confidence René and the Remchannel Board have shown through my appointment.**

I am therefore delighted that this issue brings you a range of topics that support this objective, written by experts in our team, one of whom we also introduce through a profile on the next page.

I am particularly excited about engaging with you, our loyal and valued clients. We shall continue to listen to your feedback, suggestions, and expectations, which will inform our delivery, continuous improvement, and long-term partnership. I feel honoured to be part of Team Remchannel and to serve each one of you.

Thank you for your support and enjoy the insights in this jam-packed issue of HR Quarterly!

**Lindiwe Sebesho**  
MANAGING DIRECTOR: REMCHANNEL®



## MEET KHOSI MABASO

**Remchannel Executive Reward team member Makhosazana 'Khosi' Mabaso is a CA(SA) with almost a decades' experience as a Remuneration committee adviser, with a strong background in executive reward consulting for listed and unlisted clients across various industries. Let's get to know Khosi and see why she is a valuable member of the team that serves our clients with excellence and contributes to their success.**

**QUESTION** What is your role at Remchannel?

**ANSWER** I am the REMconsulting Head of Analytics. I assist clients with the design and implementation of variable incentive plans, where I specialise in the data analytical and financial modelling that is used to assess the financial impact of proposed variable incentive structures (on the company and employees). When assisting clients, I often work closely with the Exco e.g. CEO, CFO and CHRO and the Remuneration committee (Remco). Support as a Remco adviser can either be on an ad-hoc basis (as and when clients need the assistance) or retainer basis, where I am required to attend Remco

meetings and offer expert advice when the Remco requires me to do so.

**Q** Why is it so important for you, in your role at Remchannel, to understand the core purpose of your clients' business?

**A** It is crucial that remuneration strategies and the respective elements thereof are governed by a well-designed philosophy anchored against the core of a company's business strategy. For me to adequately assist my clients and ensure that they adopt structures that are appropriate for them (not only in the short term but also in the long term), I need to be well-versed with their business strategy, objectives, and practices. This allows me to understand the objective and desired outcome of the remuneration assistance required by the client.

**Q** What do your most successful clients do really well?

**A** Three things stand out. One is ensuring that the remuneration strategy is anchored/informed by the company-wide strategy. Another is appointing the right people to be the custodians of remuneration and reward from a management perspective. This ensures that the executives (normally CEO, CFO and CHRO) and the Remco have adequate internal technical support (in addition to external advisers) to make the right remuneration decisions for the company. Finally, appointing competent Remco members who ensure that they critically analyse everything presented to them and ask the relevant questions to fulfil their oversight role effectively.

**Q** What do you wish more organisations knew about reward?

**A** The most common oversight, that has dire implications, is not giving remuneration-related matters the necessary attention. This often leads to rushed decisions that do not effectively consider the short- and long-term needs of the business.

**Q** What is the most important lesson you have learned in your career?

**A** As a reward professional, the advice we provide should be based on good governance, fair and ethical pay principles. Therefore, integrity is an integral aspect of what we do as our advice needs to be trusted by executive and non-executive directors and shareholders who are governed by statutory regulations to do their jobs well. Fair and ethical practices also enable us to play a meaningful role in addressing historic inequities. I have also learned that I can never stop learning. My contributions to my clients' success are meaningful only if they are backed by current trends and have a positive impact on the way their businesses perform and contribute to the growth of their businesses and the economy.



# A WINNING TOTAL REWARD APPROACH



Fresh from the South African Reward Association's annual awards ceremony, Old Mutual's Chief People Officer reveals the secrets of a winning remuneration report and shows how organisations can make better decisions around remuneration and performance.

**In November 2023 Old Mutual won two awards at the South African Reward Association's (SARA) prestigious Reward Awards, sponsored by Remchannel. The business took first place in the Remuneration Report of the Year category while its Fair and Responsible Pay Project won Project of the Year.**

**Why are remuneration reports so important, and what goes into crafting a report that delivers on its goals?**

Anusuya Govender, Old Mutual's Chief People Officer, reveals Old Mutual's winning report formula and unpacks the thinking behind its Fair and Responsible Pay Project.



### **WINNER: REMUNERATION REPORT OF THE YEAR AWARD**

When Old Mutual moved its primary listing to the JSE in 2018, it was important for the business to establish a more transparent and stakeholder-inclusive approach to reporting, in line with King IV™ principles and JSE listing requirements.

"We wanted to ensure that our messaging was clear and detailed, and that we illustrated clear alignment between business performance and executive remuneration outcomes," says Govender. To that end, Old Mutual's remuneration report contained a level of detail and transparency that enabled stakeholders to understand the complexity of the company's remuneration structures, providing clarity on how remuneration was earned. "Our disclosures are constantly improved, and we remain responsive to feedback at our annual general meetings and shareholder roadshows," Govender adds.

**Given the remuneration report's multi-disciplinary nature, it can be difficult for businesses to decide**

**who is ultimately accountable for the quality of the report.** "While Old Mutual's Group Remuneration Committee signs-off the publication of our report, internal remuneration teams are responsible for delivering a strong report that is a true and accurate reflection of the organisation for the year in review," says Govender.

**The company's 2022 report earned positive feedback regarding its fair and responsible pay disclosures.** "We are extremely proud of the work done in this area and in 2022 we were able to publish our initiatives supporting fair pay as well as our pay gap ratios," Govender says. "We were able to provide tangible action plans that have made a meaningful difference to people's lives."

**"We felt it was important that any approach we took on fair and responsible pay was holistic and stretched beyond pay alone."**

"As remuneration professionals, we must keep abreast of changing legislation, reporting standards and trends," she adds. "This supports a more agile approach to how responsive an organisation can be to support specific reporting and strategic shifts. Striking the right balance between all stakeholders' interests is important when it comes to managing total reward. This, together, with follow-through on actions and commitments, provide demonstrable outcomes, and more transparent disclosure."




### **WINNER: REWARD PROJECT OF THE YEAR 2023**

The SARA Project of the Year category recognises individuals or teams who have developed and implemented a new reward project that has a measurable procedural, operational, or strategic impact on their organisation. The Old Mutual Remuneration team won the 2023 Award after formulating a fair and responsible pay philosophy and defining a set of core principles to



guide organisational-wide decision-making on remuneration- and performance-related matters that impact on pay equity and fairness.

“Old Mutual aims to champion mutually positive futures for our stakeholders, including shareholders, employees, customers, the community, and the environment,” says Govender. “We aim to be our customer’s first choice to sustain, grow, and protect their prosperity. To achieve these goals, we require a high-performing workforce that is engaged by meaningful work and is paid fairly and responsibly for the work and the value created for stakeholders.”

 **Old Mutual is committed to the following principles, aiming to foster a culture of trust, transparency and engagement, while also supporting bold decision-making.**

- Pay that is free from discrimination
- Competitive pay
- Pay for performance
- Fair and fulfilling work opportunities
- Transparency and openness
- A dignified life for all

“For the 2022 financial year, we identified specific initiatives to demonstrate progress and impact for our employees,” says Govender. “These were implemented over 2022 and 2023. We felt it was important that any approach we took on fair and responsible pay was holistic and stretched beyond pay alone.”

The Remuneration team supported Old Mutual’s Group Remuneration Committee and Executive team with carefully constructed metrics, sophisticated analytics and relevant dashboards to support decisions that led to constructive action plans. “Taking a data-driven approach to

decision-making ensured actionable insights in areas that required specific attention, and we were able to track and measure progress over time,” says Govender.

Old Mutual disclosed its fair pay philosophy and principles in its 2021 remuneration report, and in 2022 became one of the first insurers in South Africa to voluntarily disclose its pay gaps externally. The company also shared several employee initiatives with an external audience, including its inclusive parental leave policy, details around the Bula Tsela employee share scheme, remuneration outcomes for levels below middle management, and the prioritisation of minimum pay levels in 2023.

“External feedback has been positive and there has been an acknowledgement of the bold step that Old Mutual took in voluntarily disclosing both our guaranteed pay and total remuneration pay ratios to the market in our 2022 report,” Govender says. “From an ESG and sustainability perspective, this was seen as a progressive step forward.”

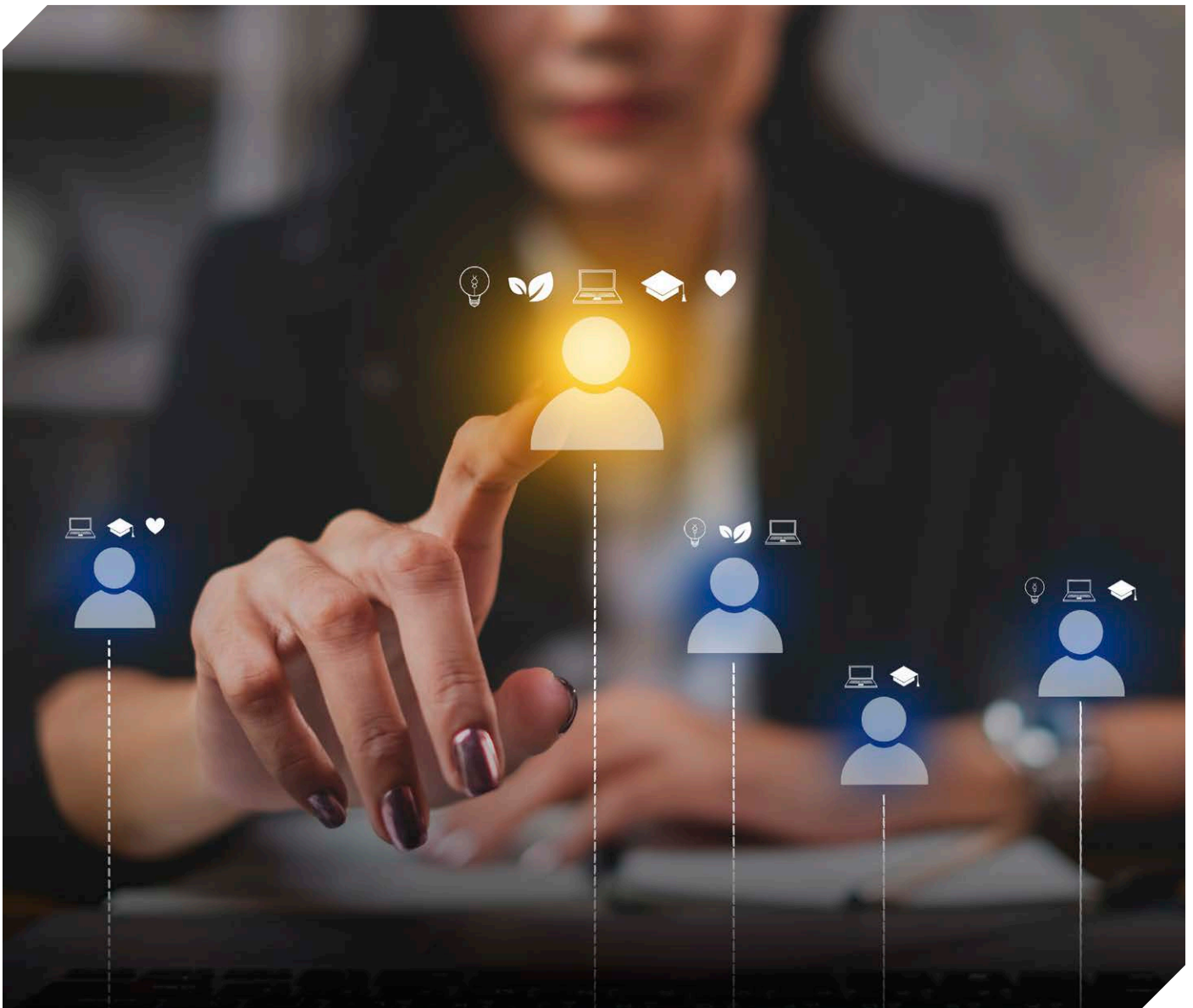
On an annual basis, Old Mutual’s Remuneration Committee ensures that remuneration within the organisation is externally relevant and internally equitable, and supports the delivery of the Group’s short-, medium- and long-term objectives.

“We conduct a detailed refresh of our fair and responsible pay metrics and dashboards to manage shifts and changes,” Govender concludes. “On an annual basis, we use the pay review process to make adjustments where necessary. With analytics such as those we have adopted for equal pay, we want to learn from assumptions and modelling so that we can continue to improve. We don’t view fair pay as a one-off initiative. We believe that it is important to continue to work with the business to build on the work done to date and show continuous improvement over time.”





# UNLOCKING ORGANISATIONAL SUCCESS



How job profiling and job evaluation contribute to organisational success and sustainability.



**In the evolving business landscape, organisations are constantly seeking to enhance their efficiency, productivity, and overall effectiveness. A crucial aspect of this is the strategic alignment of job roles within the organisational structure. Job profiling and job evaluation are indispensable tools in organisational design, forming a solid foundation for talent management, resource allocation, and overall business success.**



## ORGANISATIONAL DESIGN

Organisational design is the intentional process of structuring and arranging the components of an organisation to achieve its strategic objectives. It involves making decisions on organising people, tasks, and resources to best achieve these objectives. Job profiling and job evaluation are integral to this process, offering crucial insights for creating a cohesive and effective organisational structure and culture.

Through job profiling and job evaluation, organisations can align their structure with their strategic goals. By understanding the specific skills and roles required to achieve objectives, leaders can design a structure that optimally utilises human capital, fostering innovation and adaptability.

Job profiling and job evaluation also assist in optimising resource allocation by ensuring that compensation is aligned with the value each role brings to the organisation. This strategic resource management approach enables organisations to allocate budgets efficiently and invest in areas that contribute most significantly to their success.



## UNDERSTANDING JOB PROFILING

The first step in creating organisational success is creating comprehensive job profiles. This involves a systematic process of gathering, documenting, and analysing information about the jobs required to ensure that the organisation can achieve its strategic objectives. This includes a comprehensive examination of the tasks, responsibilities, skills, qualifications, experience and performance outputs required for specific roles.

The primary goal is to create accurate descriptions, allowing organisations to have a clear understanding of their workforce composition and provide staff with a clear understanding of the roles, responsibilities and performance outputs of their jobs.

Well-crafted job profiles are essential for attracting top talent. Accurate profiles act as a recruitment blueprint, identifying candidates with the required skills and qualifications. This precision streamlines



hiring, enhances team effectiveness, aligns individual skills with job requirements, and boosts the likelihood of exceptional job performance.

Job profiling is also pivotal in talent development, identifying skill gaps within the organisation. This identification allows the implementation of targeted training programmes to enhance employee skills, fostering a more adaptable, skilled, and sustainable performance-oriented workforce.

Effective performance management relies on a clear understanding of job expectations and aligning individual performance with team and organisational goals. Job profiling is crucial in this process, providing a framework for defining roles, responsibilities, and performance outputs. Clear job requirements make performance expectations more specific and motivating.

Furthermore, job profiling aids in identifying Key Performance Indicators (KPIs) and setting targets for various roles within the organisation. Linking job responsibilities to performance metrics enables objective assessment of employee contributions, assisting with providing constructive feedback. This data-driven approach not only enhances individual performance but also contributes to effective total reward management and overall organisational effectiveness.



Job evaluation also helps organisations stay competitive by benchmarking compensation against industry standards. This ensures that employees are rewarded appropriately for their contributions, reducing turnover risk and enabling the attraction of top talent. In dynamic business environments, offering competitive compensation is crucial for retaining skilled professionals who create value for the business.

In a competitive talent landscape, attracting and retaining skilled professionals is a perpetual challenge. Job evaluation serves as a valuable tool in talent acquisition and retention strategies. By clearly defining the value of each position, organisations can communicate the importance of roles to potential candidates, making their organisational structure more attractive.

Furthermore, job evaluation enables organisations to identify high-potential employees and implement targeted development programmes to nurture their talents. Recognising and rewarding exceptional contributions through this process enhances employee morale and fosters a positive workplace culture, ultimately strengthening retention efforts. Given the substantial annual cost of losing critical staff, retaining key team members is vital for an organisation's success and effective cost management.



## UNDERSTANDING JOB EVALUATION

Job evaluation systematically assesses the relative value of various jobs within an organisation by comparing factors including responsibilities, skills, and complexity. This process establishes fair pay structures, forming the foundation for effective compensation strategies and ensuring employees are rewarded in line with their contributions. Additionally, job evaluation underpins essential HR functions such as compensation, performance management, and talent acquisition.

Job evaluation fundamentally aligns the workforce with organisational goals by systematically assessing the importance and contribution of each role. This process enables organisations to identify critical positions impacting the achievement of strategic objectives, allowing more efficient resource allocation.

Additionally, job evaluation supports the creation of clear career paths and development opportunities, providing employees with a defined understanding of their role's significance within the broader organisational context. This clarity fosters motivation and commitment among employees.

Fair, equitable, and responsible compensation is essential for employee satisfaction, engagement, and retention, creating the stakeholder confidence vital for organisational sustainability. Job evaluation, guided by robust job profiling, forms the basis of a compensation system that fairly and accurately reflects the relative worth of roles. By following a consistent process for assigning value to each job, organisations can implement fair and transparent pay structures, minimising disparities and promoting a culture of equity and responsibility that meets the requirements of key stakeholders.



## OVERCOMING CHALLENGES AND ENSURING SUCCESS

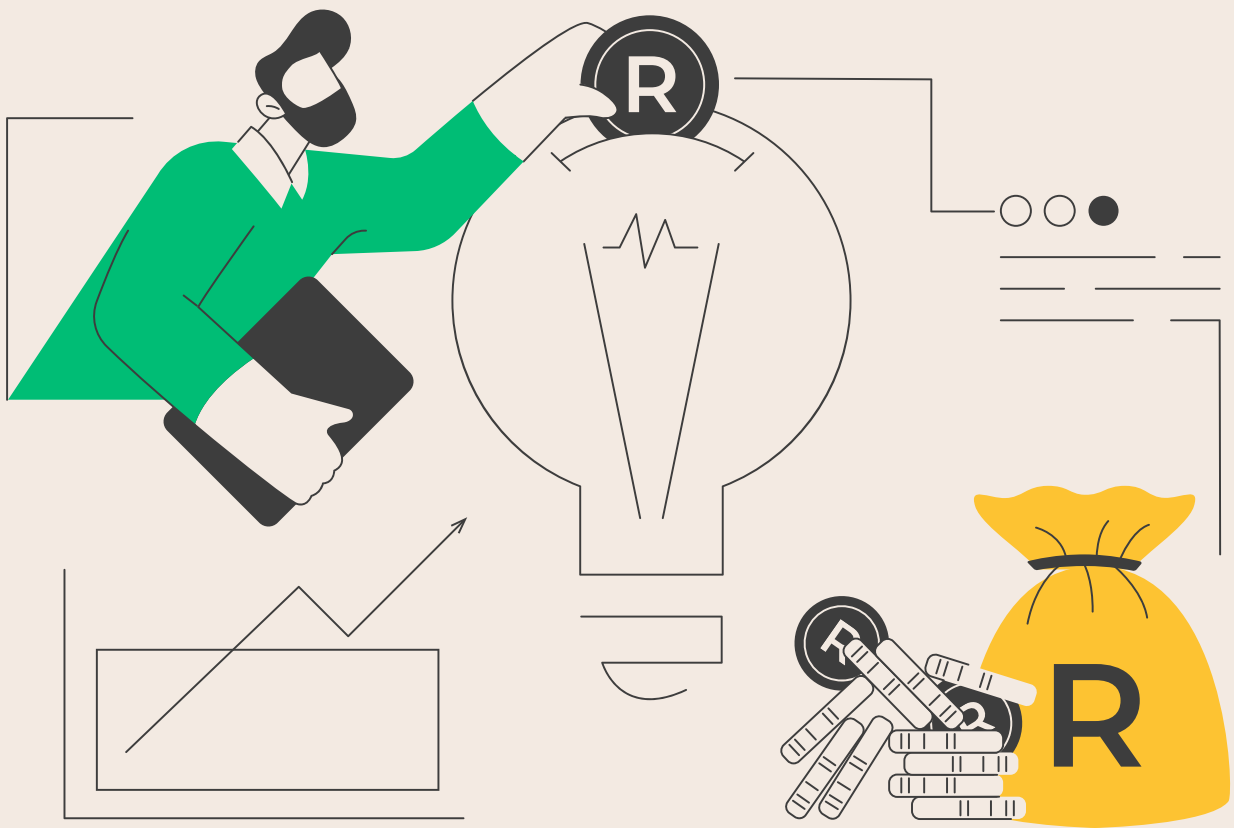
While the benefits of job profiling and job evaluation are substantial, organisations must navigate challenges to fully capitalise on these processes. The business environment is dynamic, and job roles evolve over time. Organisations must commit to regular reviews and updates of job profiles and evaluations to ensure alignment with changing business needs.

Open communication about the job profiling and job evaluation processes is essential for building trust within the organisation. Transparent communication helps employees understand the rationale behind decisions, fostering a positive work environment.

In the intricate tapestry of organisational success, job profiling and job evaluation stand out as critical threads. These processes, woven into the fabric of organisational design, provide the clarity and structure necessary for achieving strategic goals. By embracing the importance of job profiling and job evaluation, organisations can unlock the full potential of their workforce, fostering a culture of excellence, innovation, and sustained success.



# RETIREMENT REFORM



After a string of delays and reversals, National Treasury's Two-Pot Retirement System now has an implementation date. What does that mean for employers?

**National Treasury's proposed Two-Pot Retirement System will certainly change the country's employee benefits landscape, ultimately leading to improved retirement outcomes for working South Africans. For a brief period, the biggest uncertainty was around when this system would come into effect.**

Initially, in 2022, the government had communicated that the implementation date would be from 1 March 2024. However, in the lead-up to the October 2023 Medium-Term Budget Policy Statement, National Treasury signalled a postponement of the date to March 2025. Then on 21 November, Parliament's Standing Committee on Finance announced it would reinstate 1 March 2024 as the implementation date. After a few days of industry panic, Parliament's Standing Committee on Finance agreed to the Minister of Finance's recommendation of a new proposed implementation date of 1 September 2024.

In a letter to the committee, Finance Minister Enoch Godongwana said: "While the Financial Services Conduct Authority can have their internal systems ready to receive fund rule amendments from 1 March 2024, it will take approximately three months from receipt of draft rules for approvals to be finalised."

However, the bigger problem – and of deep concern for corporates – is the readiness of South Africa's retirement funds. As Minister Godongwana pointed out: "There are 1 324 retirement funds that will all be required to submit amended rules for registration and approval." The mammoth task of getting all those funds ready to implement the new system by 1 March 2024 made a smooth implementation "highly unlikely", he said.

## BALANCED WINDOW

Old Mutual welcomed the announcement, describing it as being "in the best interest of all stakeholders". "This new timeline offers a balanced window for all involved parties to prepare adequately," says Michelle Acton, Retirement Reform Executive at Old Mutual. "We appreciate the government's attentiveness to the industry's feedback and commitment to ensuring a seamless transition for the Two-Pot Retirement System."

Acton adds that the decision to postpone the implementation date allows Old Mutual, alongside essential partners like SARS sufficient time to complete necessary system builds and procedural updates.

"In 2022, we confirmed that we would be ready for the Two-Pot Retirement System on the condition that the relevant legislation was finalised expeditiously," Acton





points out. “By the end of 2023 the legislation remained unfinalised, hindering our ability to fully prepare for the system’s implementation.”

But retirement funds like the Old Mutual SuperFund (which had 445 773 active members at 30 June 2023) and fund administrators like Old Mutual Corporate don’t act in isolation. “The industry is also dependent on SARS being fully ready as well, which is challenging without the Bill being gazetted,” she says. “We rely on SARS to guide us on their requirements for processing early withdrawal claims. Without this critical information, we cannot complete the system modifications to handle these transactions.”

This is particularly crucial for facilitating early withdrawal claims under the new system – a process that depends on finalising and gazetting the Draft Revenue Laws Amendment Bill and the Pension Funds Amendment Bill and finalising the SARS process. “From the time the laws are gazetted, retirement funds and SARS will need at least six months to finalise building the new system and structures required to facilitate withdrawals for members,” she emphasises.

### COLLABORATIVE EFFORT REQUIRED

The frequency and volumes of retirement fund member claims is expected to skyrocket when the Two-Pot Retirement System comes into effect. Under the existing regulations, South Africans may withdraw their full

pension savings (subject to taxation) when they leave a job – despite the risk of entering retirement with little to no capital. The new system will allow fund members to access up to a third of their retirement savings once a year; but the remaining two-thirds of their contributions will be preserved until retirement, when it must be used to purchase a pension.

Old Mutual expects up to one million customers across all Old Mutual retirement funds to each withdraw the initial seeding amount (10% of fund value capped at R30 000) from their pension savings on the implementation date. “We have done market testing, and when speaking to members, the majority of middle and lower-income members confirmed they would come forward and claim,” Acton says.

Managing those claims volumes will require the collaborative efforts of all stakeholders, including regulators, employers, fund administrators and intermediaries.

This makes the delayed implementation even more welcome. “This extended timeframe is a testament to our collective dedication to delivering a well-prepared and efficient system,” she concludes. “It ensures we can provide the best service to all in South Africa who rely on these funds. Old Mutual remains steadfast in our commitment to implementing the Two-Pot Retirement System effectively and responsibly.”



# THE LEAVE DILEMMA

Accumulation of leave has major cost implications  
for Corporate South Africa.

Leave policies are cornerstones of employee wellbeing and retention. Yet for employers, these policies also create a complex web of liabilities that require careful navigation. From accrued entitlements to unexpected terminations, navigating leave liability demands solid understanding and active management.

The results of Remchannel’s December 2023 Employee Benefits Guide reveal the dilemma that Corporate South Africa faces.

**UNDERSTANDING THE LANDSCAPE**

Leave policies encompass a range of absences, including vacation, sick leave, parental leave and family responsibility leave. Each type comes with its own set of regulations and nuances depending on location and sector.

**The key pieces of the leave-liability puzzle include:**

- **Accrual Rates:** Employees often accrue leave based on hours worked or other criteria. These rates will be based on the employee’s final salary at termination. Failure to track these accruals accurately can lead to significant financial liabilities during termination or payout.
- **Accumulation of Leave:** Some policies allow unused leave to be carried over to the next year, impacting future liabilities. Understanding carryover limits and implementing clear communication in this regard is critical.
- **Documentation and Approval Processes:** Meticulous documentation of leave requests and approvals ensures legal compliance, accurate leave liability provisioning and minimises challenges in case of disputes.
- **Payment Obligations:** Employers are legally obligated to pay employees out for accrued annual leave at termination of employment. Understanding these obligations and accurately budgeting for them is essential.

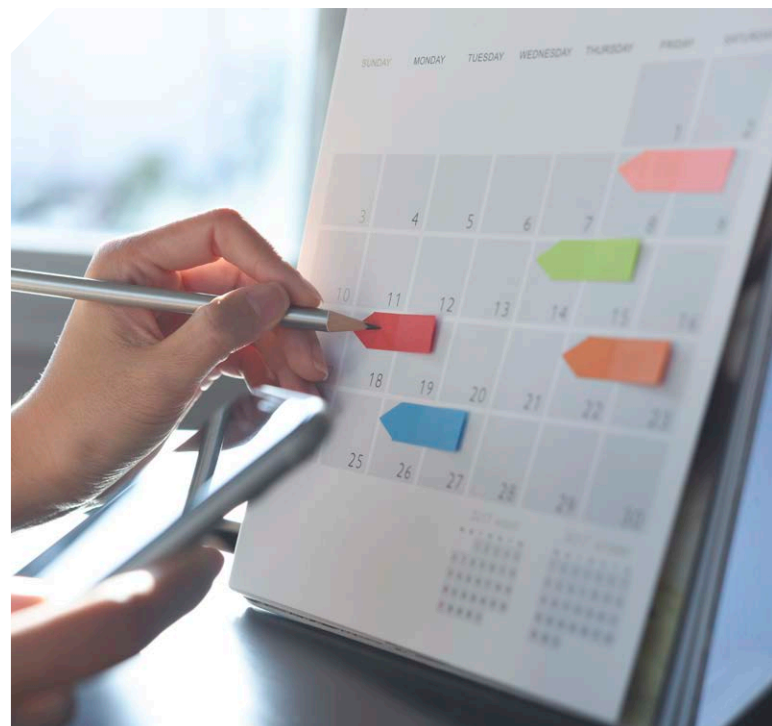
Accumulated leave continues to be a major liability for South African organisations, but its prevalence depends on industry sectors. However, the majority (75.5%) of participating organisations surveyed by Remchannel reported that a portion of annual leave may be accumulated, meaning it may be carried over from one leave cycle to another. This figure has reduced by 13 percentage points since the 2019 publication of the Employee Benefits Guide, indicating that South African organisations are trying to reduce their overall liability on the balance sheet.

The table below indicates the results of the survey by industry sector:

INDUSTRY SECTOR	PERCENTAGE WITH ACCUMULATION OF LEAVE POLICY
Financial Services	86.2%
FMCG/Retail/Logistics/ Light Manufacturing/ Fishing	57.9%
Information Technology/ Communications/Media	60.0%
SOE/Higher Education/ Public Entities/NPO	75.0%
Technical combination/ Manufacturing	82.1%

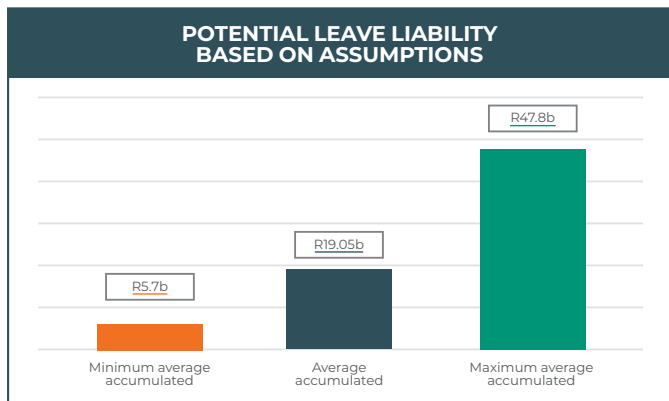
Just less than half of the participating companies indicated that excess leave accumulated is forfeited. However, the maximum number of days that may be accumulated at any one time averaged at 32 days and the highest cap extended to 180 days. Only two companies noted that there was no limitation in terms of a maximum overall cap, across some or all employee levels.

Retaining a large number of leave days on your company’s balance sheet will create a significant liability and could ultimately result in a major cash flow problem.



Based on the number of days reported by participating organisations, the potential leave liability is shown in the graph below. The following assumptions made are:

- 50% of the employed individuals in the sample of 632 733 have accrued leave.
- The average median total guaranteed package across employee levels between job grading Paterson A1 and D5 is R540 000 per annum.
- The minimum, average and maximum allowable accumulation has been averaged across all industry sectors, i.e. 8.8, 29.0 and 72.8 days respectively.



It's evident that the potential leave liability of participating organisations in the December 2023 Employee Benefits Guide ranges from R5.7 billion to a staggering R47.8 billion. This cost doesn't factor in any historical leave which may have been accumulated during the employment history of an individual employee.

**The potential leave liability of organisations in the survey ranges from R5.7 billion to a staggering R47.8 billion.**

On a national all-industry sector basis, the REMchannel® Online Salary Survey consists of just over a million data points. Using the same average number of days leave and the same assumption – i.e. 50% of employees have accrued leave – the leave liability for over 600 REMchannel survey participants can be calculated to be in the region of between R34 billion and R84 billion as at the end of November 2023. Job grade Paterson A, B and C band employees account for 48% of the liability, followed by 55% at the job grade Paterson D and E bands and job grade Paterson F band employees who account for 2% of the liability.

### MITIGATING ANNUAL LEAVE LIABILITIES

Proactive measures can significantly reduce leave liability risks.

Here are some key strategies:

- **Clear and Accessible Policies:** Develop readily accessible leave policies outlining employee rights, accrual rates, accumulation provisions and approval processes.
- **Efficient Tracking Systems:** Implement a reliable system for tracking leave accruals, balances and approvals. This may seem a strange comment in a digital world, but many organisations still use manual systems or have not developed the discipline required to timely manage or process leave requests. Automated systems also minimise manual errors and provide real-time data insights.
- **Regular Communication:** Clearly communicate leave policies and any updates of same to employees. Encourage open communication about leave plans and address any concerns promptly.
- **Leave Management Training:** Ensure that all managers are adequately trained on leave policies, compliance requirements and best practices for handling leave requests. It's also imperative for managers to understand the impact of a large leave liability on the company's balance sheet.
- **Leave Planning and Forecasting:** Encourage employees to plan and schedule leave requests in advance. Utilise workforce analytics to forecast leave trends and ensure adequate staffing during peak periods.



## BUILDING SUSTAINABLE LEAVE PROGRAMMES

While compliance is critical, a forward-thinking approach goes beyond simply avoiding legal troubles or liabilities.

### Building a sustainable leave programme involves:

- **Flexibility and Employee Wellbeing:** Consider offering flexible leave options such as reduced hours or phased returns to work. This can accommodate diverse needs and promote employee wellbeing, ultimately benefitting both employee and employer.
- **Culture of Trust and Openness:** Foster a culture of trust and open communication regarding leave requests. This reduces tension and encourages responsible leave usage.
- **Investing in Technology:** Utilise technology to simplify leave administration, reduce paperwork and streamline approvals. This can save time and resources while enhancing the employee experience.
- **Continuous Improvement:** Regularly review the value of your leave policies – this may improve the employee experience especially in a post COVID-19 environment and a changing world of work. Gather feedback from employees and analyse data to identify areas for improvement. Amend policies and practices based on the insights gained.



## Regularly review the value of your leave policies.

Leave liability management is a constant process, which requires ongoing attention and assessment. By understanding the regulatory and financial implications, implementing practical strategies and encouraging a culture of trust and flexibility, businesses can navigate leave liabilities effectively. Managing this landscape, though complex, ultimately leads to a sustainable leave programme that supports employee wellbeing, limiting burn-out risks and ensuring business success.

To obtain a copy of the December 2023 Employee Benefits Guide contact Lisa Tamkei at [surveys@remchannel.com](mailto:surveys@remchannel.com). Ts & Cs apply.



# CAN A FOUR-DAY WORKWEEK WORK?



A landmark study coordinated by 4 Day Week Global into the practicality of a four-day workweek challenges the assumptions many South African businesses have about their Monday-to-Friday setup.



**The first South African four-day week trial took place from March to August in 2023, with 470 employees across 28 companies (including one business based in Botswana) taking part. The headline results from the pilot report published in November 2023, were interesting: 92% of participating businesses said they would “definitely” continue the four-day workweek after the pilot or were at least considering it.**

Almost half (49%) of employees are said to have reported an improvement in their work ability during the trial, while resignation rates decreased by 11% (weighted by company size) and the number of sick and personal days taken by employees led to a 9% weighted reduction in absenteeism. Rates of burnout are said to have dropped for 57% of participating employees, despite an increase in workload for 31% of the sample.

**There was a 10.5% increase in revenue, weighted by company size.**

Another key takeout from the report: there was a 10.5% increase in revenue, weighted by company size, among the organisations that reported their revenue both before and after the trial period.

The study's Global Research Lead, Professor Juliet Schor of Boston College, called the South African experiment “an unexpected success story”.

“This is a landmark trial, as it is the first to be held outside the wealthy nations of the North,” Schor said. “The results have been impressive. While hours didn't fall by the full eight per week, employees did see improvements in virtually all our measures of wellbeing, stress, burnout,

fatigue, anxiety, mental health, work-family balance, sleep problems, and exercise frequency.”

One of the strongest results, she noted, was the large improvement in self-reported productivity, without much increase in work intensity.

### ● IMPROVED PRODUCTIVITY

“It's important to remember that the aim of the four-day workweek is to improve employee engagement and wellbeing by reducing the hours that people spend at work whilst improving productivity,” says Remchannel MD Lindiwe Sebesho.

The results of the South African four-day workweek pilot suggest that it is possible to achieve the objectives of such a model and are aligned with Remchannel's related survey, conducted in April 2023. “The intent of [Remchannel's] survey was really to understand what organisations were thinking about in terms of the four-day workweek and the pilot,” says Sebesho. “The outcomes of the survey were quite interesting, in that 90% of respondents also believed that the four-day workweek could improve the work-life balance of employees.”

In addition to that, 61% of participants in the Remchannel survey also believed that employee performance would improve; while 72% believed that the four-day workweek would increase talent retention.

### ● THE ULTIMATE OBJECTIVE

South Africans typically work 40 hours a week, for a five-day workweek. The four-day workweek reduces that to 32 hours. “There are different ways that organisations are looking at achieving those 32 hours,” Sebesho explains. “So it's not a Friday off – or a Monday off for that matter. In fact, I read about an organisation that's giving its employees two half days off in the week to make those 32

hours. So, there are creative ways that organisations can achieve the four-day workweek, so long as it works for them and still drives productivity, which is the ultimate objective.”

## “It takes leadership and commitment to roll out new flexible working arrangements.”

One of the researchers involved in the South African pilot, Mark Smith of Stellenbosch Business School, agrees. “Overall, we found that there were few organisations that worked a four-day week in the way that it is often assumed by the wider public: closing on a Friday,” he says. “We found organisations were able to maintain five-day and even continuous operations with a diversity of working arrangements or hours across the week.”

And while some managers and business owners were unable to take the one extra day as a day off, Smith says they nevertheless appreciated the quiet time to focus on deep work or longer-term projects.

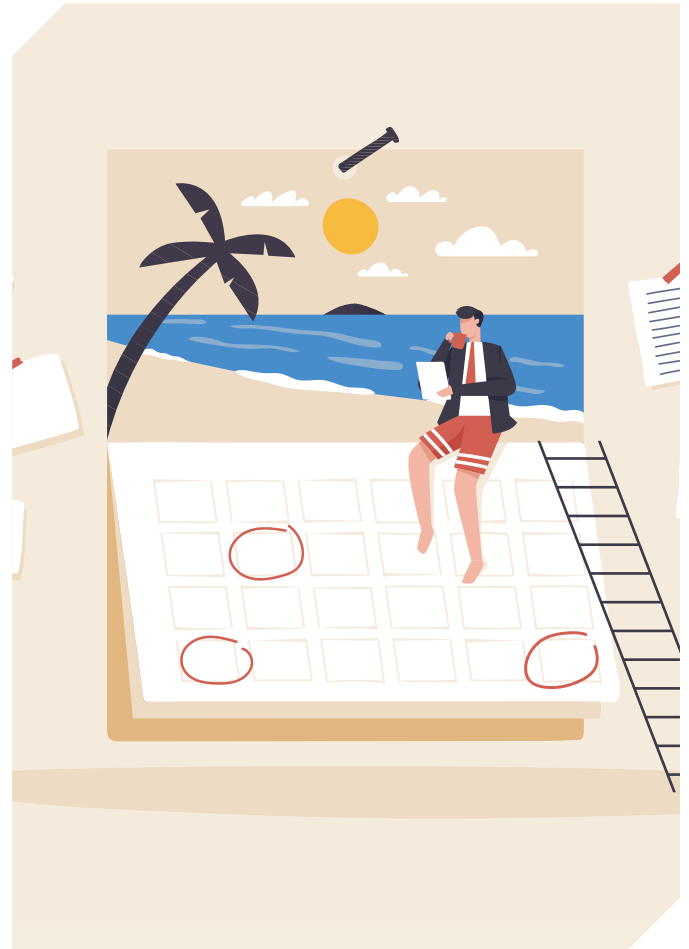
### CHANGE MANAGEMENT

However, Smith warns that switching to a four-day workweek must be carefully managed. “It is evident from our work with the pilot organisations in the four-day week trial that successful implementation does not happen without deliberate action,” he says. “It takes leadership and commitment to roll out new flexible working arrangements.”

That’s because the four-day week is more than simply working fewer hours. Ahead of the trial, participating organisations underwent a significant review in the way they operated to achieve the same – or more – in less time.

“Two months of workshops, coaching, mentoring, and peer support pre-trial motivated owners, managers, and employees to eliminate inefficiencies and enhance processes through a shared commitment to successful and sustainable change,” Smith says. “The changes to work organisation included more structured focus periods throughout the day, shorter and fewer meetings, better communication, real-time sharing of work status, delegation, enhanced autonomy for employees, and automation.”

To that point, he says, many organisations used the opportunity to improve their use of existing technology for routine tasks or to quickly implement technologies to assist with these matters.



### EMPLOYEE-CENTRIC

Sebesho further acknowledges that South Africa’s four-day workweek pilot suggests that the model can work for local businesses, especially those with a similar profile to the participants of the pilot. “This is because most organisations continuously investigate employee-centric ways of enhancing their value proposition and increasing productivity,” she says.

But for Sebesho, the question is not so much whether your business can do it; it’s whether it should.

“Organisations need to think about the reasons why they would want to adopt a four-day workweek model,” she says. “You need to think about the challenges that you are facing from a value proposition perspective, and whether a four-day workweek would address those challenges or not. You also have to think about the products and services that you offer to your clients – would they be able to be delivered within the context of a four-day workweek? There are various considerations, and therefore this is not something that would work for all organisations. While the results of the pilot are encouraging, each organisation needs to consider its context before adopting a four-day workweek.”



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Can your staff be more productive while spending less time at work? It's been a topic of discussion for some time, and we unpack it in detail in this issue of HR Quarterly. Join Remchannel MD Lindiwe Sebesho and Old Mutual Corporate Consultants Managing Executive Blessing Utete as they discuss the four-day workweek in the Big Business Insights podcast.

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