Survey reveals sober salary expectations

According to Jack Hammer's Bonus and Salary Survey, senior professionals in corporate South Africa are taking the realities of the country's commercial and economic situation on board, with 56% indicating they expect very little in the way of bonuses this year, and 33% expecting no salary increase next year. These expectations are the lowest they have been in the past four years, according to the annual survey.

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Each year, the Jack Hammer Bonus and Salary Survey polls a representative sample of senior executives and managers in various sectors – including retail, financial services and manufacturing - about their expectations of bonuses and salary increases, as well as their general sentiment about the country, the economy and their career outlook.

Expectations have steadily dropped since 2016, when those banking on a bonus in line with or above the previous year stood at 77%. In 2017, the optimists declined to 66% of those polled, to 62% last year. This year, expectations of a bonus equal to or exceeding last year's have plunged to 44%.

On the salary increase front, expectations were also less than promising and, again, the lowest they have been in the past four years.

“It is clear that reality is hitting home now, with professionals accepting that if the company and the economy is under stress and profitability is lower, everyone is going to feel the pain,” says Advaita Naidoo, COO at Jack Hammer, African independent executive search firm.

“The massive jump in reduced bonus and salary increase expectations is significant,” she says.

“Yes, the economy has been in decline for a number of years, yet in previous years we saw an ongoing expectation from people that despite the challenging economy and markets, they would nevertheless continue to be paid bonuses,” she says.

Naidoo says it was particularly in retail and financial services - where many businesses were not meeting their targets - that on performance metrics alone, bonuses and increases were not expected.

Pockets of growth

“What’s also interesting however, is that there are still pockets of the economy that are doing well and where there is evidence of growth. It is in these organisations that individuals expect not only to receive a bonus, but one that will top last year’s,” she says.

“While South Africans have proven themselves to be resilient overall, always figuring out how to ride stormy waves until calmer waters are to be found, caution is now the name of the game, with executives in all sectors of the market recognising the realities of tough markets.”

Biggest concerns

Naidoo says the main concerns raised remained political factors and poor management of state-owned enterprises, high unemployment levels and retrenchment, as well as a perceived lack of capacity-building in emerging skills disciplines.

On the other hand, several respondents remained positive about South Africa’s potential, and hopeful that promises about a clampdown on corruption will start to materialise, along with renewed foreign confidence and investment into the country.

“Anecdotally, from the responses, it also appears that there is a shift in approach, with less focus on cannibalising market share from competitors, and more adaptation to ensure growth. There is a realisation that opportunity remains, but that it requires businesses to add value and innovate to grow market share,” says Naidoo.

And while the vast majority of respondents from all demographics again indicated that they would consider moving abroad, the trend could be reaching a plateau.

This year, 79% said they would move, compared to 82% last year, and 76% in 2017, which saw a massive jump from 29% in 2016.

“Although the numbers still show a steady increase in those willing to consider a move abroad, the biggest jumps were in 2017 and 2018, with significant increases in both years around the expressed desire to consider opportunities abroad. This year, although overall the brain drain remained a real thing, the tide now seems to be calming, which should make for an interesting comparison come November 2020.”