

SA firms are budgeting for pay increases in 2024 - survey

Research by global advisory, broking, and solutions company, WTW revealed employees in South Africa could be looking forward to pay increases in the new year. The survey found that 56% of employers are planning to increase their budgets for pay by 6.1% in 2024, as they try to attract and retain staff amidst ongoing inflation and a competitive labour market.



Image source: Pxabay from [Pexels](#)

Organisations are planning to increase their pay budgets in 2024 for two main reasons. Inflationary pressure was a factor cited by seven in 10 firms (70%), while almost half (44%) said they are responding to a more challenging labour market and trying to attract and retain staff.

WTW's latest Salary Budget Planning Report, which got 440 responses in South Africa, also found that the 6.1% raise planned for 2024 is slightly lower than the 6.6% actual average rise in pay budgets made in 2023.

Melanie Trollip, director of work and rewards, WTW South Africa, said: "Businesses are still grappling with inflationary pressures and a tight labour market, and these factors are pushing up salaries. The forecast rises for next year are slightly lower than what we have seen this year, but overall they are still at a relatively high rate. Inflation seems to be cooling and that may leave people with an improvement in what they earn in real terms.

"Employers are trying to adapt to an evolving environment in which yesterday's certainties no longer apply. Those companies that have a clear strategy on how they reward their workforce will be more successful at attracting and retaining the best people."

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South African firms are fairly upbeat about the economy. A third (34%) said that the outlook for their business is better than they had forecast, while 57% said it was in line with their expectations. Reflecting this optimism, 16% plan to increase their total headcount over the next 12 months. Six in 10 (59%) employers plan to recruit engineers in the next 12 months, while 56% are hiring in IT roles, and 48% want more salespeople.

Trollip added: “Technical skills like engineering and IT remain hotspots in the labour market, while interest in sales staff often reflects an ambition to expand. It takes more than higher pay to attract and keep great talent, and the past few years have pressed companies to be more resourceful. As workforces become more diverse, demanding and dynamic, the key is understanding their specific needs and preferences, and matching that to an overall reward programme.”

About the survey

The Salary Budget Planning Report is an authoritative global study about salary budgets and recruitment compiled by WTW's Reward Data Intelligence practice. The survey was conducted in April and May 2023. Approximately 33,000 sets of responses were received from companies across 150 countries worldwide. In South Africa 440 organisations responded.

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