

HEALTH WEALTH CAREER

COMPENSATION PLANNING FOR 2017

EMEA FORECASTS AND TRENDS

NOVEMBER 3 2016

Monika Todor, Poland
Nuno Gomes, UAE
Nicol Mullins, South Africa
David Wreford, UK



TODAY'S SPEAKERS



MONIKA TODOR
Poland



NUNO GOMES
UAE



NICOL MULLINS
South Africa



DAVID WREFORD
UK

AGENDA FOR TODAY'S SESSION



Context for
Planning



Mercer
Survey
Insights

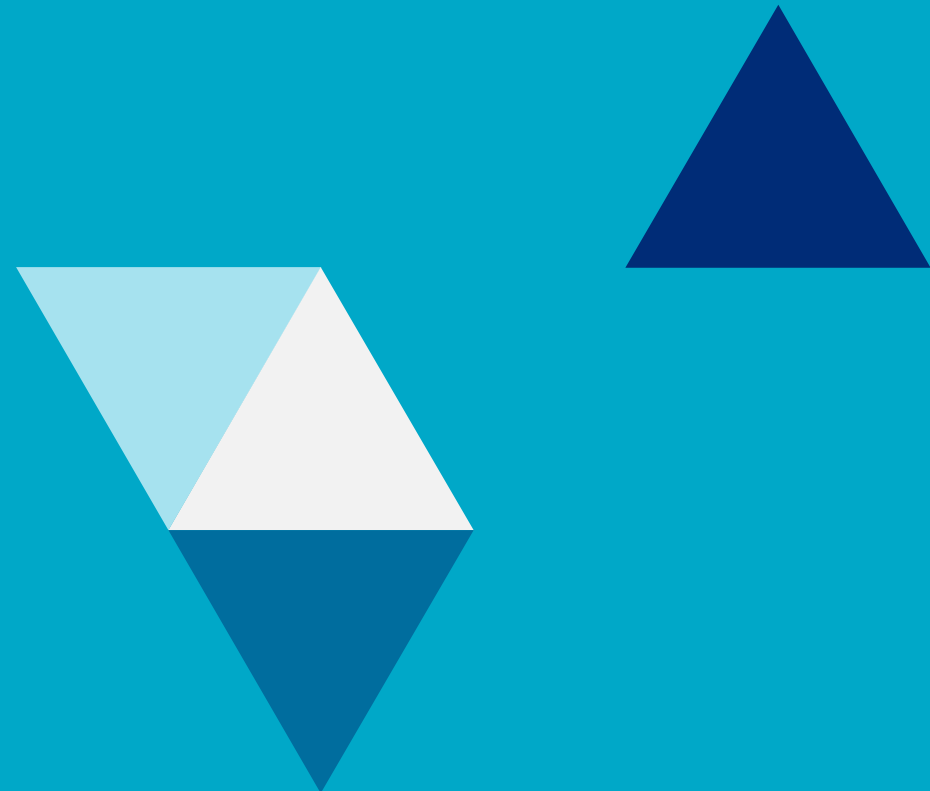


Trends for
2017 and
Beyond

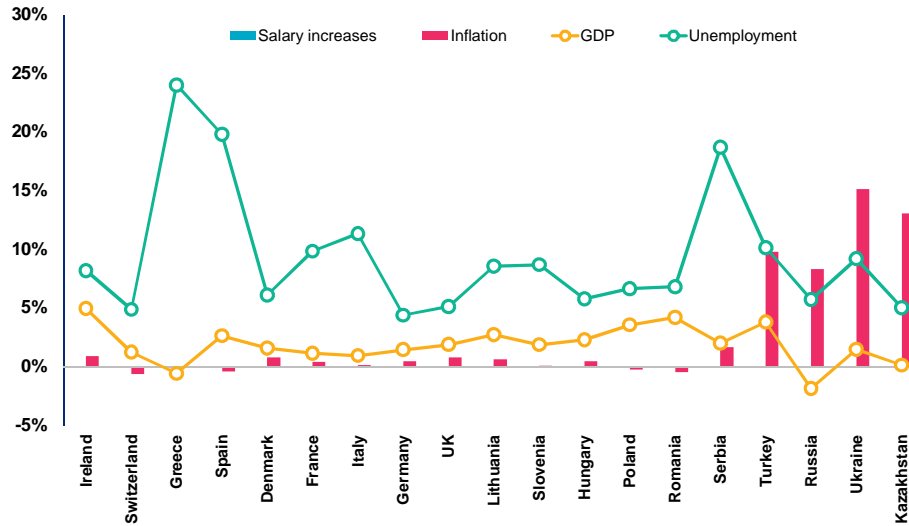


Call to
Action

CONTEXT FOR PLANNING



EUROPE ECONOMIC AND MARKET CONTEXT



People Inter-Act Choose (App or interactive website)

Digital Workplace (dedicated website or part of intranet)

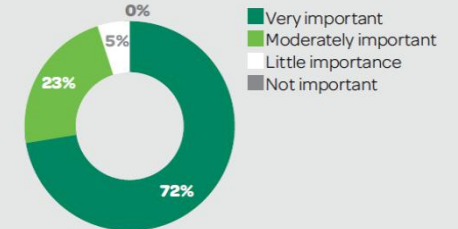
PDF Flyer and Posters (static personalisation)

Personal page (dedicated area on intranet)

Interaction level →



Q. When considering working for an organisation, how important is it to you that the organisation has a public commitment to making a positive impact on the wider society?



MIDDLE EAST ECONOMIC AND MARKET CONTEXT

- **GEO-POLITICAL INSTABILITY**
- **ECONOMIC UNCERTAINTY AND TURMOIL**
- **GOVERNMENT INTERVENTION**

AFRICA

ECONOMIC AND MARKET CONTEXT

- Low GDP Growth



- Low Inflation



- Bad performing currencies



- High GDP Growth



- High Inflation

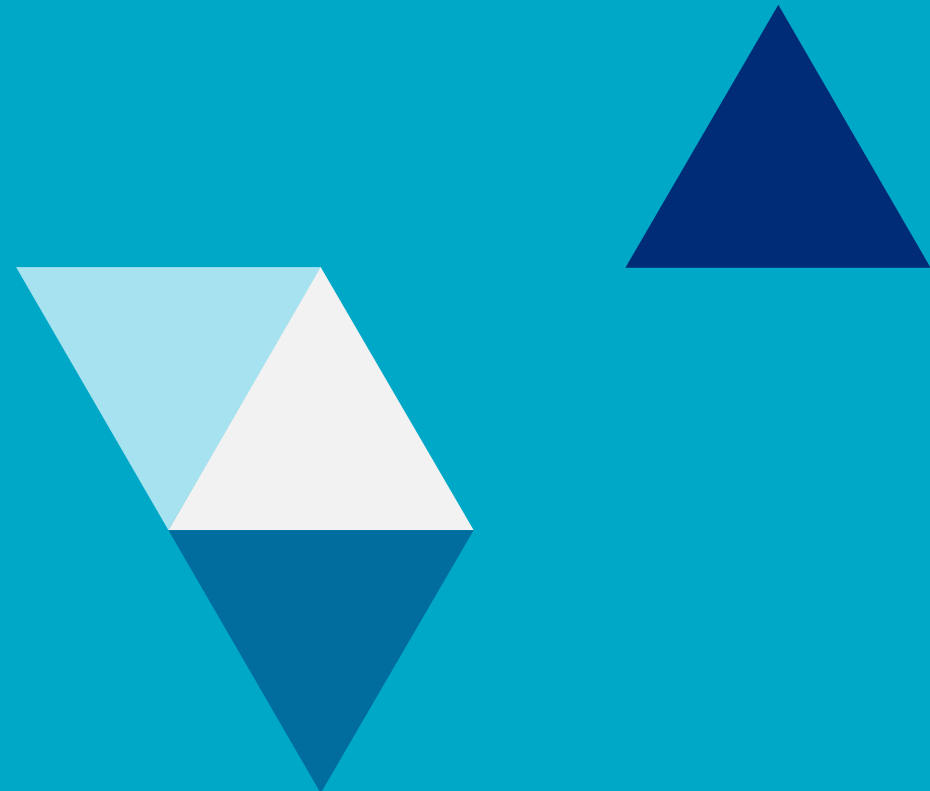


Sources: GDP, inflation: <http://www.imf.org>, World Economic Outlook Database October 2016

<http://www.nigerianinfopedia.com/strongest-currencies-africa-top-10/>

<https://www.thecable.ng/its-official-naira-now-africas-worst-performing-currency-of-2016>

MERCER SURVEY INSIGHTS



SALARY MOVEMENT SNAPSHOT SURVEY PARTICIPANT PROFILE – SEPTEMBER 2016



5,165 PARTICIPANTS



401 UNIQUE ORGANISATIONS



83
MARKETS

Source: Mercer EMEA SMS September 2016

SALARY MOVEMENT SNAPSHOT PARTICIPANT PROFILE

CONSUMER GOODS



HIGH TECH



LIFE SCIENCES



ENERGY



OTHER DURABLE
GOODS MANUFG



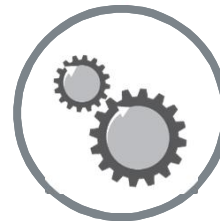
OTHER NON-DURABLE
MANUFACTURING



SERVICES



FINANCIAL SERVICES



OTHER



RETAIL & WHOLESALE

LIVE POLL

QUESTION 1

To what extent do your employees understand the basis upon which their pay and incentives are determined?

A – Not at all

B - To a slight extent

C - To a moderate extent

D – To a great extent

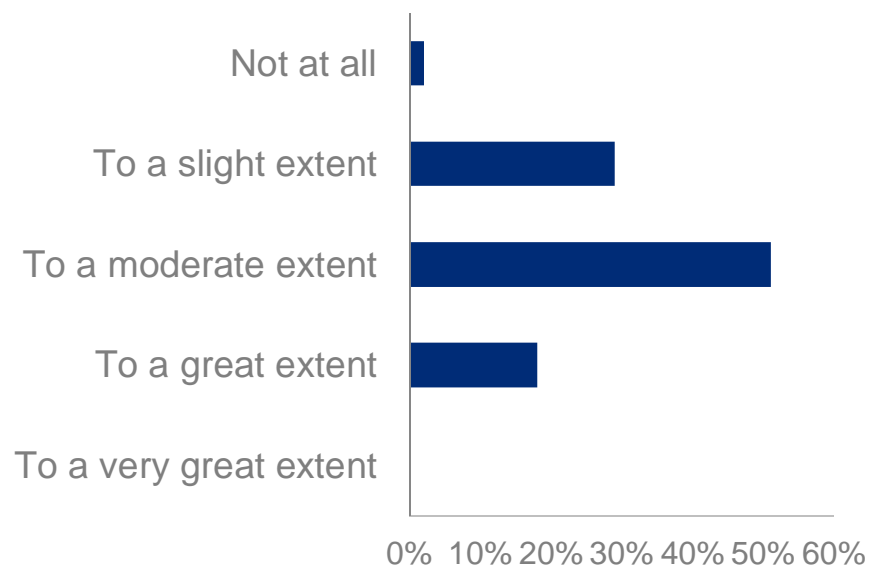
E – To a very great extent

LIVE POLL

QUESTION 1

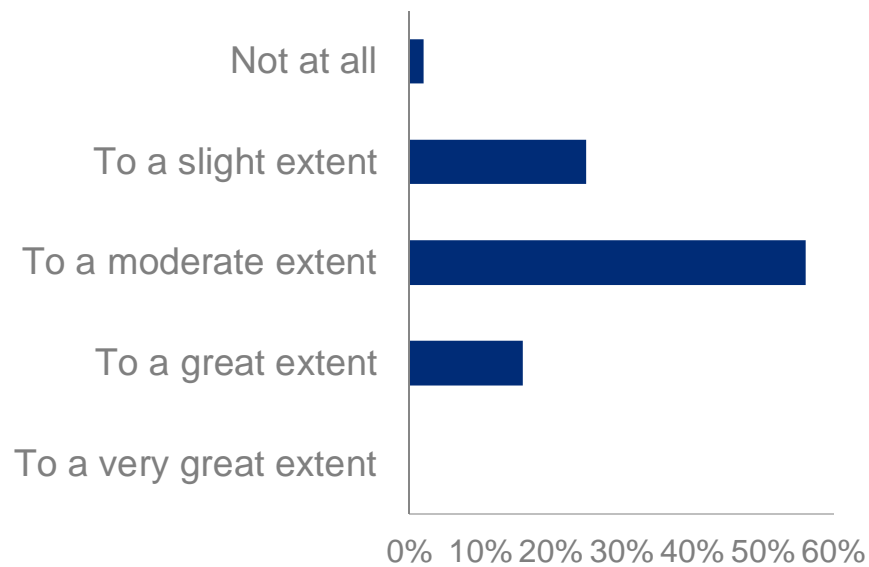
To what extent do your employees understand the basis upon which their pay and incentives are determined?

2016 Results



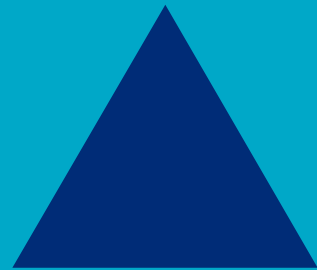
Based on 185 responses

2015 Results



Based on 183 responses

TRENDS FOR 2017 AND BEYOND AFRICA



TRENDS FOR 2016 AND BEYOND

AFRICA

- AFRICA is **VUCA**
 - **Volatile**
 - Currency
 - **Uncertain**
 - IMF latest projections
 - slow down in CPI
 - small growth in GDP
 - **Complex**
 - Legislation
 - **Ambiguous**
- Focus is on cash and benefits
 - Base salary not relevant benchmark
- Skill scarcity
 - High demand low supply - Most companies buy skills – very few build



OIL PRODUCING COUNTRIES

NON OIL PRODUCING COUNTRIES













- Angola
- Cameroon
- Chad
- DRC
- EQG
- Gabon
- Ghana
- Malawi
- Niger
- Nigeria
- ROC
- South Africa
- South Sudan



LOOKING AT INFLATION OIL VS NON-OIL PRODUCING COUNTRIES



Inflation	2016 Average	2017 Average	2018 Average
Oil Producing	44.6%*	16.6%	10.3%
Non-Oil Producing	5.9%	5.7%	4.9%

Highest		Lowest	
Oil Producing	Non Oil Producing	Oil Producing	Non Oil Producing
 476.02%	 19.10%	 1.59%	 0.97%
 33.68%	 16.70%	 1.45%	 0.59%
 19.78%	 9.73%	 0.002%	 -1.58%













* Excluding South Sudan 8.81%

Source - GDP, inflation : <http://www.imf.org>, World Economic Outlook Database October 2016

LOOKING AT GDP OIL VS NON-OIL PRODUCING COUNTRIES



























GDP Growth	2016 Average	2017 Average	2018 Average
Oil Producing	-0.06%	2.12%	3.20%
Non-Oil Producing	4.02%	4.54%	5.04%

Highest		Lowest	
Oil Producing	Non Oil Producing	Oil Producing	Non Oil Producing
 5.23%	 7.17%	 -1.74%	 0.45%
 4.80%	 6.63%	 -9.86%	 -0.28%
 3.94%	 6.49%	 -13.11%	 -0.51%

Source - GDP, inflation : <http://www.imf.org>, World Economic Outlook Database October 2016

SALARY INCREASE FORECASTS FOR 2017

AFRICA – ALL RESPONSES

Country	Increase	Country	Increase
 Malawi	15.3%	 Mozambique	6.5%
 Ghana	11.6%	 Tunisia	6.3%
 Ethiopia	10.9%	 Mauritius	5.0%
 Egypt	10.0%	 DRC	5.0%
 Nigeria	9.7%	 Cameroon	4.5%
 Angola	8.1%	 Zimbabwe	4.5%
 Zambia	7.8%	 Morocco	4.4%
 Kenya	7.5%	 Senegal	4.1%
 Uganda	7.3%	 Burkina Faso	4.0%
 South Africa	7.0%	 Ivory Coast	4.0%
 Tanzania	7.0%	 Mali	3.8%
 Algeria	6.7%	 Gabon	2.9%

Source: Mercer EMEA SMS September 2016

LIVE POLL

QUESTION 2

To what extent do you proactively adapt your compensation policies to address your talent issues?

A – Not at all

B - To a slight extent

C - To a moderate extent

D – To a great extent

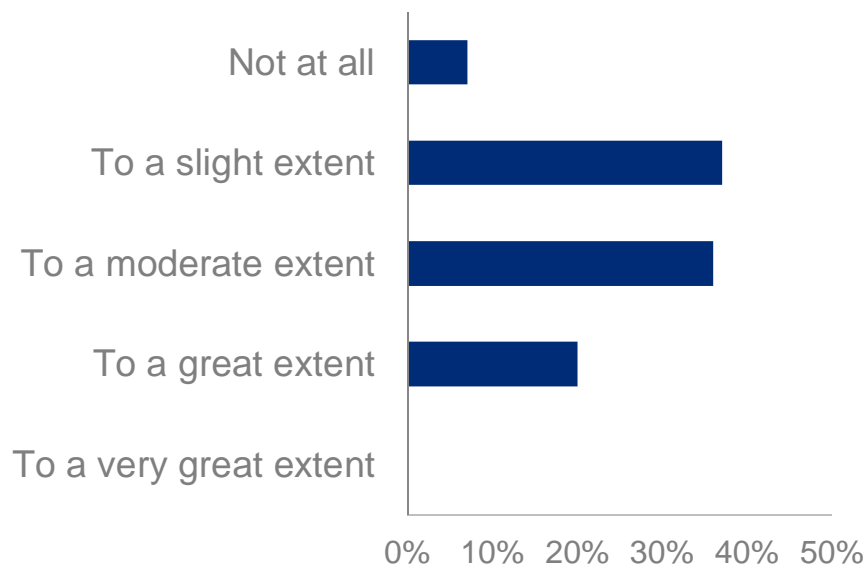
E – To a very great extent

LIVE POLL

QUESTION 2

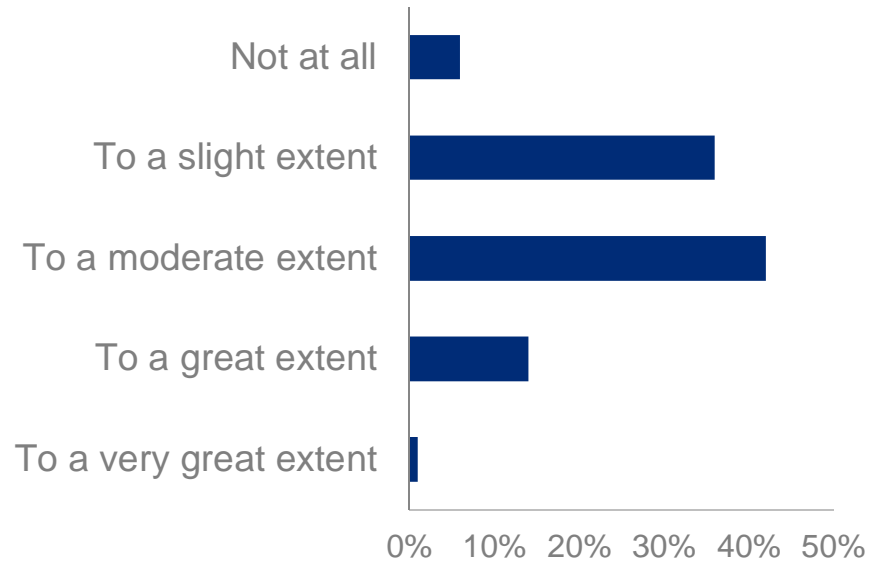
To what extent do you proactively adapt your compensation policies to address your talent issues?

2016 Results



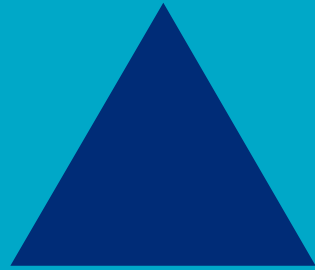
Based on 134 responses

2015 Results



Based on 160 responses

TRENDS FOR 2017 AND BEYOND MIDDLE EAST



TRENDS FOR 2017 AND BEYOND

MIDDLE EAST



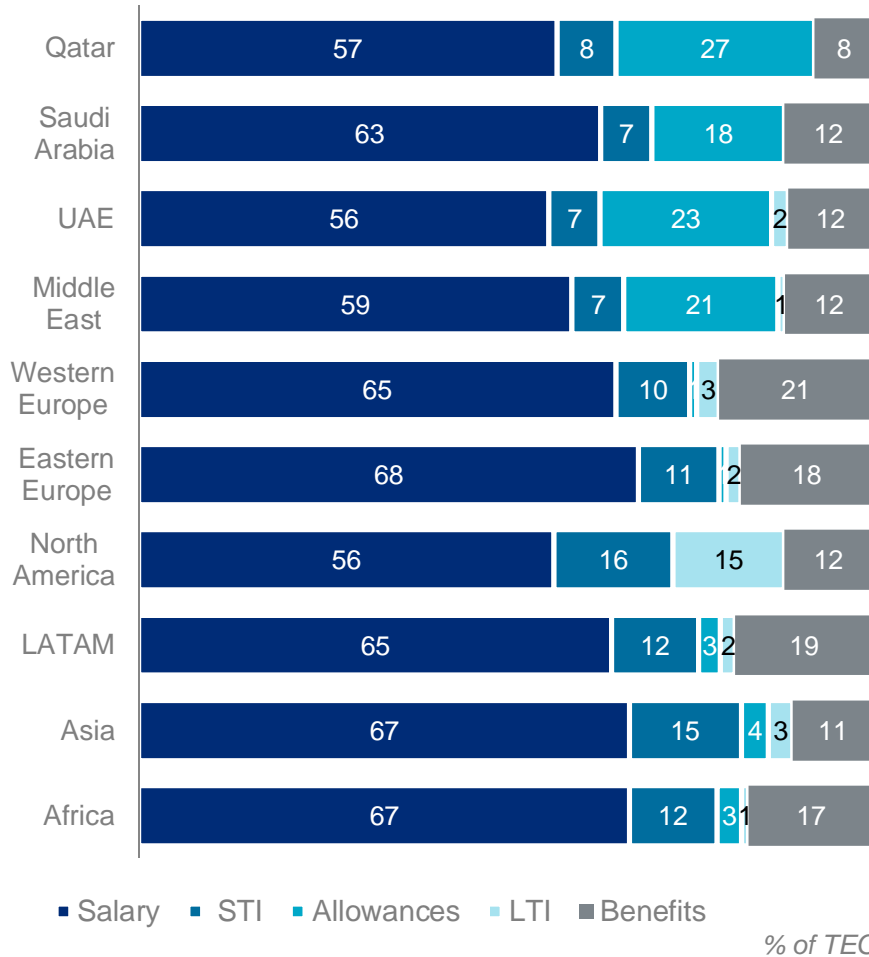
COST OPTIMIZATION

SIMPLIFICATION

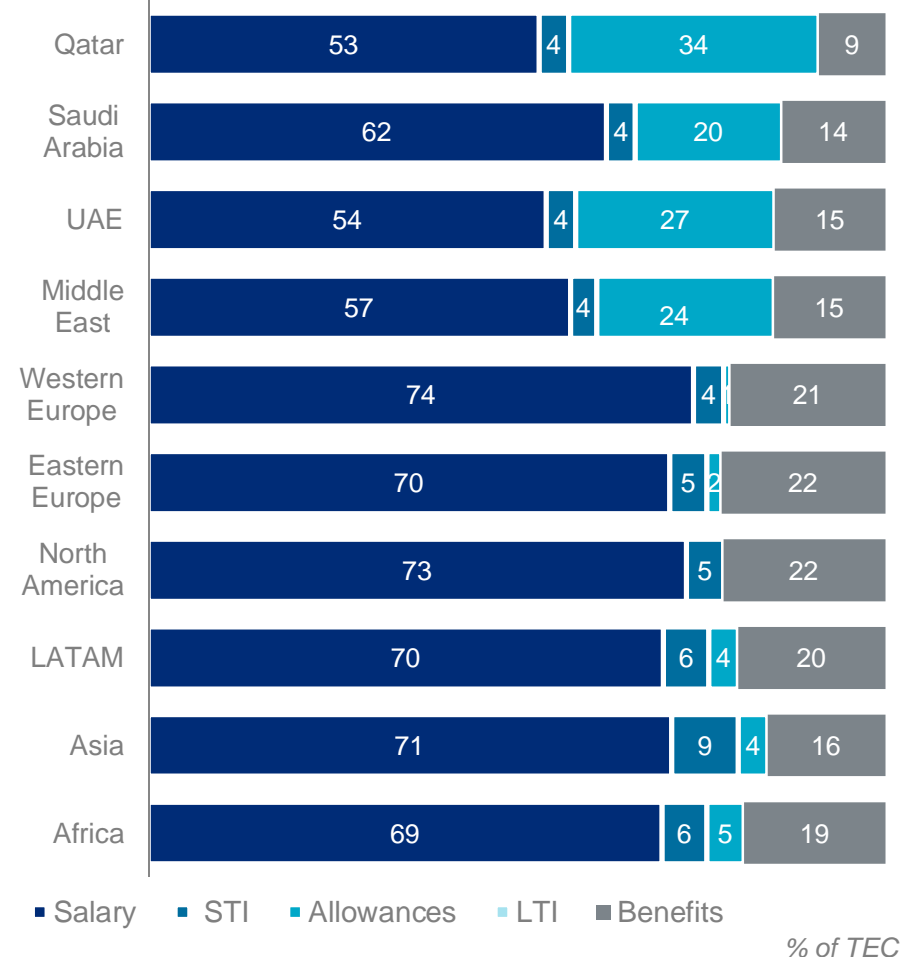
ENGAGEMENT

ANNUAL TOTAL REMUNERATION REGIONAL AND GLOBAL PERSPECTIVE

EXECUTIVES



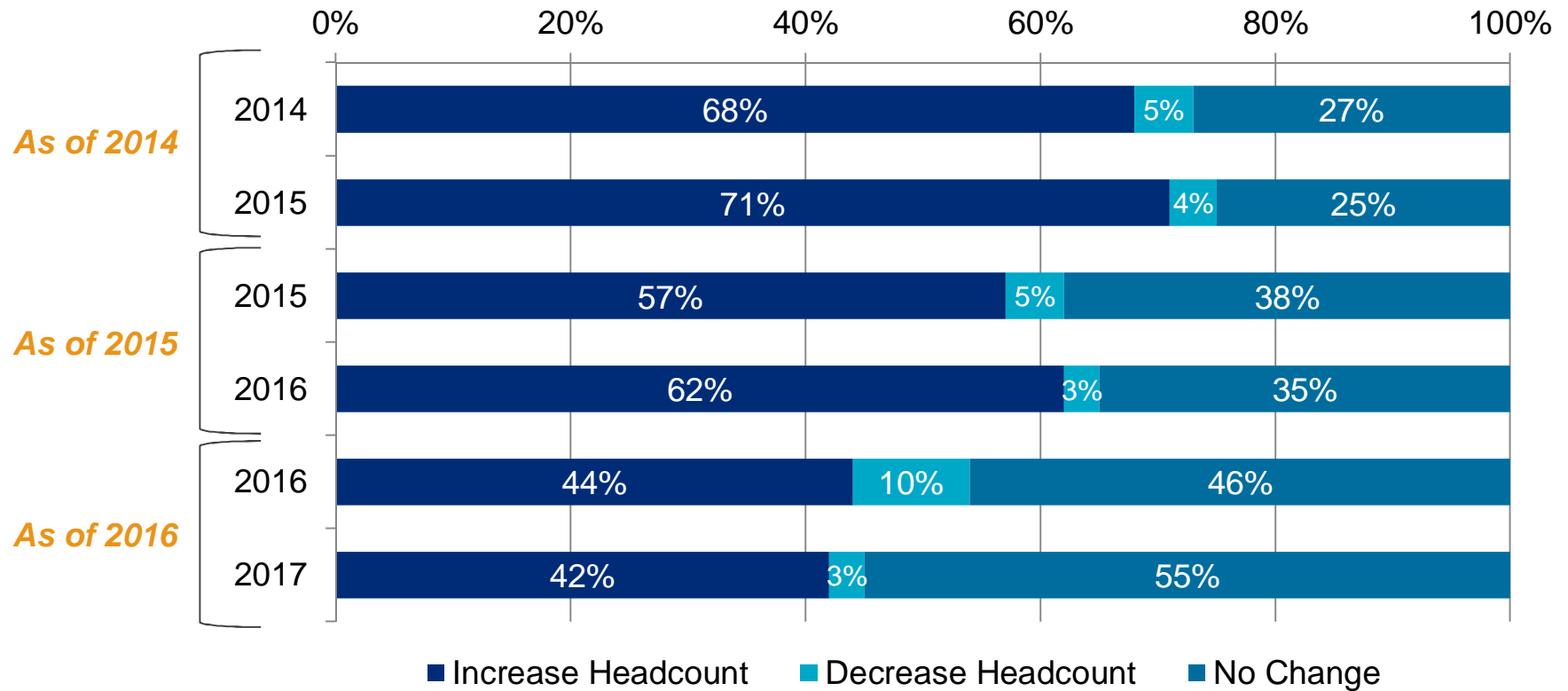
PROFESSIONALS



Source: Mercer's 2016 Total Employment Costs Report

STAFF TURNOVER AND HIRING INTENTIONS MARKET TRENDS


















HIRING INTENTIONS



Source: 2014 - 2016 UAE TRS

SALARY INCREASE FORECASTS FOR 2017

MIDDLE EAST/ ASIA – ALL RESPONSES

Country	Increase	Country	Increase
 Iran	20.1%	 Jordan	5.3%
 Syria	12.5%	 Bahrain	5.0%
 Pakistan	10.0%	 Kuwait	5.0%
 Yemen	8.5%	 Oman	5.0%
 Kazakhstan	8.5%	 Qatar	5.0%
 Uzbekistan	8.3%	 Saudi Arabia	5.0%
 Azerbaijan	8.0%	 UAE	5.0%
 Iraq	6.0%	 Israel	3.1%
 Lebanon	5.4%		

Source: Mercer EMEA SMS September 2016

LIVE POLL

QUESTION 3

To what extent do your pay and bonus programmes differentiate the employee attributes you feel are important to drive business performance?

A – Not at all

B - To a slight extent

C - To a moderate extent

D – To a great extent

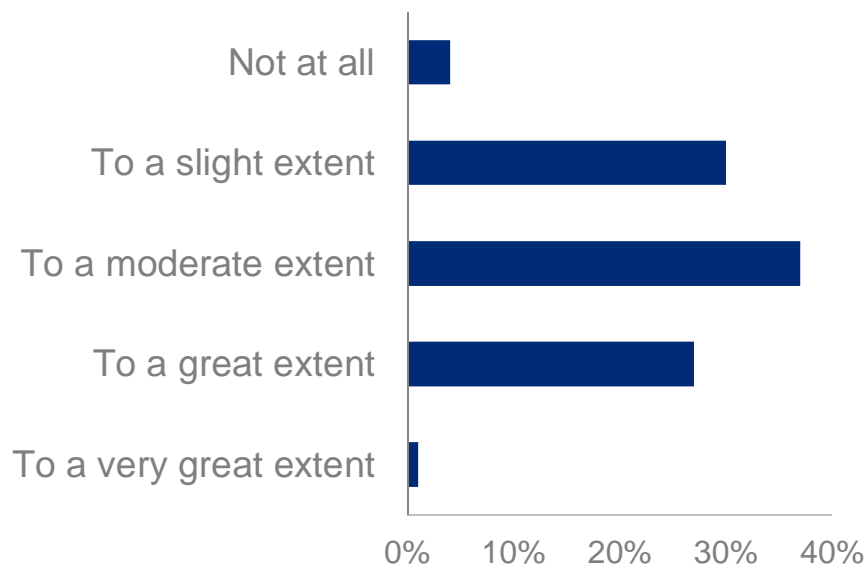
E – To a very great extent

LIVE POLL

QUESTION 3

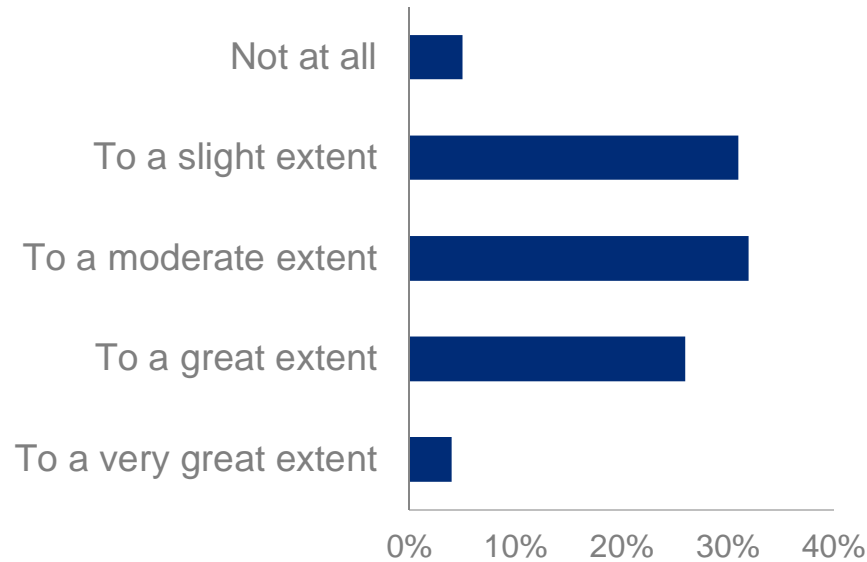
To what extent do your pay and bonus programmes differentiate the employee attributes you feel are important to drive business performance?

2016 Results



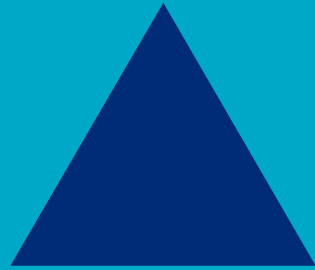
Based on 133 responses

2015 Results

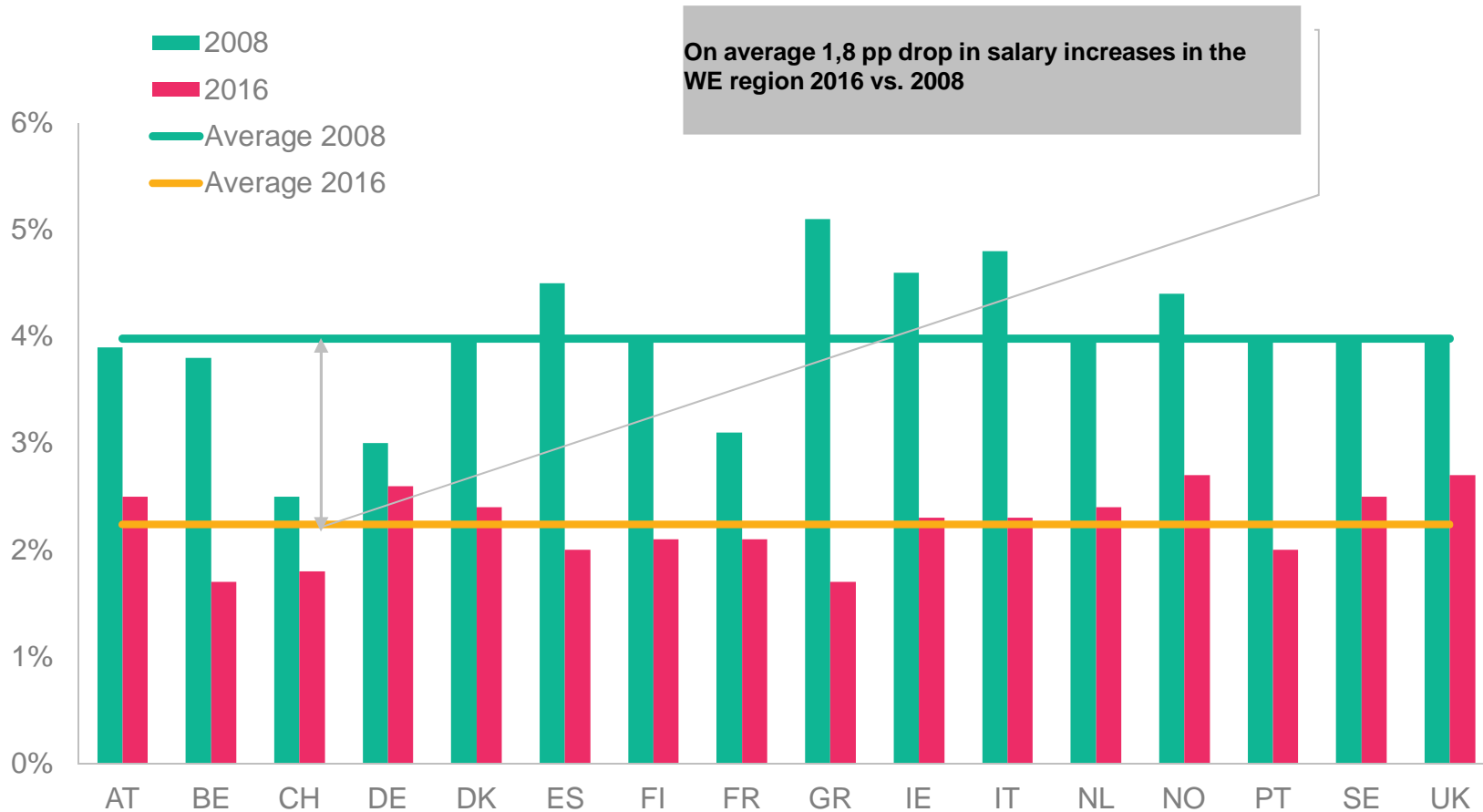


Based on 127 responses

TRENDS FOR 2017 AND BEYOND EUROPE



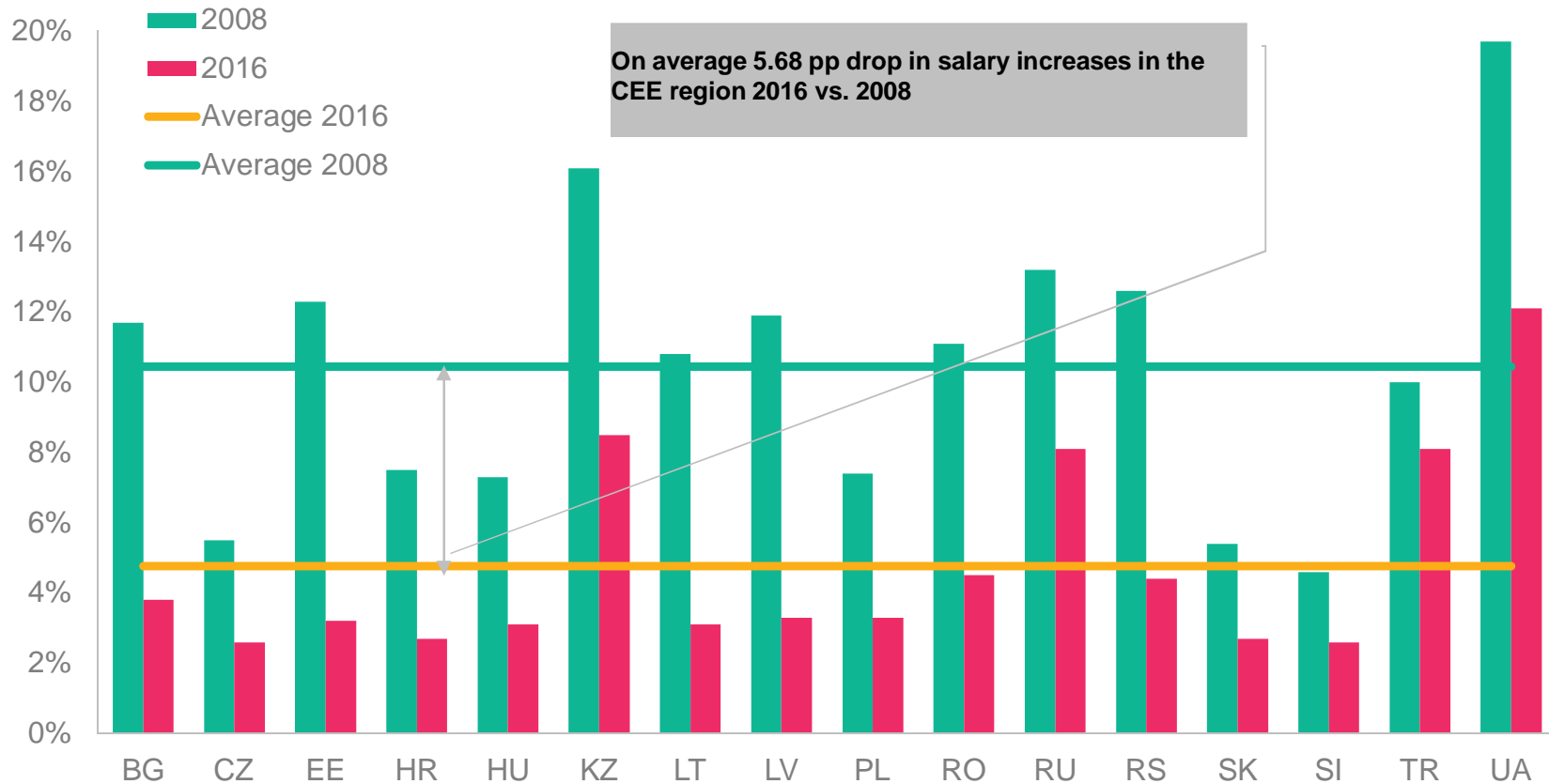
2008 VS. 2016 SALARY INCREASES WESTERN EUROPE – ALL LEVELS



Source: June 2016 Salary Movement Snapshot

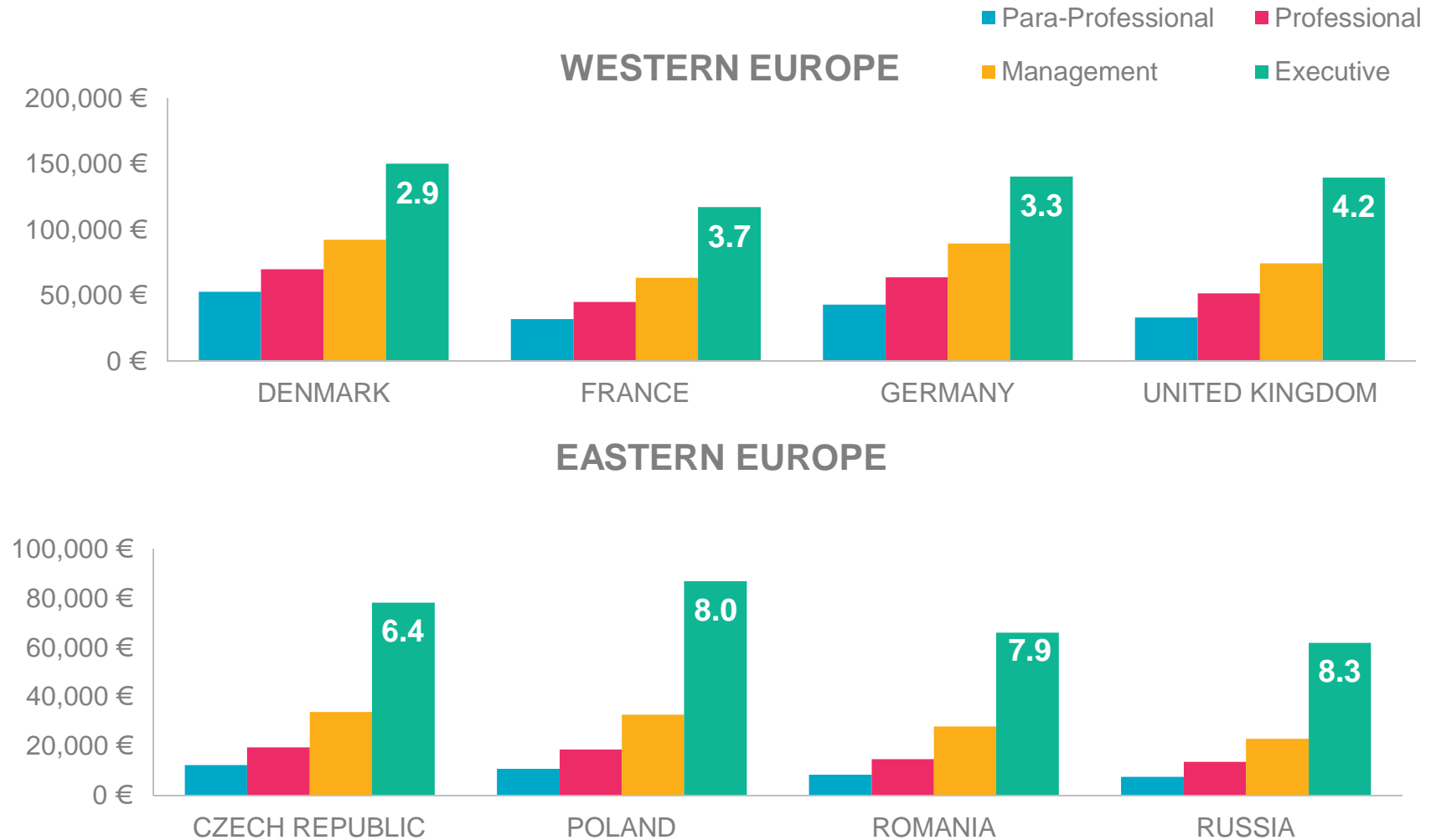
2008 VS. 2016 SALARY INCREASES

C&E – ALL LEVELS



Source: June 2016 Salary Movement Snapshot

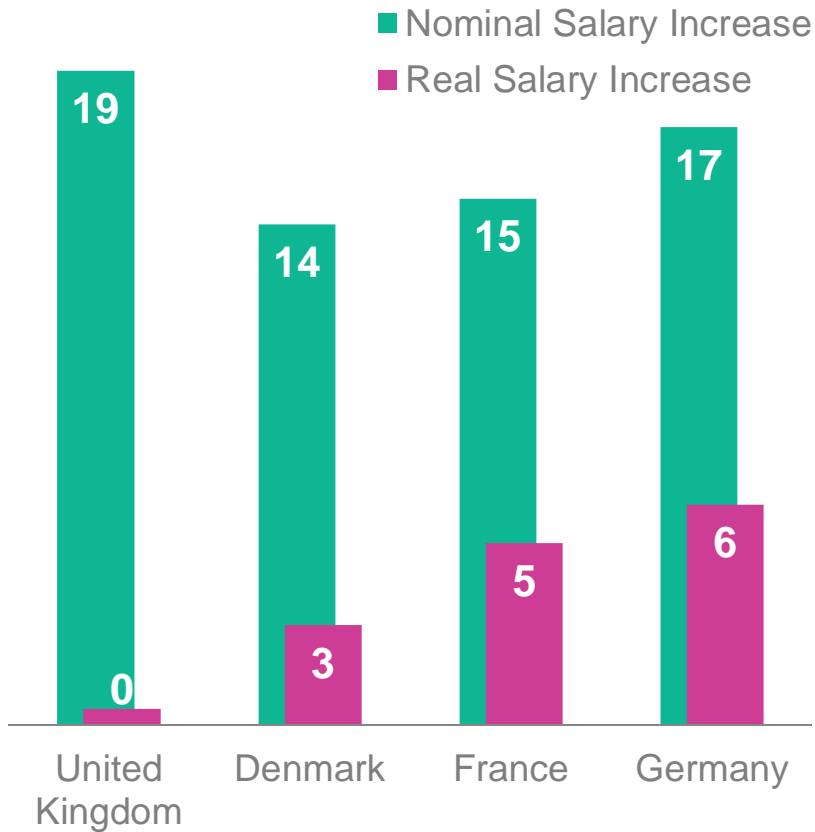
PAY PROGRESSION CAREER STREAMS



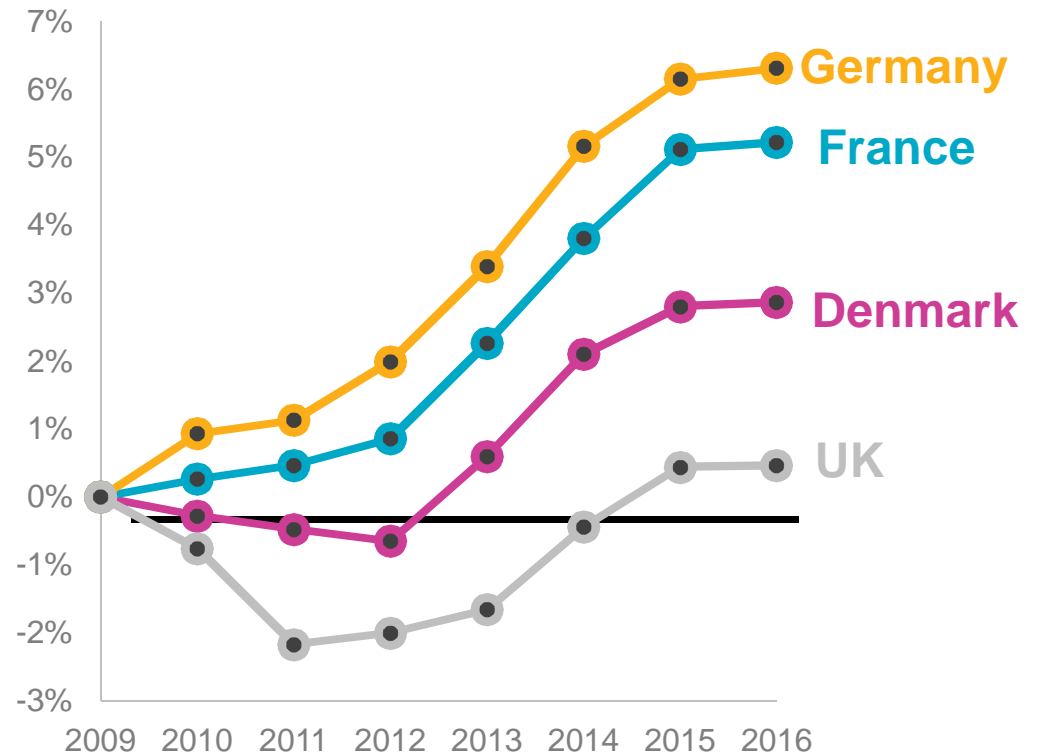
Source: 2016 Total Remuneration Surveys

SALARY INCREASES WESTERN EUROPE

**NOMINAL AND REAL SALARY INCREASE 2009-2016
2009=0% (CUMULATIVE)**



**REAL CUMULATIVE SALARY INCREASES
2009-2016 (2009=0%)**



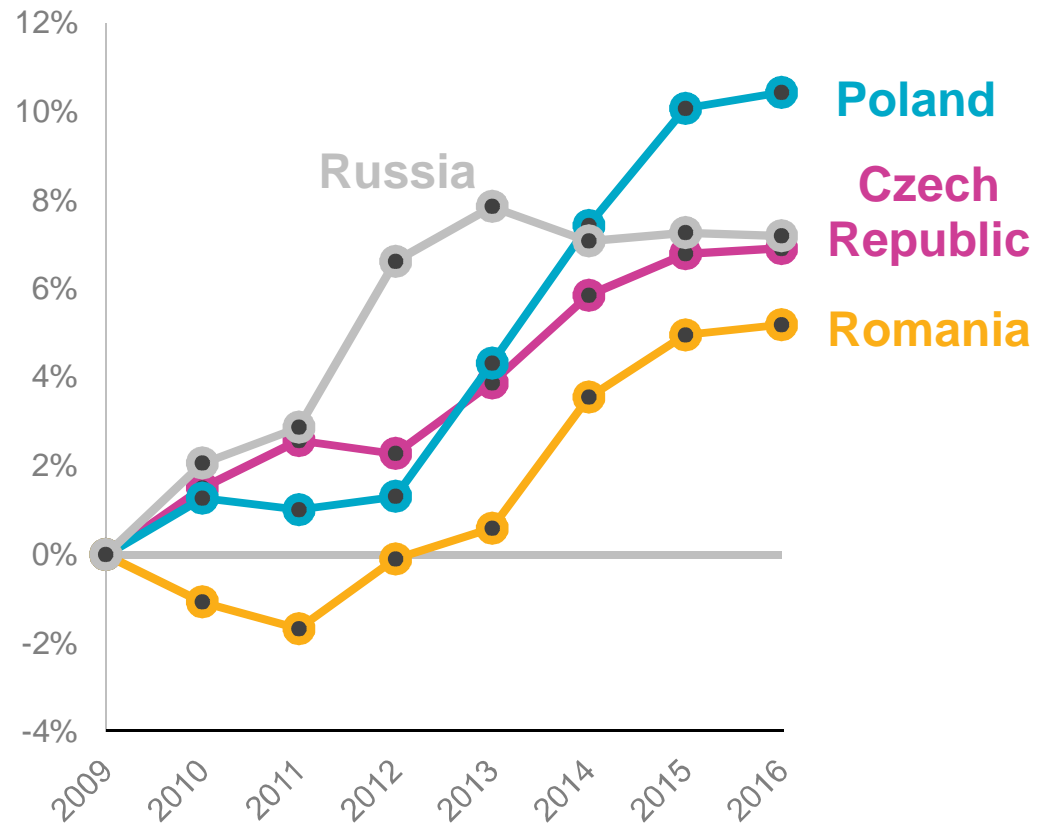
Source: June 2016 Salary Movement Snapshot & IMF World Economic Outlook April 2016

SALARY INCREASES EASTERN EUROPE

**NOMINAL AND REAL SALARY INCREASE 2009-2016
2009=0% (CUMULATIVE)**



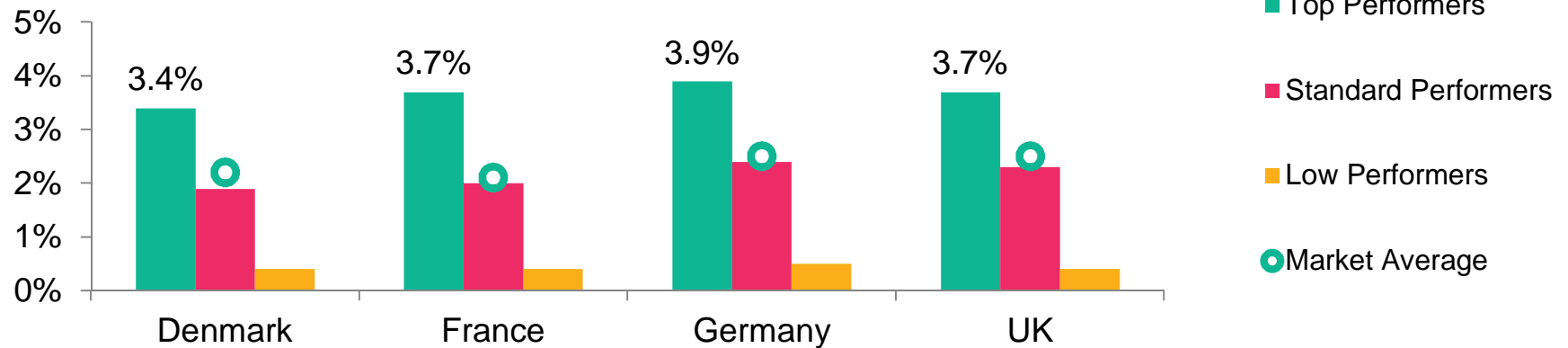
**REAL CUMULATIVE SALARY INCREASES
2009-2016 (2009=0%)**



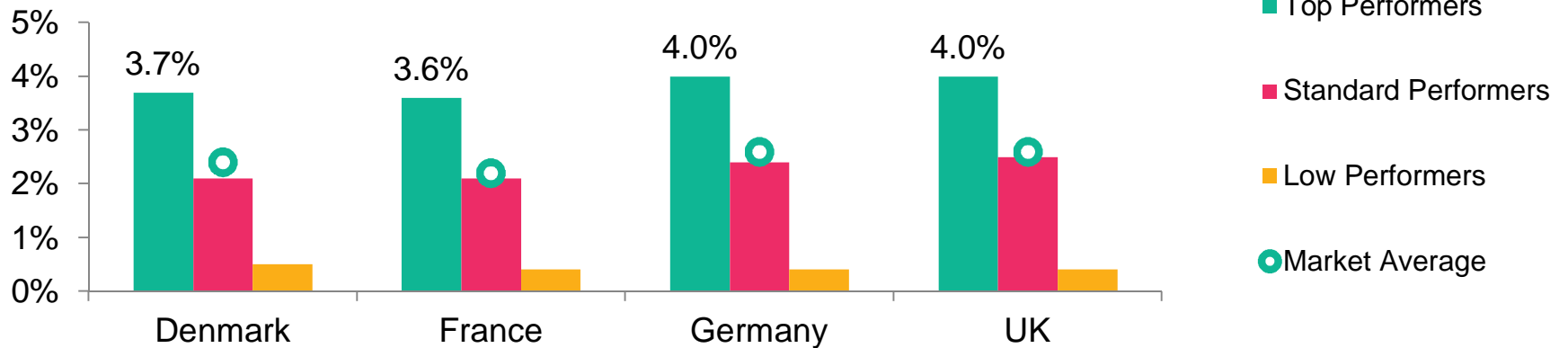
Source: June 2016 Salary Movement Snapshot & IMF World Economic Outlook April 2016

ACTUAL SALARY INCREASES PERFORMANCE MATRIX

Average actual salary increase 2016



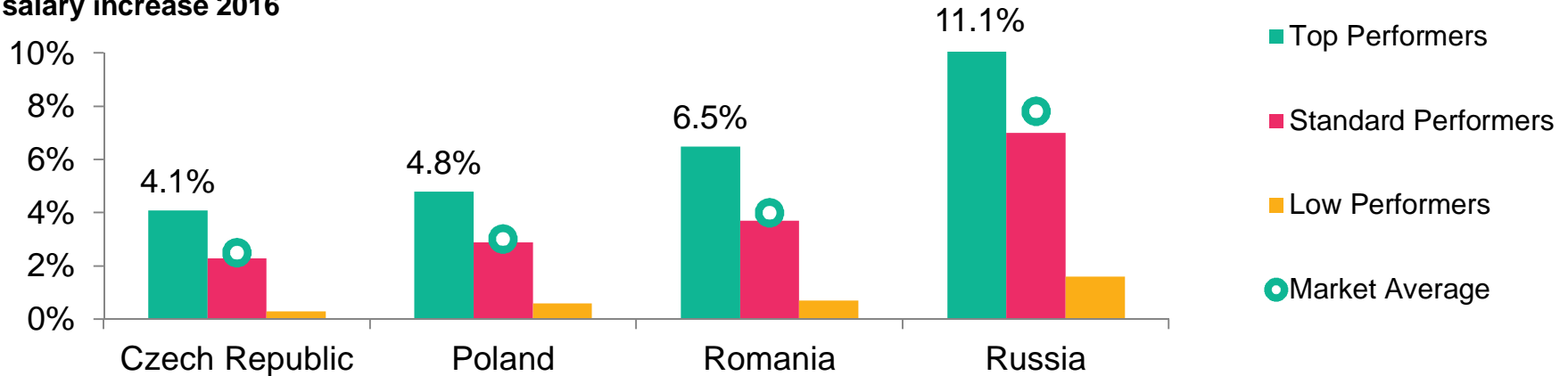
Average forecast salary increase 2017



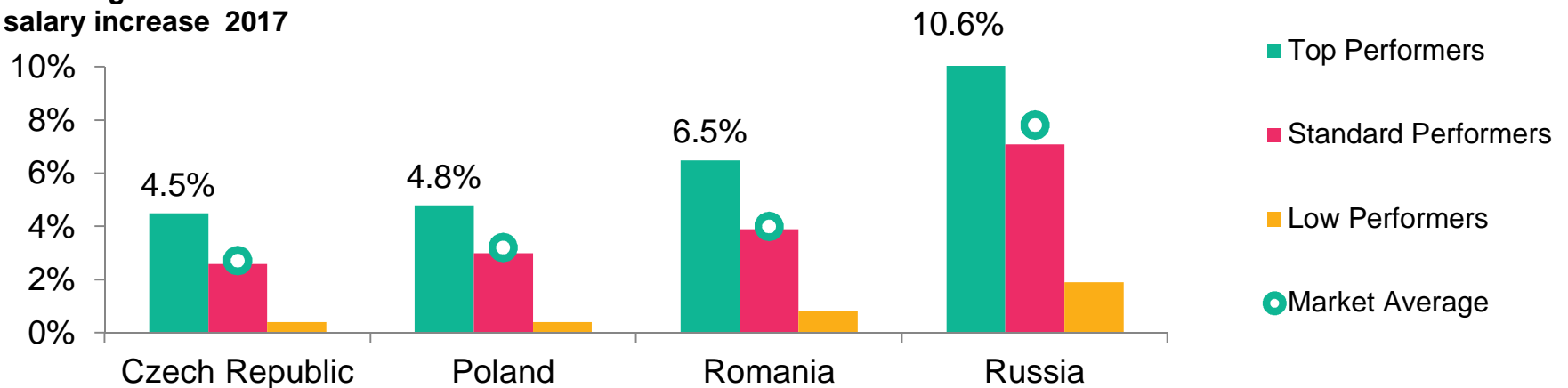
Source: September 2016 Salary Movement Snapshot

ACTUAL SALARY INCREASES PERFORMANCE MATRIX

Average actual salary increase 2016




















Average forecast salary increase 2017



Source: September 2016 Salary Movement Snapshot

SALARY INCREASE FORECASTS FOR 2017

























WESTERN EUROPE – ALL RESPONSES

Country	Increase	Country	Increase
 Norway	3.0%	 France	2.2%
 Germany	2.9%	 Finland	2.0%
 UK	2.8%	 Portugal	2.0%
 Austria	2.5%	 Spain	2.0%
 Denmark	2.5%	 Luxembourg	2.0%
 Italy	2.5%	 Belgium	1.8%
 Ireland	2.5%	 Greece	1.8%
 Netherlands	2.5%	 Switzerland	1.8%
 Sweden	2.5%		

Source: Mercer EMEA SMS September 2016

SALARY INCREASE FORECASTS FOR 2017

CENTRAL/EASTERN EUROPE – ALL RESPONSES

Country	Increase	Country	Increase
 Belarus	10.0%	 Estonia	3.0%
 Ukraine	10.0%	 Latvia	3.0%
 Russia	8.0%	 Lithuania	3.0%
 Turkey	8.0%	 Slovakia	2.8%
 Moldova	7.0%	 Albania	2.8%
 Georgia	6.3%	 Czech Republic	2.8%
 Armenia	5.0%	 Croatia	2.7%
 Serbia	4.5%	 Macedonia	2.6%
 Romania	4.5%	 Slovenia	2.5%
 Bulgaria	4.0%	 Bosnia and Herzegovina	2.4%
 Hungary	3.4%	 Montenegro	2.4%
 Poland	3.0%	 Cyprus	1.5%

Source: Mercer EMEA SMS September 2016

LIVE POLL

QUESTION 4

To what extent are your employees consistently paid for the work they do?

A – Not at all

B - To a slight extent

C - To a moderate extent

D – To a great extent

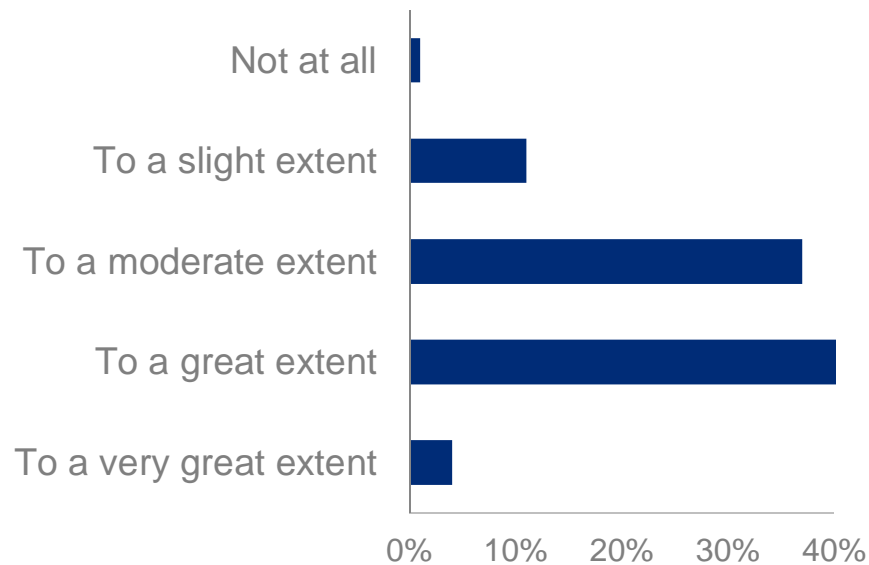
E – To a very great extent

LIVE POLL

QUESTION 4

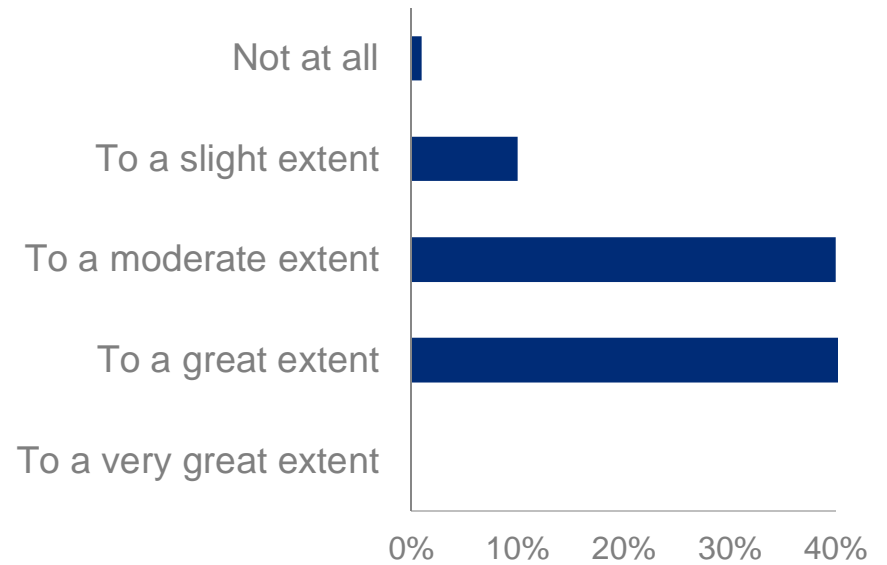
To what extent are your employees consistently paid for the work they do?

2016 Results



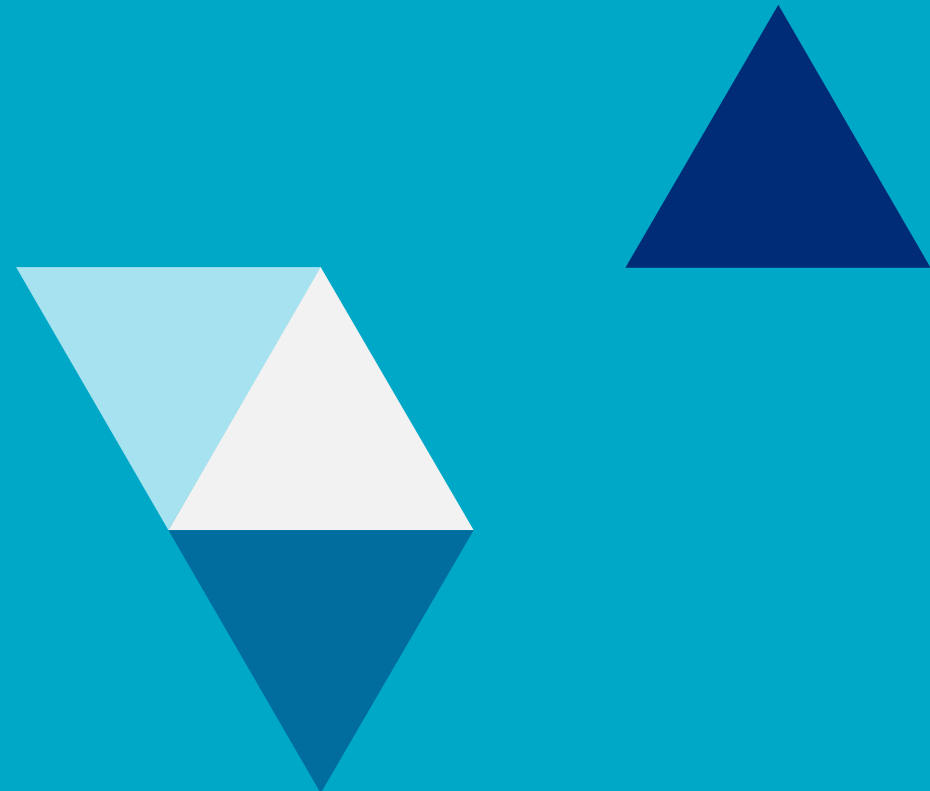
Based on 137 responses

2015 Results



Based on 136 responses

CALL TO ACTION

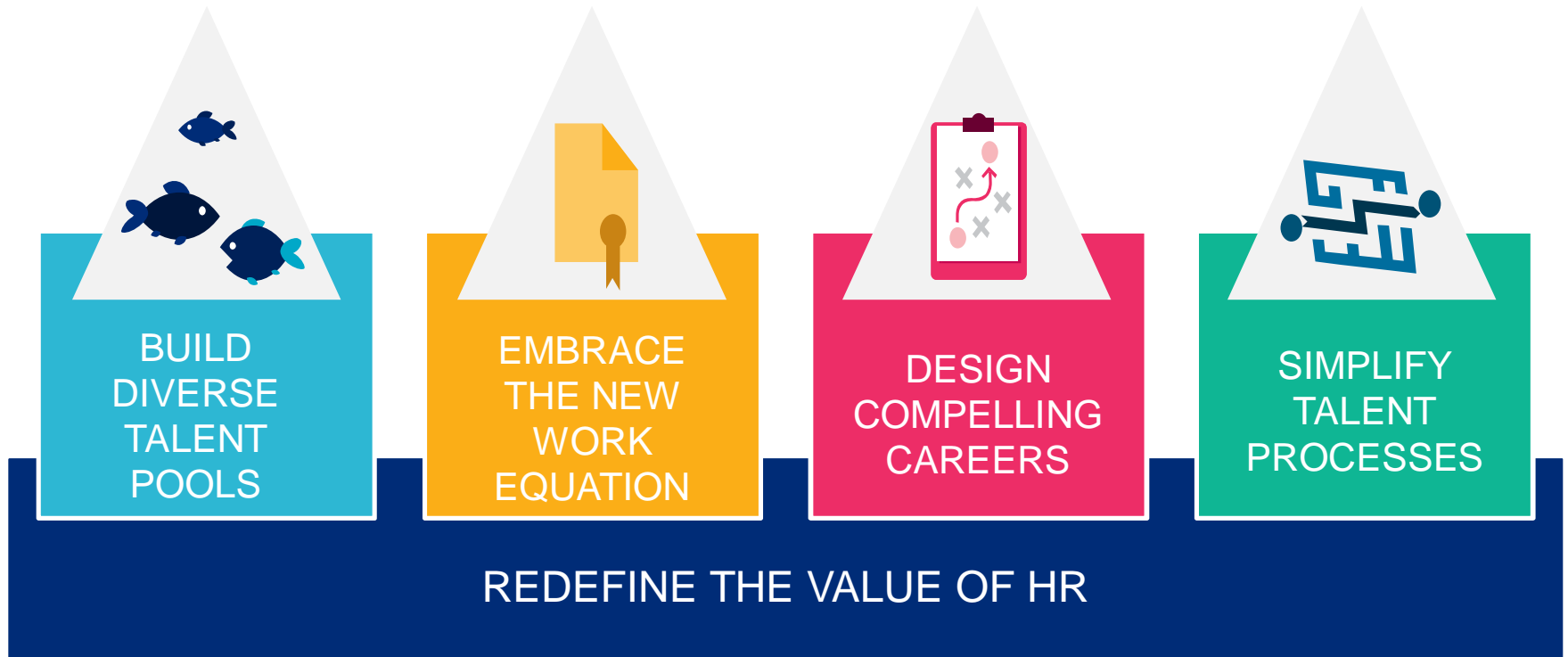


WORKFORCE TRENDS IMPACTING THE TALENT AGENDA IN 2016



Source: 2016 Mercer Global Talent Trends Survey

HOW DO WE ACCELERATE THE TALENT ENGINE?

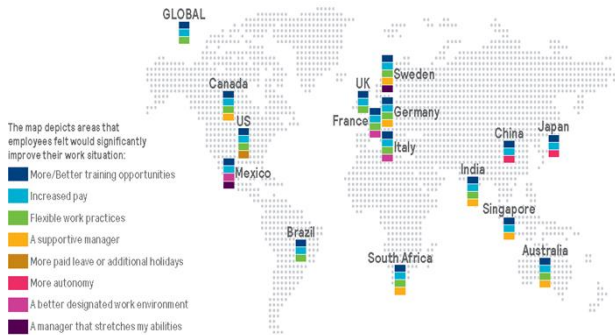


Source: 2016 Mercer Global Talent Trends Survey

EMBRACE THE NEW WORK EQUATION

Work / life integration

What's important differs by geography



Managers are at the heart of the equation



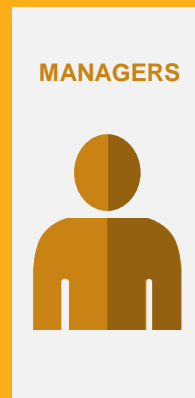
MERCER INSIGHT

COMMUNICATE A CLEAR EMPLOYEE VALUE PROPOSITION

Raise employee awareness of programmes and listen for evolving needs

Influence of consumerization on the workplace is shaping expectations

FOCUS ON THE INDIVIDUAL



EVP



IVP

Provide managers the tools and resources needed to understand their employees as individuals

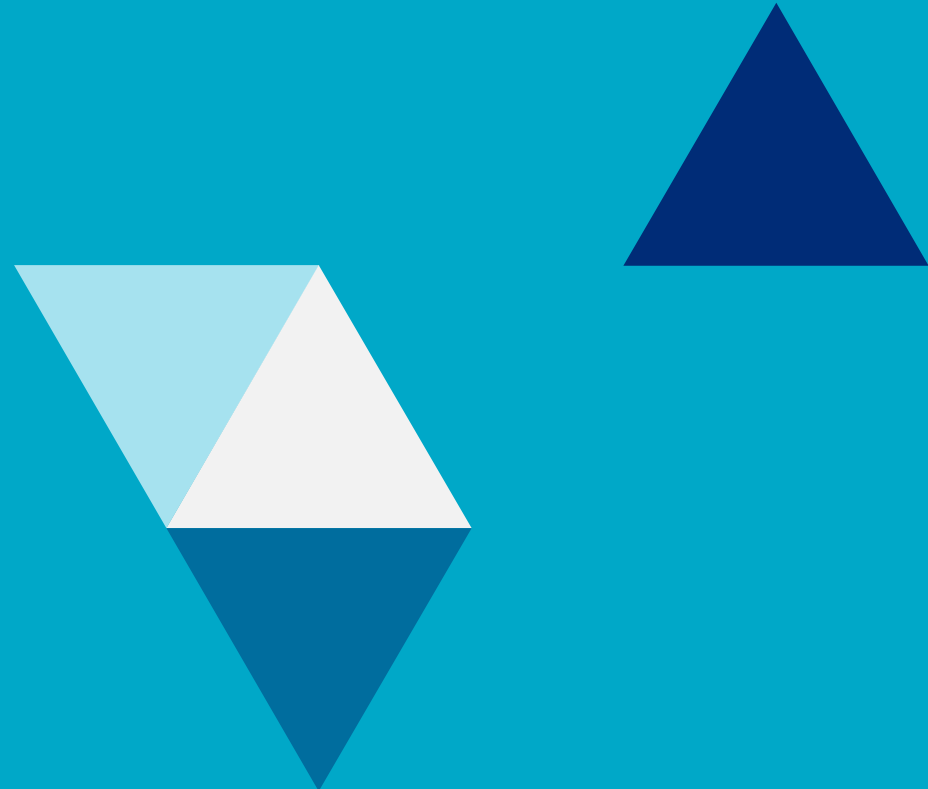
STRIVE FOR TRANSPARENCY AND PAY EQUITY

Examine pay parity in the workplace and review reward structures

HELP INDIVIDUALS FIND THEIR NICHE

Everyone wants to do meaningful work. How this is done and what is most important for 'meaningfulness' varies around the world

QUESTIONS



QUESTIONS



MONIKA TODOR



NUNO GOMES



NICOL MULLINS



DAVID WREFORD

QUESTIONS

Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question while in full screen mode, use the Q&A button, on the floating panel, on the top of your screen.



CLICK HERE TO ASK A QUESTION
TO "ALL PANELISTS"

FEEDBACK

Please take the time to fill out the feedback form at the end of this webcast so we can continue to improve. The feedback form will pop-up in a new window when the session ends.

www.mercer.com/webcasts

View past recordings and sign up for upcoming webcasts

SALARY MOVEMENT SNAPSHOT (SMS) SURVEY



REGISTER NOW!

The next edition is now open and closes on 16 November

SALARY MOVEMENT SNAPSHOT

Register for our quarterly snapshot survey providing complimentary salary movement data: www.imercer.com/sms

- Over **500** participating organizations
- Available in 80+ **EMEA** markets
- Updated **quarterly**
- **FREE** for participants!

BE A MORE INFORMED COMPENSATION PROFESSIONAL

Compensation



Compensation Handbook

Engineering Salaries Worldwide

Global Compensation Planning Report

Global Pay Summary

International Geographic Salary Differentials

Pay Differentials within China

Pay Differentials within India

R&D Salaries around the World

Structure of Salaries around the World

Sales Salaries around the World

Short-Term Incentives around the World

Total Employment Costs around the World

Policies & Practices



Global HR Factbook

HR Atlas Asia Pacific

HR Management Terms

M&A R Issues around the World

Global Mobility



Benefits Survey for Expatriates and Internationally Mobile Employees

Global Mobility Handbook

Benefits



International Car Policies

Severance Pay around the World

Worldwide Benefit and Employment Guidelines



Survey on Corporate Responsibility and Sustainability Policies and Practices

Survey Report of Workforce Readiness: When Disaster Strikes



Worldwide Survey of International Assignment Policies and Practices

Global Mobility Metrics: Focus on Retaining Key Talent

www.imercer.com/global



MERCER

MAKE TOMORROW, TODAY