

*Reading Time: 2 minutes*

Compensation and benefits are crucial considerations for your employees. Further, if you are found noncompliant for any of South Africa's compensation laws, your company could face fines or other sanctions. These worries arise on top of hiring the right staff, establishing a subsidiary, and setting up your payroll.

Globalization Partners can change how you expand to a new country. We will source the best benefits for your employees and add them to our payroll and benefits management plan. This approach makes it easier for you to focus on what is truly important to growing your business.

## South Africa Compensation Laws

South Africa's National Minimum Wage Act went into effect on January 1, 2019. This act established the country's first minimum wage of 20 ZAR an hour, or about 3,500 ZAR a month. Individual industries or locations often have other minimum wage regulations to keep in mind when hiring employees.

The nation's compensation laws also outline overtime wages. Employees cannot work more than 10 hours of overtime per week, and they must agree to any overtime hours. Overtime rates are typically 1.5 times an employee's regular hourly pay. Workers can also opt to get paid time off or a combination of overtime pay and paid time off instead.

## Guaranteed Benefits

Employers must provide certain guaranteed benefits to employees as part of a South Africa benefit management program. For example, employees are entitled to at least 15 business days of paid vacation each year. They can also choose to receive one day off for every 17 days worked or one hour off for every 17 hours worked. This setup is in addition to time off for the country's 12 public holidays.

Employees also get three days of Family Responsibility Leave for every year from the start of their employment as long as they have worked for the employer for more than four months. The leave is available for these circumstances:

- Birth of a child
- Sickness of a child
- Death of a family member under specific terms

## South Africa Benefit Management

As another part of your South Africa benefit management plan, you should offer any supplemental benefits that employees may expect from employers. South Africa does not have a public health insurance system, but employers often choose to assist employees with health insurance even though it is not mandated. As an employer, you can provide a group plan or give employees an allowance they can use to purchase their own plan.

Employees often expect a 13th-month bonus check or Christmas bonus even though the law does not require one. Performance bonuses based on a percentage of a worker's salary are also standard and can be paid as a lump sum to a specific department or split equally among employees in a department.

## Restrictions for Benefits and Compensation

Before hiring employees, you'll need to research any benefits and compensation restrictions for employees in South Africa. Although collective bargaining agreements (CBAs) are not as common in South Africa as they are in other countries, always double check for any CBAs covering your employees or industry. These could outline additional restrictions.

## Choose Globalization Partners

Globalization Partners offers the South Africa benefit and compensation outsourcing you need to succeed. Contact us today to learn more about our services.