



South Africa's Brain Drain

Turning the Page to Fresh Conversation for HR Leaders

Trends, warning signs and moving beyond unscalable options for plugging the talent drain.





Introduction

Retaining Talent Through The Emigration Crisis: A Major Obstacle For Business Leaders

The talent crunch in South Africa is both older and more acute than the skills shortages that dominate headlines in developed markets.


It's also driven primarily by emigration, rather than the effects of the pandemic. The demographic trends are not encouraging: those who leave are young, educated, and digitally skilled.

To make matters worse, many who stay are opting to work remotely for international companies who meet their expectations in terms of income and opportunities for growth.

Almost **80%** of South African business leaders regard **emigration of top talent as a critical risk** factor for their business.

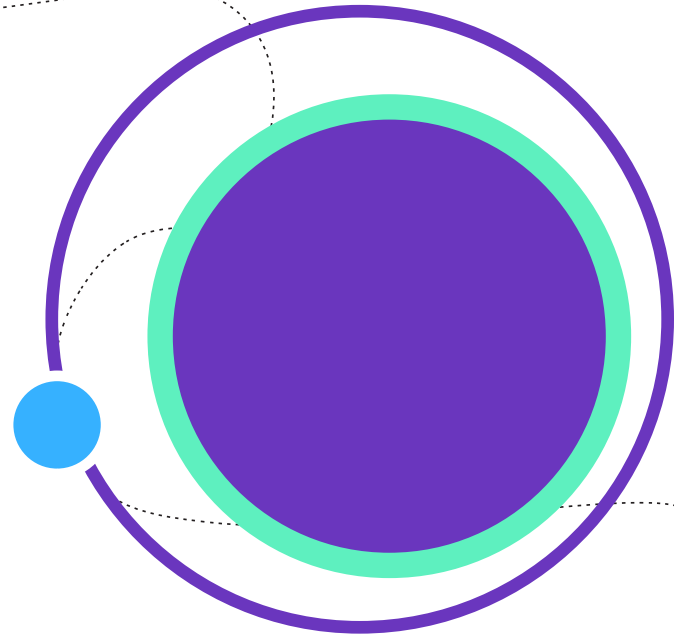
But how concerned are they? How do they plan to address it?

Playroll set out to answer these questions by asking them how they perceived global talent mobility, and the challenges and opportunities it presents. The results of the survey are discussed in this white paper.



A View From The Future of Work

What Are The **Key Things** You Can Do To Retain Your Best People?



“

For software developers, top reasons to move abroad include a better quality of life, earning potential, personal safety, and career growth.

The good news is that we've seen in our data that fewer software developers are actively exploring opportunities to move abroad going into 2023. While you can't help satisfy every employee's needs and life goals, you have control over certain factors for retaining your best people.

An attractive job package means more than just take-home pay. Offer a competitive package with good benefits and a clear indication of future earning potential, and invest in your top team members' career growth.”

– **Brett Jones**

Co-founder, Developer Job Marketplace

OFFER ZEN



The interesting aspect about staff retention and engagement strategies is that there are synergies with what works and what doesn't all over the globe. Especially high-potential, or 'HIPO' talent who share the same views about what's important in their work environment and what keeps them

01

Strong synergy between the board's vision and personal purpose.

More and more MD's, especially in South Africa, are not only driven by EBITDA but also by upliftment of the communities they operate in and job creation. They take a long term view on the triple bottom line. Topics such as circular economy and green energy are at the forefront of strategic planning.

02

Autonomy to act without interference in the day-to-day running of their division.

Once the strategy is agreed on, it is important to give your leaders the space and responsibility they need.

03

Ethics and transparency is a recurring theme.

Top leaders want to work in an environment where they can empower and engage their staff and offer rewards and remuneration based on performance (and receive the same in return)."

- **Leonie Pentz**

Managing Partner

aims
International

Topline Takeouts

SA Brain Drain Isn't New. Yet Fresh Approaches for Easing Have Been on the Table for a While.

01

Emigration of skilled talent ranks as a critical risk factor for most business leaders in a sizeable cross section of industries. South Africa's own emigration statistics have been unreliable since 2004, often understating the size of the talent drain in comparison with reports from abroad. The Human Sciences Research Council (HSRC) has stated in the past that emigration would have a range of deleterious effects on economic growth and the ability for businesses to compete effectively in the global market.



- **Employer of Record** platforms are playing a pivotal role in **offsetting the talent drain**, enabling people to remain employed in South Africa while telecommuting from the other side of the world.
- Turning to **proven** options such as **EoR**, could be pivotal to **offsetting the ensuing talent drain** - while also helping attract those looking for viable options to stay in South Africa.

Topline Takeouts

Graduates & Gen-Z Aren't the Only Ones Selling Their Talent Overseas.

02

South African talent migration is largely viewed negatively as a challenge with few viable solutions and a perceived correlation between employee seniority and increased likelihood to relocate.

- It's an intuition backed by the numbers that show: **senior employees are more likely to relocate.**

Losing deep, earned knowledge might mean entrenched competitive challenges down the road. To avoid that, companies should consider integrating the work preferences of their most valuable people - by **finding scalable ways** of letting **top talent take their jobs with them.**



Topline Takeouts

It's Not Just Tech: the Need to Boost Work Flexibility for Retention Is Widespread

03

There was near unanimity on the importance of flexible work policies to retaining talent. A renewed emphasis on retention is likely to accelerate conscious implementation of greater work contract flexibility across the board – not only in tech.



- A **majority** of those surveyed acknowledged the gap that remains in satisfying **a hunger for greater work flexibility** – with one respondent describing the deficit as “an elephant in the room”.
- **To surmount that gap**, South Africa’s business community will need to consider **fresh talent relocation** options outside of traditional solutions that typically prove unscalable.

Growing Demand, Dwindling Supply

The South African Labour Conundrum

The outflow of talent is an awkward truth for South Africa, and the business community in particular.

But it's been a boon for the global businesses who reap the benefits of South Africa's ambitious expats.

The question is: can South African businesses keep them? If not physically, then virtually. We know that's a yes. It's a matter of will. But before we get there:

According to the UN Department of Economic and Social Affairs, 914,901 South Africans had already settled abroad by the end of 2020, with a significant uptick in the rate of emigration after 2015. This trend has continued, and even accelerated, threatening the national tax base, according to one of the largest banks in the country.




Who's Really Leaving?

In Short: **The Young And The Qualified**

53%

of South Africa's graduates may leave the country

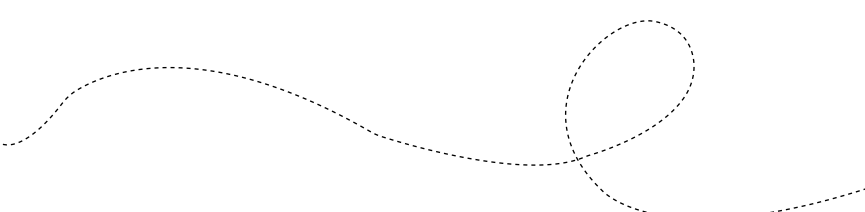
Those aged between **25-40** are the most likely to leave.

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Even companies with an operational or manufacturing focus are experiencing increasing pressure to fill roles that were once the preserve of the finance and high-tech sectors. Interestingly, the results of our survey showed that while most companies considered C-Suite and management tiers as the most vulnerable to emigration, tech-focused businesses perceived the threat at associate level.

This suggests that tech and software industries are the bellwether, not just of employer sentiment, but of actual demographic trends, as they show up in the emigration data.

With no respite on the horizon, the South African business community is understandably on alert.

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Where are they going? And **how much greener** is the grass on the other side?

South Africans are moving far and wide. But they show a marketed preference for certain locations.



The United Kingdom



The United Kingdom took the lion's share of South African emigration in 2022. Strong diplomatic and cultural ties make it a relatively easy move, and free education and healthcare are attractive incentives, particularly for families.

On the Home Office's list of "shortage occupations", health sciences, engineering, IT and software development roles feature prominently. Skilled work visas are the most common method South Africans use to emigrate (ahead of spousal and ancestral visas), which suggests that a large proportion of these applicants are highly skilled in technical areas.

Australia



Australia was the second favorite destination for expats, with over 200,000 South Africans already living there as of 2021. Australia offers immigrants a high minimum wage, comfortable living standards and a wide range of well established international corporations.

But the immigration process is stringent, with a points-based system to vet applicants. This means that almost all South Africans who make this move are highly skilled. A sobering thought, indeed.

Portugal




Portugal came in third over the last year, attracting large numbers of South Africans through study, employment, family reunification and investment.

Most relevant for business leaders is Portugal's Golden Visa Residence Permit, a residency-through-investment program that attracts high net worth individuals. Our survey revealed that this is exactly the type of person that South African businesses think they're most at risk of losing, and the growing popularity of destinations like Portugal suggests that they might be right.

Emigration is Virtually Unstoppable

It wasn't so long ago that emigrating meant packing up and shipping out to greener pastures. But growing 'virtual emigration' is creating new pressures for the South African business community.

In some corners of the South African workforce, emigration is actually slowing. In particular, fewer software developers are making the move with each passing year. But that's cold comfort for the beleaguered domestic business community. Almost half of them choose to work remotely for international companies, making the most of salary arbitrage and sunny weather from a well appointed home office.

A large light green circle with a purple border and a white inner ring. It contains text about remote work. There are small blue and yellow circles on the purple border.

Although still in-country, around **40%** of South Africa's **120,000** developers now work remotely for foreign companies.

Global Opportunities, Global Earnings

As South African tech workers have become more 'remote savvy,' awareness of enticing international opportunities has grown.

And that has been a win/win for them and the talent-hungry global companies who are only too happy to have a pool of professionals, sometimes at the southern end of their own time zones.

But it's **not** just about **money**. When **surveyed**, these professionals often cite **growth** and **career development** above earning potential on their list of **priorities**.

Putting motives aside, it's clear that South African businesses cannot afford to take top domestic talent for granted. The local talent pool is shrinking, and, at least for now, the education system is not replenishing it fast enough.

Accommodating skilled workers' life plans vis-a-vis emigration is no longer just about projecting a caring employer brand: it's a matter of survival.



Remote Working Havens

Remember Portugal?

Portugal isn't just South Africans' third most favourite global destination. It's also ranked as the **best country on earth for remote work** thanks to its visa and digital nomad programs. Mauritius also makes the top 5 in both categories.

Coincidence? Possibly. It could be the great weather they have in common. But it's possible that remote and flexible work models are playing a major role in the long-term decisions South Africans are making about where to live and work in the future.



The Way Forward:

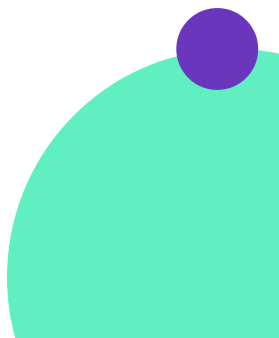
Boosting Retention Through Employers Of Record

South Africa's public and private enterprises urgently need a reliable way to address the threat posed by the ongoing emigration of skilled workers. Partnering with an EoR gives the South African business community a way out of the crisis. Through these partnerships, businesses can retain their experienced South African talent, if and when they leave the country, and attract affordable foreign talent where necessary, to ensure continuity of mission critical and entrenched projects.

Living Abroad, Teleworking At Home (Wherever Home Is)

Why Relocation Doesn't Have To Mean "Farewell" Anymore

Talent mobility and remote work have forced businesses to enter the fray and compete globally. But they've also taken the permanence out of employee-led relocation. It's now possible - even imperative - for South African businesses to keep their South African talent, no matter where they choose to live.



01

80% of employers we surveyed said their recruitment efforts remained **focused** on **South African candidates**.

02

Through an **Employer of Record**, South African companies can **retain** their **best** people, wherever they go.

03

For almost all respondents, **hiring abroad** was out of the question because of the **compliance burden**.

04

They can also supplement and **diversify their teams** by accessing the best the **global talent pool** has to offer.

Limiting The Flow of Talent Out of South Africa

Why Employer of Record partnerships will become the new imperative for leaders

The decoupling of 'where you work' and 'where you live' presents an opportunity to South African businesses who need to retain their most highly qualified people - often the most likely to emigrate - and fill critical gaps with international talent

Taking The Sting Out of Relocation

Retention Through Relocation Creates Unforeseen Opportunity

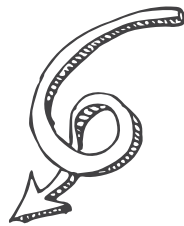
It's no secret that the biggest drivers of emigration from South Africa aren't professional concerns but personal and political ones. The desire for a safer, more stable environment is cited most frequently when South Africans are asked why they are leaving, or planning to leave in the near future. Many regard leaving their jobs as a sacrifice they'd rather not make.

What are the benefits?

For some, allowing an employee to stay in their role meant they had personnel on the ground and able to service clientele in a new country. For others, the main benefit was continuity, and not having to rehire or retrain.



Only **30%** of businesses we surveyed reported having an **employee relocate and keep their job**. In all cases where this happened, **the results were a net positive** - sometimes leading to new opportunities for businesses and employees alike.





So what's holding the other 70% back?

A common obstacle revealed by our survey was the question of legal presence abroad. When an employee chose to move to a country where the business did not have an entity, they parted ways.

This also came up when we asked HR professionals why they weren't focusing on hiring abroad. They spoke about two things: South African Employment Equity legislation, and the lack of a legal presence in other countries. The latter, from their point of view, was a dealbreaker.

The good news is that it doesn't need to be anymore. A strategic, fully compliant legal presence anywhere on earth is now within reach. By leveraging an Employer of Record, South African businesses are finding the lifeline they need to retain their best people, and build a future-ready, employee-centric culture in the process.




From Crisis To Opportunity

Many South African businesses continue to experience talent loss as a threat. There is also a widespread perception that the compliance barriers to hiring foreign nationals put growing global teams out of their reach.

What's needed is a way for them to keep their best South African talent, and fill staffing gaps with international candidates working remotely from their home countries. With the right global employment solutions, South African business leaders can protect and grow their teams, rather than merely weathering the storm.

Now is the time to seize the initiative and stem the bleed through relocation programs built around Employer of Record partnerships.





More Talent, Fewer Borders:

Now South African Organizations
Can Play - and Win - The Global
Talent Mobility Game

For organizations feeling the double pinch of actual and virtual emigration, it's time to adopt forward thinking recruitment and hiring solutions built for global talent mobility.

South Africa's talent crisis is old news, and it's been examined from every possible angle. But amidst all the discussion of economic headwinds and shrinking talent pools, the case for cautious optimism is hardly ever made. That's the case we're making, because we know there is a solution.

The solution for HR managers is to build employee relocation programs using Playroll as their payroll, onboarding and compliance engine. Through Playroll, South African businesses can now keep their best talent, regardless of where they live, with compliant hiring in 170 countries, and visa support in over 40. Our clients also leverage our extensive partner network for relocation support and future-of-work services around the globe. As the only global EOR that calls South Africa home, we're uniquely placed to help the nation's enterprises survive and thrive through this moment of crisis, and take their place on the global stage.



One Platform
All The World's Talent

Did You Know?

As you read this, globally minded businesses are **reaping the benefits of international talent** through **Playroll's platform** - all without incurring the costs and risks of setting up their own legal entities abroad. By mitigating the disruptive effects of emigration, these businesses are **successfully adapting to the era of global talent mobility**.

From Recruitment To Onboarding (And Beyond)

In addition to Employer of Record and Contractor Management services, Playroll offers South African organizations a suite of future-of-work solutions through our extensive partner network, including specialized recruitment and visa support.



About Playroll

Global Employer of Record With A South African Footprint

As part of the VAT IT group, we've spent decades building distributed global teams - long before that became the new normal. Through our network of international subsidiaries, Playroll connects companies to the talent they need in over 170 countries - quickly and with full compliance guaranteed by on-the-ground legal support.

Companies across a wide range of industries are overcoming staffing challenges and growing their teams through Playroll's global employment solutions.





Global Employment Solutions

One Platform: Relocate Anyone, Anywhere

Playroll turns fast, compliant and cost-effective talent relocation into a few clicks instead of a few teams spending months and sleepless nights. No more 'relocation projects', no more exorbitant cost and legal risk. No HR entourage, delays or hassle.

- Employer of Record
- Contractor Management
- Talent Recruitment
- Visa Support

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