



DESIGNING EQUITABLE, COMPETITIVE AND DEFENSIBLE REWARD PRACTICES FOR HYBRID, REMOTE AND CROSS- BORDER WORK

*“If employees can work from
anywhere, should they be paid the
same everywhere?”*

ABOUT US

Khokhela Remuneration Advisors was established in 2007 when Laurence Grubb, the Managing Director, left Deloitte as head of Remuneration and Benchmarking, and started Khokhela Remuneration Advisors. Khokhela specialises in everything to do with remuneration from remuneration reports to fixed pay including job profiles, job grading, variable pay and NED fees.

Laurence is a Master Reward Specialist, Chair of the IoDSA Remuneration Forum and a member of the South African Reward Association (SARA) Executive Committee.

The reward challenge has changed

Hybrid, remote and cross-border working have fundamentally changed how organisations compete for talent, raising an important reward question: **should employees be paid the same regardless of where they work?**

Key concepts

A wider talent market

Remote and hybrid work expand the labour market. Employees can increasingly compete for roles beyond their city — and employers compete with organisations far beyond their traditional geography.

Greater pay visibility

Employees can compare pay through colleagues, recruiters, job advertisements and professional networks. The quality of the organisation's explanation now matters almost as much as the number.

Equity + competitiveness

Reward leaders must manage pay equity without losing scarce and critical talent. The objective is not uniformity; it is intentional, evidence-based and explainable differentiation.

The emerging standard: eliminate unexplained and indefensible pay differences.

The distributed workforce has changed the market for talent

THE TRADITIONAL MODEL

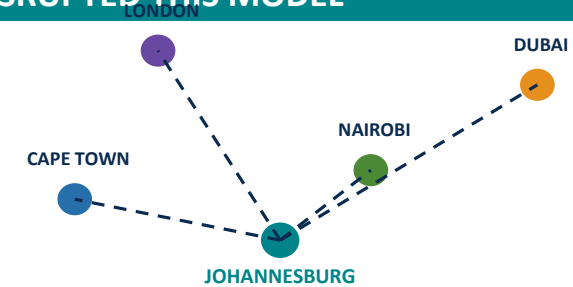
Remuneration structures were strongly influenced by geography. Organisations benchmarked salaries against a defined local labour market and adjusted pay for regional market rates and, in some cases, cost of living.

LOCAL LABOUR MARKET

DISTRIBUTED WORK HAS DISRUPTED THIS MODEL

An employee sitting in Johannesburg may now compete for a role with someone in Cape Town, London, Nairobi or Dubai.

A South African organisation may also compete for specialist talent with multinational employers willing to employ that talent remotely.



THIS EFFECTIVELY EXPANDS THE RELEVANT LABOUR MARKET.



For technology, data, digital, engineering and other scarce professional skills, a purely local salary market is increasingly difficult to sustain.

BUT A SINGLE NATIONAL OR GLOBAL RATE IS NOT NECESSARILY THE ANSWER

Important differences between locations remain:

- | | | | | | |
|---|--|--|--|--|--|
| <p>1 LABOUR MARKETS
Supply, demand and skill availability.</p> | <p>2 LIVING COSTS
Housing, transport, goods and services.</p> | <p>3 TAX ENVIRONMENTS
Income tax and social security.</p> | <p>4 BENEFITS
Expected benefits and their cost.</p> | <p>5 EMPLOYMENT REGULATION
Labour laws and compliance requirements.</p> | <p>6 TALENT AVAILABILITY
Depth of talent pools and competition.</p> |
|---|--|--|--|--|--|

Balanced remuneration: market-aligned, location-aware and globally informed.

Equal pay and equitable pay are not necessarily the same thing

The critical distinction in distributed workforce remuneration

EQUAL PAY

Same or substantially similar work

Employees performing comparable work receive the same remuneration.

EQUITABLE PAY

Differences may be legitimate

Pay may differ where there is a consistent and defensible rationale.

LEGITIMATE FACTORS

Experience • Sustained performance • Scarce skills • Qualifications • Responsibilities • External market value • Geography*

THE KEY TEST

Equity does not require everyone to be paid the same — it requires differences in pay to be explainable, consistently applied and defensible.

** Geography may be relevant, but should not become an automatic explanation for every pay difference.*

Pay models for a distributed workforce

Organisations can choose different reference markets — the critical issue is consistency.

01

LOCATION-BASED

Pay reflects the labour market associated with the employee's work location.

02

NATIONAL STRUCTURE

Common salary ranges apply across the country, regardless of where employees live.

03

ROLE / SKILLS-BASED

Pay reflects the market for the role or scarce skill — which may be national or global.

04

HYBRID MODEL

Common salary structures are supplemented by geographic differentials or market premiums.

No single model is inherently more equitable.

The risk arises when there is no clearly articulated model.

Inconsistent reference markets create individual exceptions that can accumulate into structural pay inequities.

KEY PRINCIPLE • Choose a clear, defensible pay philosophy — and apply it consistently.

Retention premiums can solve one problem but create another

Retention interventions may be necessary — but they can create unintended pay equity and governance consequences.

Potential unintended consequences

- Pay compression with managers
- Inequity relative to peers
- Salary-range distortion and wider pay gaps
- Precedent for future retention cases
- Rewarding external mobility over sustained contribution

Three questions before intervening

1

Is this genuinely a pay problem?

Consider career progression, leadership, workload, flexibility, culture and meaningful work — not pay alone.

2

Is the employee genuinely under-market?

An external offer may reflect a different role, sector, geography or scarcity premium rather than true market value.

3

What happens to internal equity?

Assess the impact on peers, managers, salary ranges and existing pay differentials before making an adjustment.

KEY PRINCIPLE | Retention should be treated as a reward governance decision — not simply as a response to a resignation.

Pay transparency is changing the employee-employer relationship

Employees now have greater visibility of pay through recruitment platforms, professional networks, colleagues and transparent job advertisements.

Distributed work has widened these comparisons beyond the immediate workplace.

Employees may compare pay with:

- Colleagues elsewhere in the organisation
- Remote employees in other regions
- Competitors
- International employers recruiting similar skills

Not every comparison is valid — but pay differences increasingly require a credible explanation.

What transparency really requires

JOB VALUE

How roles are evaluated

MARKET

Which external markets are used

SALARY RANGES

How pay structures operate

PROGRESSION

What drives movement through a range

PAY DIFFERENCES

Why legitimate differences may exist

Transparency is about clarity and consistency in how pay decisions are made— not necessarily publishing individual salaries.

Five questions reward leaders should be asking for distributed workforces

1

Relevant talent market

Are critical roles competing locally, nationally or internationally?

2

Role of geography

Should location influence base pay — and are differentials evidence-based and consistent?

3

Explain existing pay differences

Test pay across demographics, location, job level, tenure and employment arrangements.

4

Retention and hidden inequities

Review counteroffers, retention allowances, market premiums and exceptional adjustments.

5

Manager capability

Can managers explain how pay is determined and why legitimate differences may exist?

KEY PRINCIPLE Every material difference in pay should have a clear, consistent and defensible rationale.

From salary structures to reward architecture

A sustainable approach integrates six interconnected reward disciplines.

JOB ARCHITECTURE

Establishes the relative value of roles.

MARKET BENCHMARKING

Determines competitive pay in relevant labour markets.

PAY EQUITY

Identifies unexplained remuneration differences.

SCARCE-SKILLS ANALYSIS

Identifies where legitimate market premiums may apply.

GEOGRAPHIC STRATEGY

Defines how and when location influences pay.

RETENTION & GOVERNANCE

Manages exceptions consistently and prevents structural inequity.

Together, these elements provide a consistent, competitive and defensible basis for remunerating a distributed workforce.

Equity does not mean uniformity...

Equity requires remuneration differences to be intentional, evidence-based and explainable.

Why pay differences arise

- Different labour markets
- Scarcity of skills
- Experience and sustained performance
- Different talent markets and competitive pressures

The objective is not to eliminate every pay difference. It is to eliminate differences that cannot be justified or explained.

Questions reward leaders should ask

- What market are we competing in?
- Why does this employee earn what they earn?
- Is the difference from comparable employees justified?
- Could we confidently explain the decision to the employee, leadership and the Board?

In a distributed world, fair pay is pay supported by a clear, consistent and defensible rationale.

THANK YOU

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