Procurement Salary Guide and Insights
South Africa Region

KEY TRENDS AND FINDINGS 2019
With the recent impacts of global socio-political and economic change, we find ourselves working in very challenging times as the demands on our profession escalate and are certainly much greater than when I started in procurement over 30 years ago. The breadth of the challenges is escalating. The impact of digitalisation needs fast reactions and strategic changes to ensure that we’re not left behind. We should be leading, not lagging, embracing change and not fighting it.

Having the right people in the right roles is crucial to the success of every organisation and our professionals must be focussed on the continued elevation of their own and their team’s skills to continue to be at the cutting edge and meet the demands of employers. For instance, strong commercial acumen and communication skills are two attributes I feel are needed by procurement for the profession to add value and gain influence, and the survey results confirm this. Looking to the future, many of our procurement roles will be in strategic sourcing where strong relationship management skills are critical. Professionals have to work closely with their colleagues to support the strategic vision of an organisation, to unlock value across the supply chain and develop innovative solutions. That’s why the ability to build relationships came out as the most sought-after skill in the survey.

We must encourage our members to continue their professional development, as it’s no surprise that MCIPS professionals earn more than our non-qualified counterparts and MCIPS professionals are the first choice for recruiters in many sectors. Business leaders are turning towards procurement for the answers to key issues such as protectionism and trade wars, ensuring supply chains are free from any disruptions, free from modern slavery which is robbing people of their lives and liberty for business gain, or cyber security which can bring whole businesses down in a day. All these serious attacks on business can be detected by procurement, be tackled by procurement and solutions found by procurement. That’s why the results of the survey shows the search for particularly MCIPS talent remains high.

As a profession, with this positive and skilled mindset, talented professionals will always be in demand because highly-skilled people are still hard to find. The responsibilities supply chain managers have are many. Risk mitigation, whether it is security of supply, or the prevention of damage to reputation caused by unethical actions is a prime focus for supply chain professionals. Millions are stolen from businesses in Africa and around the world. Procurement can make businesses more innovative and also more financially viable by detecting and preventing fraud in the supply chain. Individuals in the profession also gain, not just because they are part of a fascinating and growing profession but also a huge 87% of professionals in South Africa received a salary increase in the last 12 months, a 7% increase on 2018.

The survey results are always thought-provoking and challenging as the differences between the sectors in South Africa still remain. The Private Sector still offered the highest salaries as the economic challenges took its toll and impacted on Public Sector salaries which decreased by 9% from the previous year. Though there are discrepancies between all the sectors, having skills and experience in multiple sectors can improve the abilities of everyone in procurement and supply.

The continuing gender pay gap is disappointing news, even with the gap narrowing by an average 9%, this isn’t enough as men are still paid a huge 22% more. Let’s hope that improvements continue to be made and the equality goal is a little nearer to attainment.

Procurement is an enabler, a business partner. We understand business and are measured on business success and our professional behaviour is dictated by what we’re measured on, so we must be strategically aligned to our business goals. Procurement helps mitigate against risk, supports businesses to get the maximum value from their suppliers. And while 71% of respondents are still looking for talent to help shape their business goals, procurement professionals must continue to change, develop and improve their skills and abilities and continue to be the most effective, most sought-after professionals.

Malcolm Harrison FCIPS
Group CEO
Chartered Institute of Procurement & Supply
There was a mixed picture for salary increases in the results of the CIPS/Hays Salary Survey. While average salary growth of 7% was ahead of the official inflation rate of between 4 and 5%, Advanced Professional level experienced salary declines of 28%, while Professional level experienced a 24% increase in salary this year.

Given the pressure on public finances in South Africa we can expect pressure on salaries to continue in the next 12 months. However, as with all other regions, organisations continue to face challenges attracting the right talent. The major issues being a lack of technical and/or sector specific skills. Both of these factors would indicate that organisations need to think about ‘growing their own’ talent.

In this challenging context CIPS continue to provide employee development which is aligned with the changing requirements of the profession and is valued by practitioners and their employers.

Dr. John Glen
CIPS Economist
Visiting Fellow of Cranfield University

We are pleased to partner with CIPS for a fifth year to continue to provide insight into the key trends and issues impacting the procurement and supply chain profession.

Creating a pipeline of talented procurement professionals with the right skills not only for the short-term, but for the long-term too, will stand organisations in good stead. It will help them to continue building positive perceptions, ensure they are better equipped to face the challenges and enable them to access the skills they need to drive growth.

We hope you find the insights covered in this report useful in your workforce planning, or as a guide for your own career development.

hays.co.uk/procurement

Scott Dance
Director, Hays Procurement & Supply Chain
About this report

The CIPS/Hays Procurement Salary Guide and Insights 2019 allows procurement professionals and employers to:

- Benchmark salaries and bonuses for different roles and profiles
- Highlight career aspirations
- Understand perceptions of procurement

Within each section we have set out the statistical findings of our survey alongside conclusions drawn by the experts involved in putting together the report, as well as an insight that illustrates best practice.

The findings in this report are based on research conducted in September 2018 via an online survey among professionals currently working in procurement. This year over 3000 professionals globally completed the survey. The results were analysed by the Professional Associations Research Network (PARN). The data in all graphs is based on 2019 respondents only and is not a comparison on 2018 data. However, we have highlighted significant year on year changes.

Statistics throughout this report have been rounded to the nearest decimal point.

Throughout this report different levels of professional seniority have been summarised into five levels of competency. These are described in the chart below along with some examples of job roles that fall into each group.

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THE REPORT IS DIVIDED INTO SECTIONS:

- Salaries, bonuses and benefits
- Finding talent
- Importance of key skills
- How procurement is viewed
- Conclusion

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COMPETENCY LEVEL

- **Advanced Professional**
  - Head of Procurement, Procurement Director, Commercial Director,
  - Chief Procurement Officer, Supply Chain Director, Head of Sourcing.

- **Professional**
  - Procurement Manager, Purchasing Manager, Senior Category Manager,
  - Supply Chain Manager, Strategic Procurement Manager, Operations Manager,
  - Commercial Manager, Head of Logistics.

- **Managerial**
  - Senior Buyer, Category Manager, Contracts Manager, Contracts Officer,
  - Logistics Manager, Supply Chain Executive.

- **Operational**
  - Buyer, Procurement Specialist, Supply Chain Analyst, Procurement Executive,
  - Procurement Officer, Supply Chain Planner, Logistics Analyst.

- **Tactical**
  - Purchasing Assistant, Assistant Buyer, Administrative Assistant, Stock Controller,
  - Contracts Administrator, Inventory Planner, Assistant Contracts Officer.

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cips.org/salaryguide

This report is also available for the following regions:
Australasia
MENA
Sub-Saharan Africa
United Kingdom
South Africa

One of the most notable shifts we have seen in South Africa in recent years has been in the perception of procurement, with 77% of our survey respondents agreeing that procurement is valued within their organisation.

The profession is now seen as a strategic turnaround function in many organisations and it is hoped that this is having an effect on the amount of influence procurement people are beginning to have at the highest levels.

The top benefits respondents cited as receiving in 2019 remain unchanged since 2018, with private medical insurance topping the list along with company mobile phone. One key thing to note is that, typically, all permanent employees in South Africa receive a provident fund retirement benefit. It may be that this is now taken as the norm and therefore was overlooked when responding to the survey question.

Finally, lack of sector skills became even more of a concern and issue in 2019 than had previously been the case. However, this does present an opportunity for individuals and organisations who are committed to professionalising and upskilling via routes such as CIPS globally recognised qualifications.

Hemant Harrielall
Head of CIPS Southern Africa
The highest salaries this year are seen in the Private Sector at ZAR 524,193. Although the Public Sector was buoyant in 2018, it faces many economic challenges, and in 2019 this sector has seen the lowest salaries with an average of ZAR 509,925, a 9% decrease from 2018.

Average salaries increased substantially, by 24% on average, at Professional level, and also increased at Managerial and Operational levels, by 3% and 9% respectively. Meanwhile, salaries decreased by 28% at Advanced Professional level and by 25% at Tactical level.

This year in South Africa, the incidence of professionals receiving a salary increase (87%) was the highest in all the global regions we covered in our reporting. There was a decrease in the percentage receiving a bonus but in spite of this more procurement professionals in South Africa received a bonus than in Australasia, MENA, Sub-Saharan Africa and the UK.

Compared to the previous year, the gender pay gap has narrowed by 9% on average; however men still earn 22% more than women in 2018, compared to 31% in 2018.

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Average salaries by sector:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Average Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Sector</td>
<td>ZAR 524.2K</td>
</tr>
<tr>
<td>Public Sector</td>
<td>ZAR 509.9K</td>
</tr>
</tbody>
</table>

Average salaries by gender:

- Men: ZAR 583.7k
- Women: ZAR 480.1k

Gap narrowed by 9%

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Average salaries by job level:

<table>
<thead>
<tr>
<th>Job Level</th>
<th>Average Salary (ZAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Professional*</td>
<td>798,400</td>
</tr>
<tr>
<td>Professional*</td>
<td>868,857</td>
</tr>
<tr>
<td>Managerial</td>
<td>674,466</td>
</tr>
<tr>
<td>Operational</td>
<td>423,003</td>
</tr>
<tr>
<td>Tactical</td>
<td>218,221</td>
</tr>
</tbody>
</table>

*Lower response at this level

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The top benefits our respondents received in 2019 remain unchanged since 2018, with private medical insurance still the most commonly received, along with company mobile phone which has increased by 13% since 2018. This year we have also seen a 7% increase in those receiving life assurance/death in service benefits. Support for study/career development is still in the top five benefits offered highlighting organisations’ commitment to continuous professional development and qualifications such as those offered by CIPS. Retaining procurement talent is a key strategy and rewarding long service could form part of this.

Finding talent

During the next 12 months, 70% of our respondents expect to recruit procurement professionals compared to 65% in the UK, with 74% stating a marked preference for candidates with MCIPS. Yet the skills shortage remains and in fact South Africa has seen the highest percentage of procurement professionals responsible for recruitment reporting challenges in finding the right procurement talent among all our reporting regions; at 71%, which is 9% more than in 2018.

As in 2018, the most frequently cited reason for this difficulty was a lack of sector skills and experience, which became even more prevalent in 2019: 64% compared to 53% in 2018. Lack of technical skills/evidence of formal procurement training was the second most common challenge and was identified by 48% of respondents, 5% more than in 2018. One additional challenge has increased since 2018 - lack of soft skills, up by 7% - and all other challenges have seen a decrease.
Importance of key skills

As we saw in 2018, supplier relationship/management and negotiation is seen in the top five most important skills for all levels of seniority. All professionals at Advanced Professional and Professional levels also consider market analysis and contract management important for doing their jobs well.

Other notable findings in 2019 were:
- Communication/soft skills important at all levels other than the Professional level
- Sourcing and influencing important at Advanced Professional, Managerial and Operational levels
- Internal stakeholder management, raising the profile of procurement, change management, leadership, specification development and tendering all uniquely important at Advanced Professional level

<table>
<thead>
<tr>
<th>Top skills in demand by job level</th>
<th>Advanced Professional</th>
<th>Professional</th>
<th>Managerial</th>
<th>Operational</th>
<th>Tactical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most important</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change Management</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Communication/Soft Skills</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Contract Management</td>
<td>1</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Data Analysis/Business Intelligence</td>
<td>2</td>
<td>80%</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Influencing Skills</td>
<td>2</td>
<td>80%</td>
<td>-</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Internal Stakeholder Management</td>
<td>2</td>
<td>80%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leadership</td>
<td>2</td>
<td>80%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Market Analysis</td>
<td>1</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Negotiation</td>
<td>2</td>
<td>80%</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Raising the Profile of Procurement</td>
<td>2</td>
<td>80%</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Sourcing</td>
<td>2</td>
<td>80%</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Specification Development</td>
<td>2</td>
<td>80%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supplier Evaluation and Appraisal</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Supplier Relationship/Management</td>
<td>2</td>
<td>80%</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Tendering</td>
<td>2</td>
<td>80%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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Emotional Intelligence

What do people say about you when you leave the room?

Having worked with hundreds of clients from a diverse range of backgrounds and businesses I can tell you that you wouldn’t be alone if you felt some trepidation at considering the answer to that question.

Your reputation: your personal brand
Our clients in procurement tell us that they need to display a range of qualities and styles. Some would say that their credibility, knowledge and resilience are the most important factors. Others would say that they need to be able to influence, think strategically and manage stakeholder relationships.

Of course, all of the above are relevant. However, it is rare to meet an individual with strengths in all these areas.

It is common for individuals to focus on their known strengths and to assume that this is sufficient to build a good reputation. However, with too narrow a focus, sometimes our reputation can move in an unhelpful direction in spite of ourselves and our best intentions.

At DRIVE we call this reputation your ‘personal brand’. The differentiator, the competitive advantage, the thing that can make you irreplaceable in a burgeoning world of complexity, ambiguity and of course EI (emotional intelligence).

Successful personal brands start with an acute understanding of our strengths and our deep-rooted motivators. This ever-evolving high level of self-awareness, an intrinsic component of EI, is at the heart of long-term performance. Managers who can help their teams leverage these insights will consistently outperform those that don’t.

How to assess and improve EI
People can often recognise the behaviours of someone lacking EI but can be at a loss as to how to address such unproductive behaviours. In an attempt to provide personal development solutions, organisations tend to offer a range of ‘soft skills’ training courses such as assertiveness, influencing and presentation skills. However, although these may provide employees with useful tools and techniques, they rarely improve EI levels or achieve the level of benefit required. This is because what these courses fail to explore in sufficient detail are the individual’s natural traits and learned beliefs that underpin the behaviours.

Today there are a number of tools available to organisations to assess an individual against a range of traits relating to EI, such as optimism, self-esteem, emotion perception and regulation, empathy, assertiveness and adaptability.

Through a deeper understanding of themselves and better-targeted personal goals, procurement professionals can start to work on the attitudinal and behavioural changes that will enable them to form stronger, more productive relationships with others and drive greater personal impact.

The first step to proactively managing your reputation is to gather objective evidence on what your reputation is today. And then, next time you engage with a stakeholder, consider how your value judgements and behaviours are helping or perhaps hindering you in building the reputation that will help procurement to deliver its strategic objectives in an emotionally intelligent way.

Becky Tilney
Director
DRIVE
Broadly speaking, the perception of procurement in South Africa was positive: 77% agreed that procurement is valued within their organisation, and 73% agreed that perception of procurement had improved in the previous 12 months. There was a decrease in all categories but some of these decreases were small and the percentages still remain high.

The higher earning power of those with MCIPS and the increased percentage of recruiters asking for professionals with MCIPS (or those studying towards) adds further evidence of the importance of having professionally trained staff. This professionalism in turn improves the brand and perception of procurement through the value that they add to an organisation.

For perceptions of procurement to continue to improve, procurement professionals should take steps to develop their internal stakeholder management skills. Learning how to engage with the different agendas of a range of internal stakeholders, including the procurement team itself, is vital to achieve the best result for all. This involves being able to turn the features of the procurement team’s activities into benefits that are relevant for each stakeholder group, from the CFO through to the CMO. There are a number of resources available on the CIPS website to help professionals to engage effectively with different stakeholders and continue to drive positive value.

Scott Dance
Director, Hays Procurement & Supply Chain
I hope you found this CIPS/Hays Salary Guide and Insights 2019 an invaluable source of content and gives you a steer when planning your own career as well as developing your teams. Whether you’ve read it from cover to cover or dipped into the sections that are most relevant to you, there’s something for every level of professional, whether it’s for personal career decision-making, developing team maturity or supporting your corporate planning in the future.

In this ever-changing world the South African economy could be nearing the end of its slump years and heading for growth. As growth takes off businesses will need guidance from procurement about where to go next for suppliers, partners, customers and of course ethical practice. The SA economy is still overshadowed by corruption and fraudulent practices and supply chain professionals are absolutely at the core of helping prevent this as the guardians of the world’s supply chains. Professionals with strong personal skills, building relationships with suppliers and stakeholders will continue to be highly sought-after in the coming decades and will be instrumental in making the economy even stronger.

But talent remains difficult to find and South Africa continues to experience a lack of skills. I believe that the best people are our MCIPS and FCIPS members and this research bears that out. These talented professionals get the salaries and rewards they deserve, for the skills and abilities they demonstrate. Our members have attained a level of knowledge and skill that is of great value in organisations of all sizes and those members that are also Chartered status professionals have also proven that their abilities are relevant and up-to-date.

It’s worth reflecting that in this fourth Industrial Age, big data is becoming increasingly important. Companies hold large reserves of data of all kinds, in different teams and departments, not just in procurement. Unconnected, often without links to other departments or understanding, these golden nuggets of insight are left largely unused by businesses and our professionals must develop the skills to manage this. Companies don’t always have the expertise to extract the relevant insights that would be useful and develop them into outcomes for their business but this opportunity and responsibility sits with procurement so I hope businesses in the region sit up and take notice.

This guide is not just about statistics but shines a light on the context of the world we are operating in. It adds another dimension on how the results affect not just our profession but the wider business environment.

Not all data is of equal value of course, but as the research has been running for many years now, it is THE definitive guide for procurement professionals on rewards and opportunities in their profession and in the South Africa region.

Hemant Harrielall
Head of CIPS Southern Africa
About CIPS, the Chartered Institute of Procurement & Supply

The professional body
CIPS, a not-for-profit organisation that exists for the public good, is the voice of the profession, promoting and developing high standards of skill, ability and integrity among procurement and supply chain professionals.

Quality guaranteed
Our qualifications are recognised by OFQUAL in England and regulators in various countries, demonstrating that they meet specific quality standards.

The Global Standard
CIPS Global Standard in Procurement and Supply, which is freely available, sets the benchmark for what good looks like in the profession.

A commercial organisation
CIPS helps governments, development agencies, and businesses around the world to excel in procurement and supply, supporting them to improve and deliver results and raise standards.

A global community
We are the world's largest professional body dedicated to procurement and supply with a global community of over 200,000 professionals in over 150 countries, and offices in Africa, Asia, Australia, the Middle East, Europe and USA.