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Rewriting the rules for the digital age

2017 Human Capital Trends Report for Namibia

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Introduction

We are pleased to share with you the 2017 Human Capital Trends Report for Namibia. This country report is a companion to the Deloitte Global Human Capital Trends 2017 report – one of the largest of its kind in the world. Over 10,400 executives from 140 countries participated in the global survey this year, including 47 Namibian organizations. They all offered insights on the future of work and human capital's valuable role in shaping it. The theme for this year, "Rewriting the rules for the digital age," was chosen because a principal characteristic of the new era is not merely change, but change at an accelerating rate, which creates new rules for business and for HR.

Organizations face a radically shifting context for the workforce, the workplace, and the world of work. These shifts have changed the rules for nearly every organizational people practice, from learning to management to the definition of work itself.

All business leaders have experienced these shifts, for good or for ill, in both their business and personal lives. Rapid change is not limited to technology, but encompasses society and demographics as well. Business and HR leaders can no longer continue to operate according to old paradigms. They must now embrace new ways of thinking about their companies, their talent, and their role in global social issues.

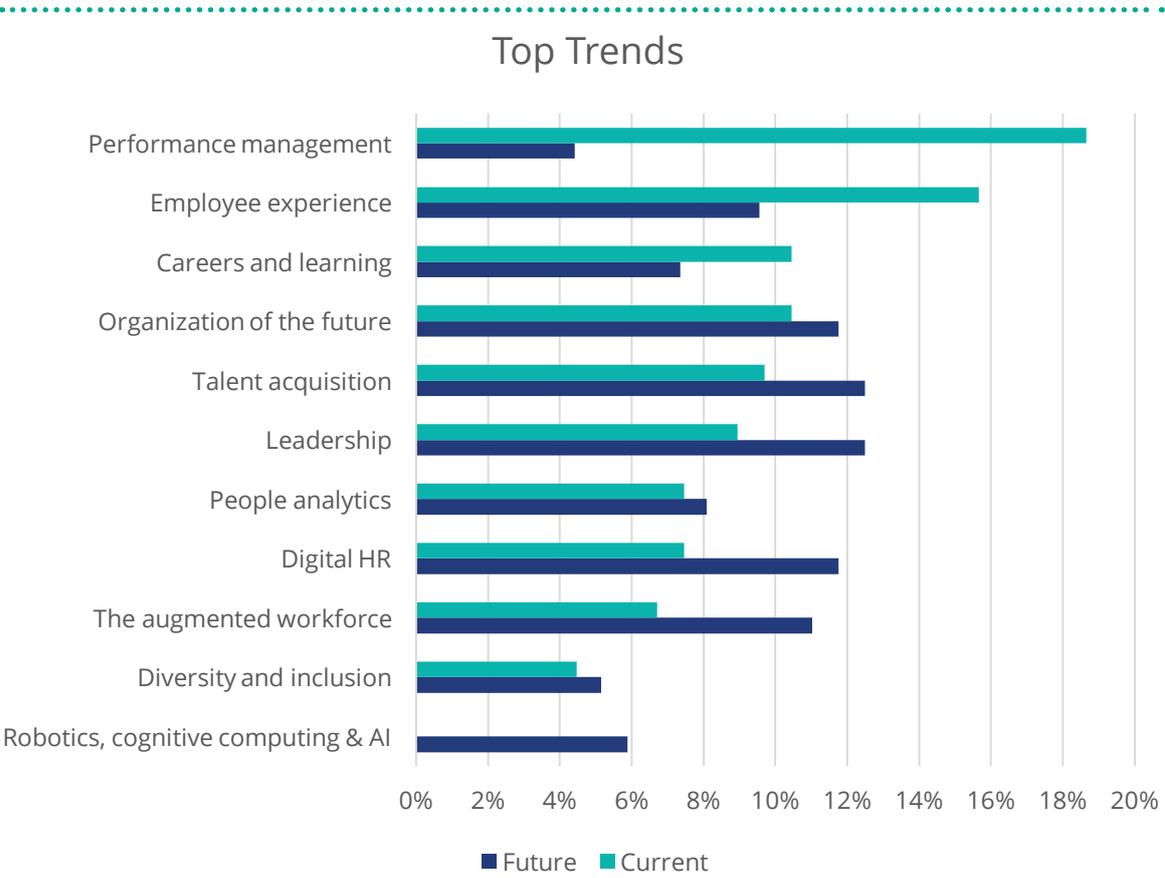
We have developed a "new set of rules" to make sense of this changing landscape. These rules reflect the shifts in mind-set and behavior that we believe are



required to lead, organize, motivate, manage, and engage the 21st-century workforce. While it is hard to predict which emerging business practices will endure, it is impossible to ignore the need for change. This report is a call to action for HR and business leaders, who must understand the impact of change and develop new rules for people, work, and organizations.

This report marks the fifth anniversary of our annual deep dive into human capital trends. This year, the survey focused on analysis of the social, economic, political, technological, and cultural issues facing business and HR leaders and employees worldwide.

Top trends



The survey looks at top trends in the human capital space, with respondents asked to rank top trends at present, as well as what trends are expected to become top trends in the future (3 – 5 years ahead). For Namibia, the top trend at present is performance management, however this falls to least important trend (11th) in the future. The

second most important current trend is employee experience, but this too becomes notably less important in the future, falling to 6th place.

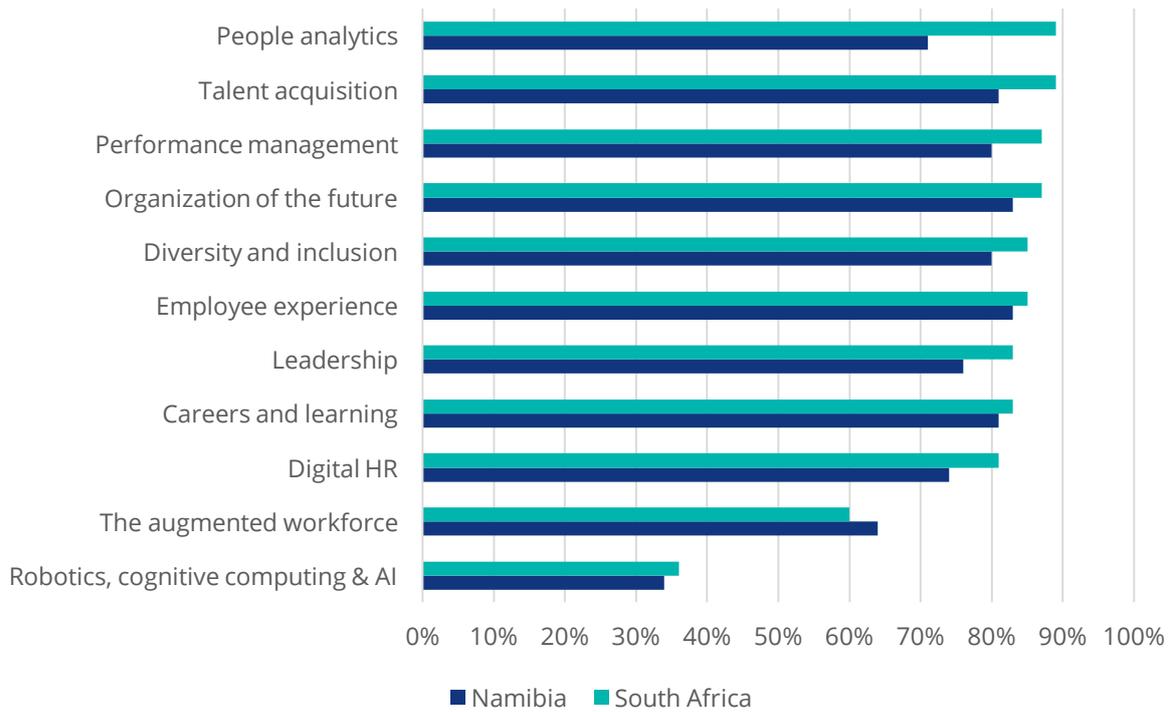
The respondents believe that the most important future trends will be talent acquisition and leadership, two trends currently ranked 5th and 6th, respectively.

Importance

When assessed by importance, Namibian respondents rank people analytics and talent acquisition as the most important human capital trends, followed by performance management, organization of the future and diversity and inclusion. In all instances, Namibian entities see the trends measured as more important than do South African companies, with the single exception of the augmented workforce, which South African respondents see as more important than do

Namibian. With regards to ranking, the South African entities surveyed ranked organization of the future and employee experience as the most important current trends, while in Namibia these two factors were ranked 3rd and 5th, respectively. By comparison, the two trends most highly ranked in Namibia, namely people analytics and talent acquisition, were ranked 9th and 3rd most important trends in South Africa.

Rank by Importance



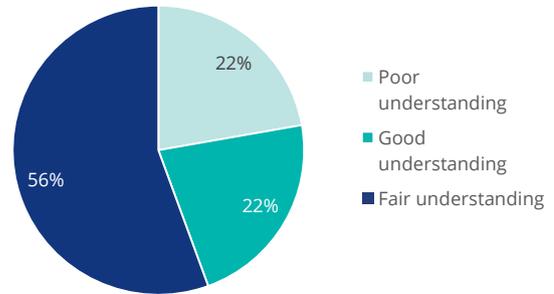
People analytics

Globally, people analytics in HR is undergoing a seismic shift. Driven by the widespread adoption of cloud HR systems, companies are investing heavily in programs to use data for all aspects of workforce planning, talent management, and operational improvement. People analytics, a discipline that started as a small technical group that analyzed engagement and retention, has now gone mainstream. Organizations are redesigning their technical analytics groups to build out digitally powered enterprise analytics solutions. These new solutions, whether developed internally or embedded in new digital solutions, are enabling organizations to conduct real-time analytics at the point of need in the business process. This allows for a deeper understanding of issues and actionable insights for the business.

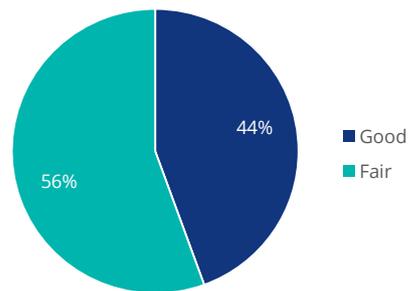
When it comes to people analytics in Namibia, nearly 80% of respondents feel they have a fair to good understanding of best in class analytics, however fewer than 50% of respondents are happy with the quality of data available to support people analysis.

At the same time, the use of people analytics in Namibia, as across much of the world, is extremely limited, with under 20% of companies using people analytics at all. This said, by far the most common use for people analytics amongst survey respondents was for recruiting and sourcing of employees (19%), followed by learning (16%), workforce planning (14%), compensation (14%), career pathing and succession management (14%). Only 5% of respondents make use of people analytics to determine employee benefits.

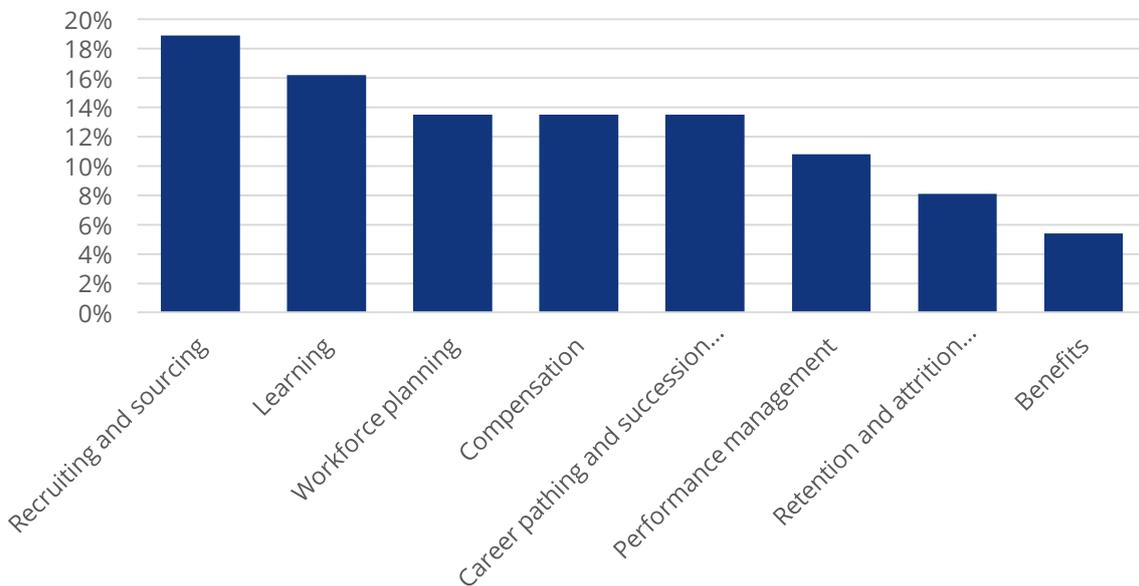
Company's understanding of best in class in people analytics



Rate the quality of data available to support people analytics



Areas where companies currently use people analytics



Talent acquisition

Globally, talent sourcing and recruitment face tremendous pressure. Talent and skill short-ages are widespread. Employees are demanding new careers and career models. And technologies and innovations—including cognitive, artificial intelligence, social collaboration, crowds, and the sharing economy—are reshaping the workforce. Leading companies are turning the open talent economy into an opportunity by embracing technologies and developing new models that make innovative use of on- and off-balance-sheet talent sources.

- Attracting skilled resources is no longer simply the responsibility of HR. It now stands as a top concern of business leaders, ranking third in our survey this year.
- More than 8 in 10 (83 percent) executives say talent acquisition is important or very important.

For Namibian survey respondents, talent acquisition ranks as a joint most-important trend in human capital.

World Economic Forum's Global Competitiveness Report and the Namibian Business and Investment Climate Survey, both of which rate access to skills amongst the largest challenges faces by Namibian companies and investors.

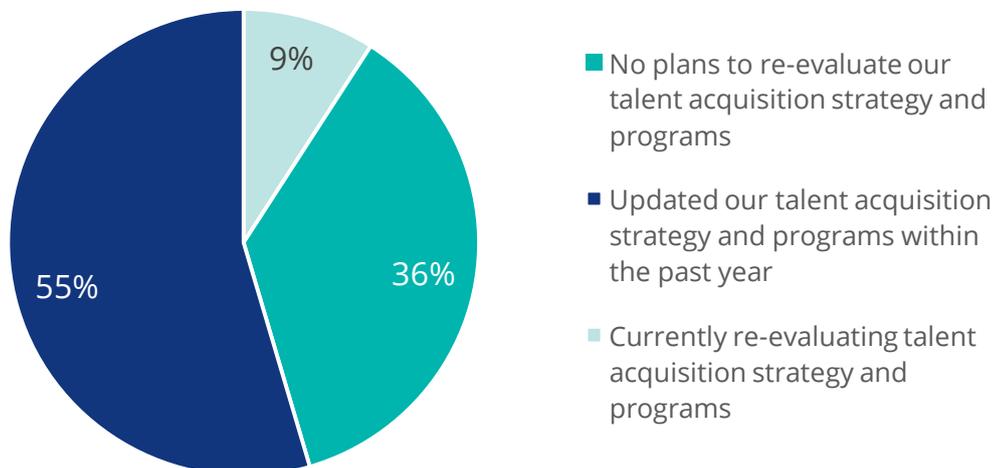
As a result, it comes as no surprise that over 90% of Namibian respondents are either in the process of re-evaluating their talent acquisition strategy and programs, or have done so within the past year.

Despite the apparent challenges surrounding talent acquisition, very few Namibian respondents use robotics, cognitive computing, or AI in their talent acquisition process. In this regard, and when

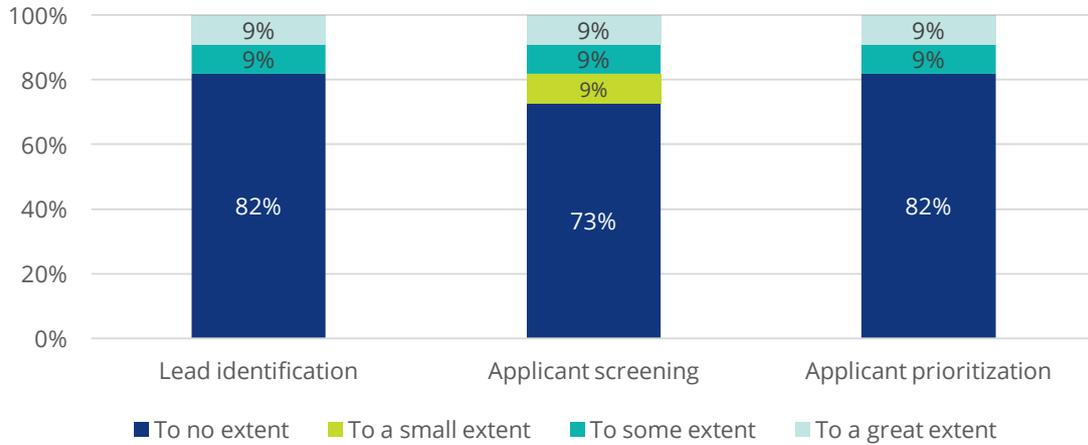
compared to the global respondents, significantly fewer Namibian companies as a percent of those surveyed make use of this technology.

Interestingly, a large number of respondents noted that while they are currently using no robotics, cognitive computing or AI for recruiting activities, they intend to change this in the next three to five years. In this regard, while 82% of respondents note that they use no such technology in lead identification, just 45% say they have no intention of developing the use of such over the next three to five years. Similarly, 73% and 82 percent of respondents note no use of the technology for applicant screening and applicant prioritization, respectively. However, in the next three to five years, only 36% of companies have currently got no plans to develop the use of such technology.

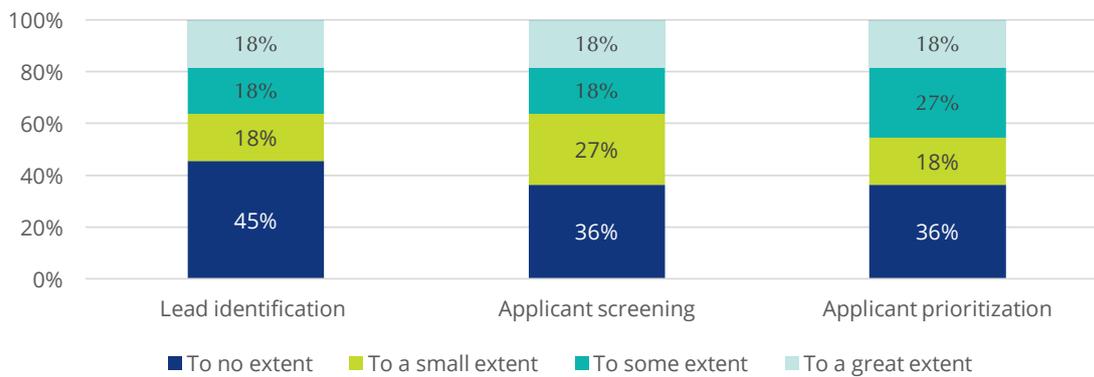
State of development of your talent acquisition strategy



Extent to which organization uses robotics, cognitive computing, or AI for following recruiting activities



Recruiting activities for which organization plans on using cognitive computing or AI within the next 3-5 years



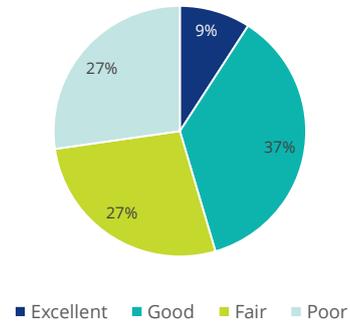
Performance management

Over the last five years, organizations have radically changed the way they measure, evaluate, and recognize employee performance. Today, with much initial experimentation, continuous performance management practices are being deployed on a wide scale. While not all the tools are in place at every organization, the new practices are becoming clearer and more standardized, and they are definitely working. Agile goal management, check-ins, and continuous feedback are becoming common, and new models of evaluation and rewards are being adopted next.

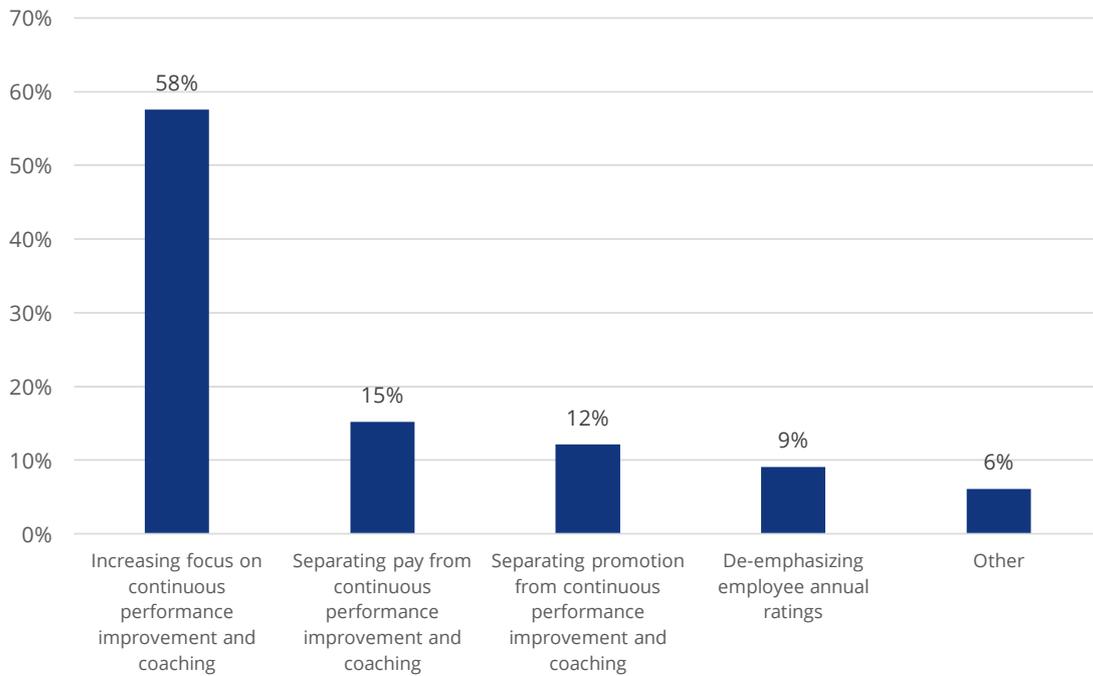
The redesign of performance management is picking up speed: Globally, 79 percent of executives rate it a high priority, up from 71 percent three years ago, with 38 percent calling the problem “very important.”

Approximately three quarters of Namibian respondents rate their current performance management systems as fair, good or excellent, with just 27% rating their systems as poor. However, more than 50% of respondents rated their performance management systems as fair or poor. As a result, it comes as little surprise that a number of the respondents seek to improve their performance management systems, with 58% of respondents noting that they are increasing focus on continuous performance improvement and coaching. Notably smaller percentages of respondents are pursuing other forms of performance management system development.

Current Performance Management Systems

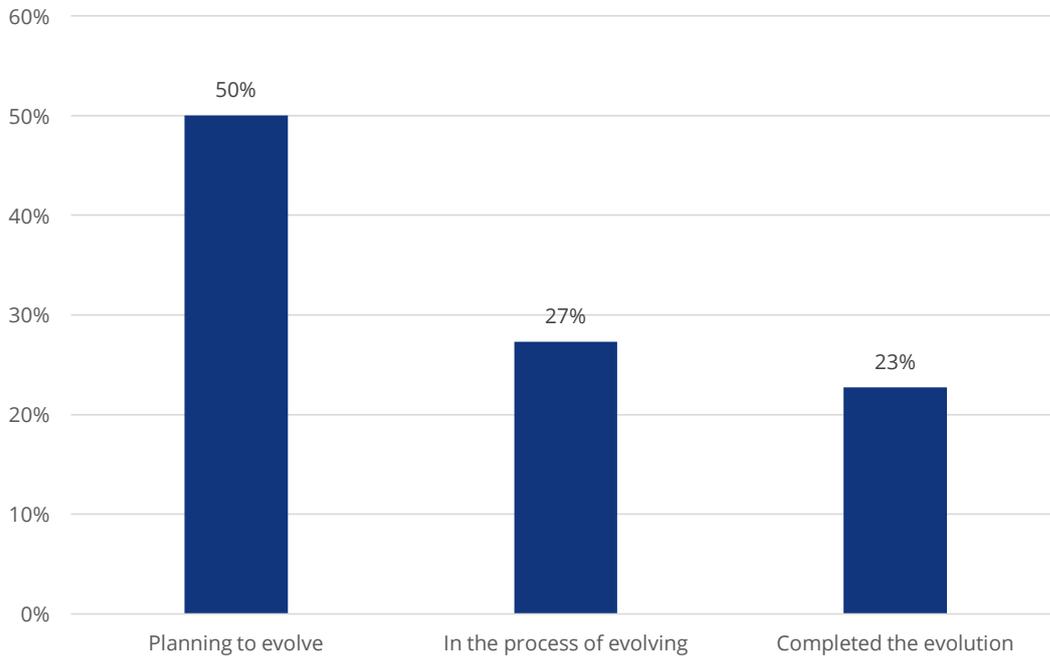


Moving towards a new performance management system



Along the same lines, over 75% of Namibian respondents are either planning to, or in the process of, developing their performance management systems, with only 23% of respondents being of the view that they have completed their performance management system development.

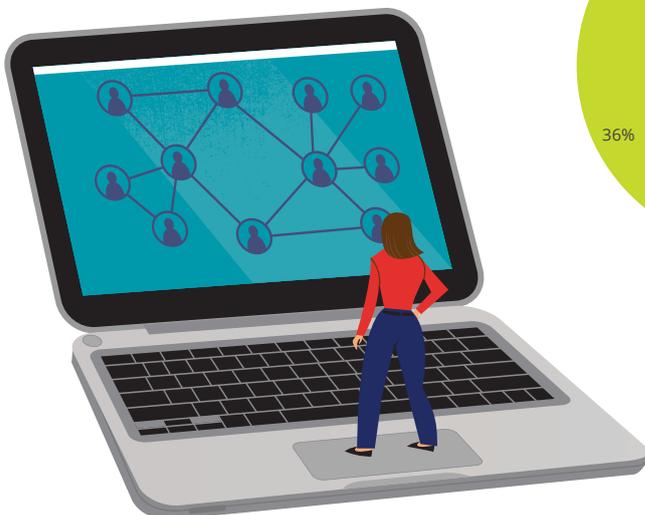
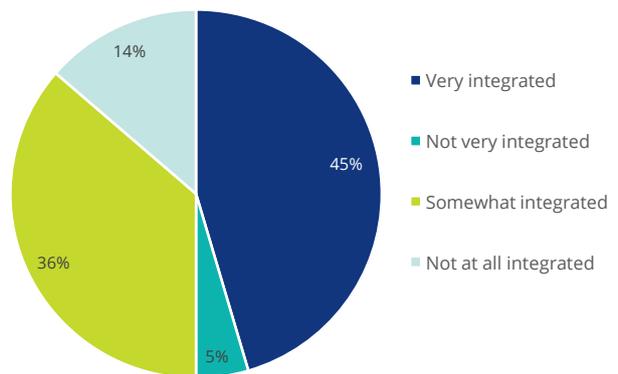
Development of performance management system



In Namibia, performance ratings are highly integrated with compensation and reward decisions. Noteworthy in this regard is that while the rest of the world appears to be moving towards increasingly less monetary focused performance management systems, Namibian respondents remain highly focused on financial reward as a performance management tool.

In total, 81% of Namibian respondents note that their performance management ratings are either very integrated or somewhat integrated with compensation and reward decisions.

Integration extent of performance ratings with compensation and rewards decisions



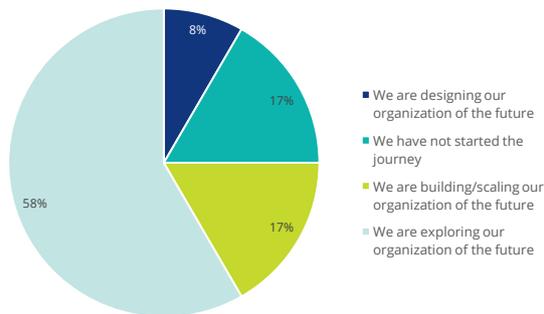
Organization of the future

High-performing organizations operate as empowered networks, coordinated through culture, information systems, and talent mobility. Companies are focused on redesigning the organization itself, with nearly half actively studying and developing new models. And many organizations are not only designing but also building this new organization. As networks and ecosystems replace organizational hierarchies, the traditional question “For whom do you work?” has been replaced by “With whom do you work?”

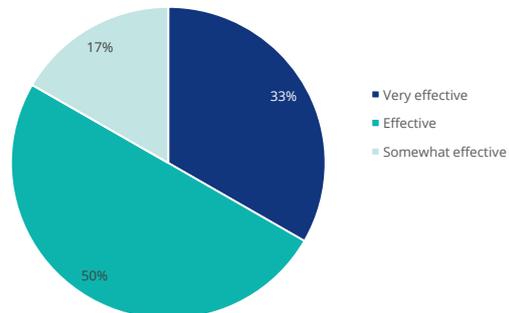
Developing the organization of the future ranks as joint third most important HR trend amongst this year’s Namibian survey respondents. Given the fast changing Namibian economic and policy landscape, and the constant pressure to adapt to such, this is not surprising. Furthermore, this trend is, for all intent and purpose, timeless, as the on-going need for businesses to adapt and develop, not just in the human capital space, is well documented.

Interestingly, Namibian entities are largely in the phase of exploring their organization of the future, with more than 58% of respondents identifying with this state of development. Just 17% are in the process of building or scaling their organization of the future, half the number that have reached this stage of development in South Africa. A further 17% have yet to start the journey at all, while the remaindered are in the design phase for their organization of the future.

Your journey of designing, building, and implementing your organisation of the future



Effectiveness of your current organization in accomplishing its business goals



Diversity and inclusion

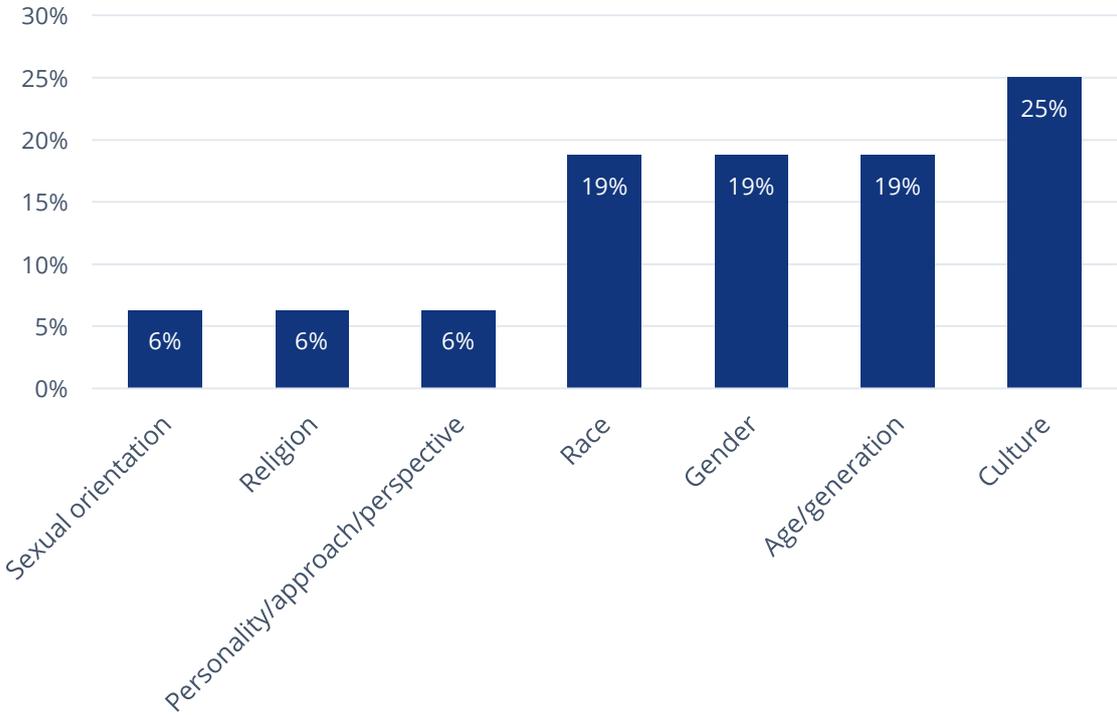
Diversity and inclusion has become a CEO-level issue around the world. The digital organization of today, which operates as a network of teams, thrives on empowerment, open dialogue, and inclusive working styles. Leading organizations now see diversity and inclusion as a comprehensive strategy woven into every aspect of the talent life cycle to enhance employee engagement, improve brand, and drive performance.

The era of diversity as a “check the box” initiative owned by HR is over. CEOs must take ownership and drive accountability among leaders at all levels to close the gap between what is said and actual impact.

Given Namibia’s history of segregation and repression, it comes as little surprise that diversity and inclusion has been a mantra of business and policy makers in the country since independence. Despite some progress with regards to inclusion, the perception and anecdotal supporting evidence, largely due to the lack of data collected on the topic, suggests that this progress has been slower than desired, and that inclusion, particularly at higher levels within local institutions, remains unsatisfactory.

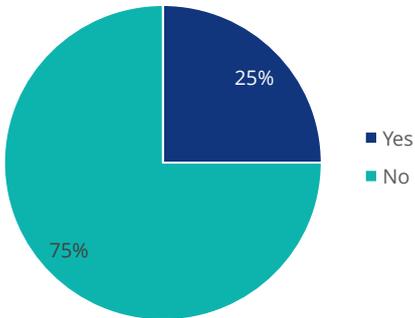
On this basis, the prominence of diversity and inclusion in the 2017 survey results paints a promising picture that speaks to the notion that local respondents treat the trend as highly important. When it comes to diversity, local companies see culture, age, race and gender as highly important, with personality/approach/perspective, religion and sexual orientation as less important measures of diversity.

Inclusion by your organisation in its understanding of diversity and inclusion

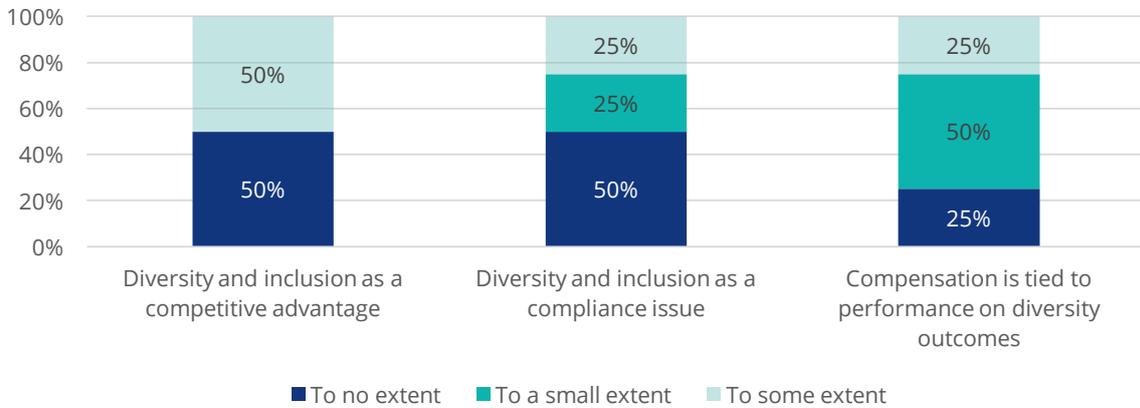


Of the Namibian respondents, and despite the importance of the trend to Namibian businesses, only 25% indicated that their organizations have formally articulated inclusion strategies. Encouragingly, however, 75% of respondents note that their compensation is tied to performance on diversity outcomes, meaning that the large majority of respondents are creating genuine incentives for improvement of their diversity and inclusion metrics.

Does your organization have a diversity and inclusion strategy



To what extent does your organisation consider the following



However, diversity and inclusion is no longer just about hiring previously disadvantaged candidate, nor about fulfilling employment equity commission requirements. Diversity and inclusion have become business imperatives, with more diverse and inclusive organizations increasingly gaining the upper hand over their competitors with improved understanding of changing demographics of the country and the resultant change in client requirements and demands. As a result, we see increased efforts to develop policies that create an all-inclusive, tolerant and collaborative workforce that understands the different needs, cultures and traditions of colleagues and clients.

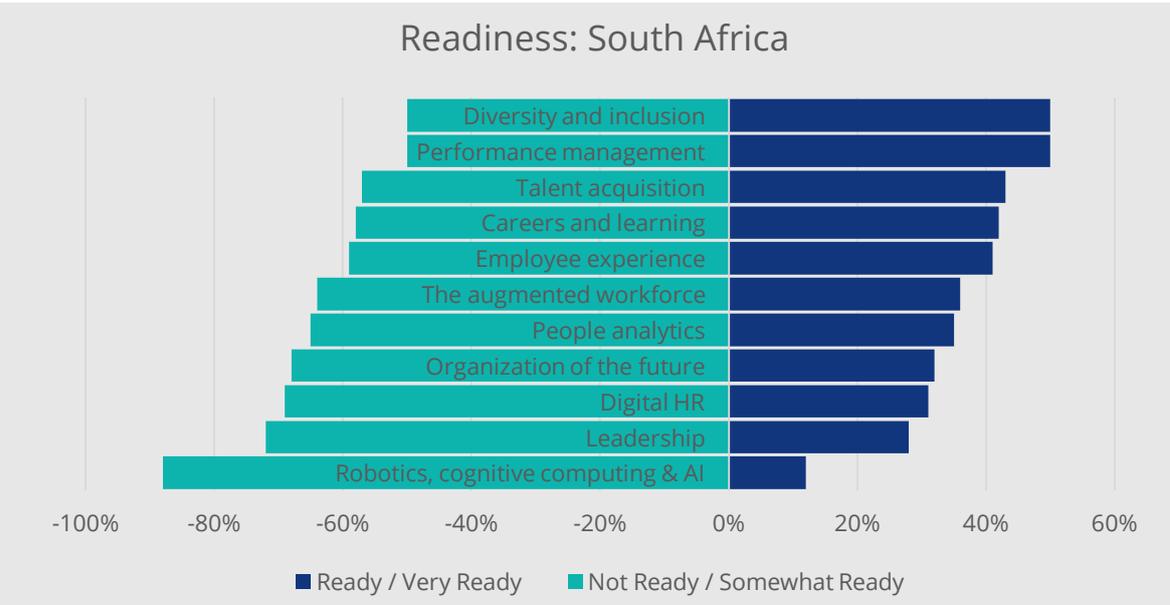
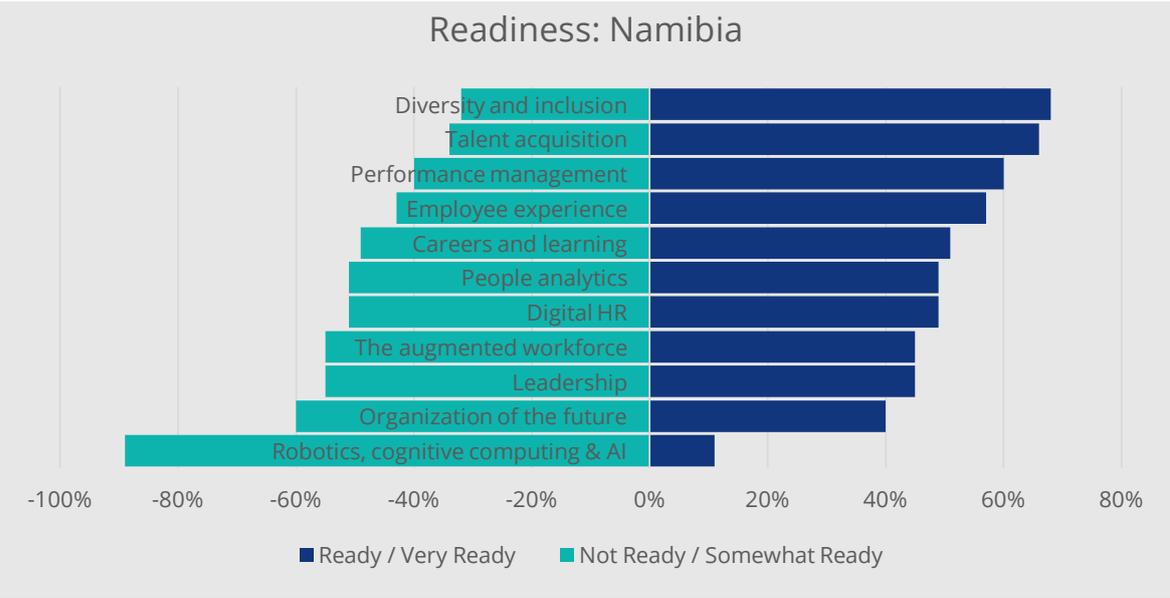
Readiness

With regards to readiness, the trend that Namibian respondents ranked themselves as being most ready for was the trend of diversity and inclusion (68% ranked as ready/very ready), followed by talent acquisition (66% ranked as ready/very ready) and performance management (60% ranked as ready/very ready). By comparison, the trends for which the survey respondents feel least ready are robotics, cognitive computing and AI (89% ranked as not ready/somewhat ready), organization of the future (60% ranked as not ready/somewhat ready) and leadership (55% ranked as not ready/somewhat ready).

By comparison, South African firms surveyed ranked as most ready on diversity and inclusion (50% ready/very ready) and performance management (50% ready/very ready). The trends for which the South

African survey respondents feel least ready are robotics, cognitive computing and AI (88% ranked as not ready/somewhat ready) and leadership (72% ranked as not ready/somewhat ready).

Namibian organizations readiness to respond to the key trends of diversity and inclusion and talent acquisition, both ranked in the top five most important trends, is highly encouraging, particularly at a time when diversity and inclusion feature so prominently on the national stage. The on-going development of policies to improve the distribution of wealth and to reduce inequality, coupled with improving equality of opportunity for all Namibians can be expected to be greatly enhanced by the efforts of Namibian organizations ready to embrace these developments.



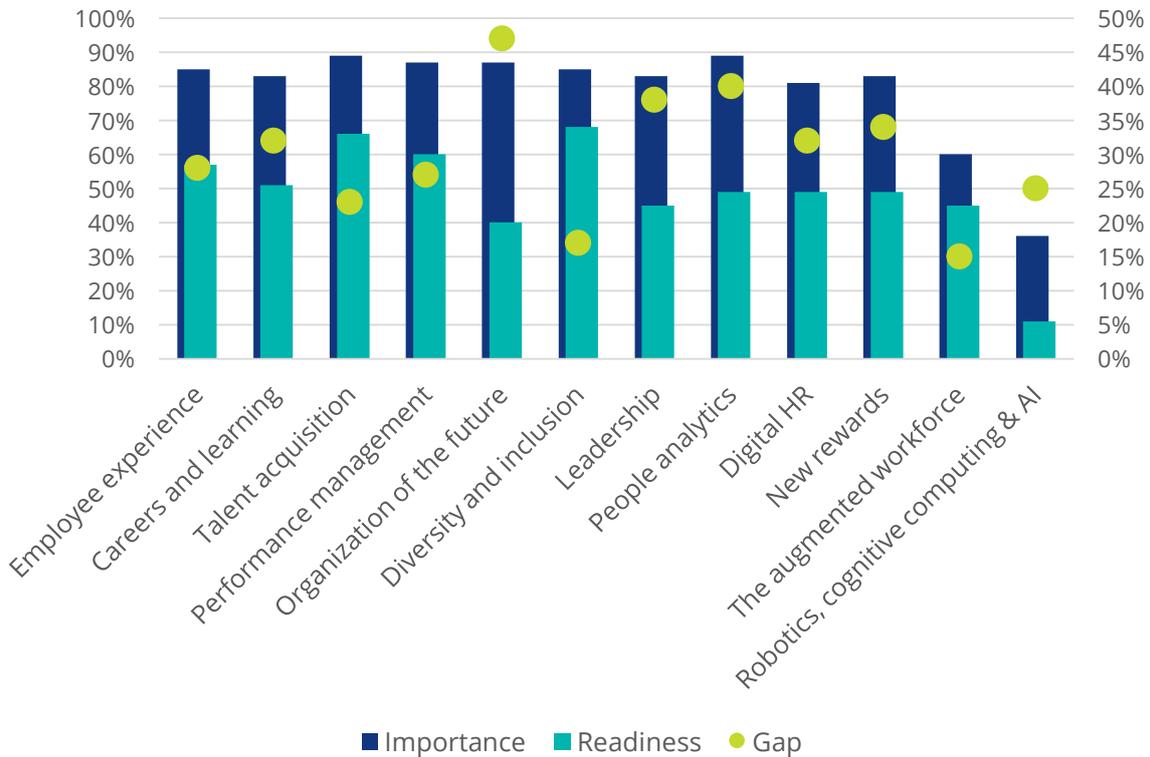
The Global Human Capital survey measures both the importance of critical trends and issues, as well as an organization’s perceived readiness to address the identified challenges. The difference between the importance and readiness for specific trends is labelled as the “capability gap”– a measure of how prepared organizations are to respond to the most urgent human capital issues.

Capacity Gap

The capacity gap is a measure of how prepared organizations are to respond to key trends in the human capital space. In essence, it is a measure of the difference between importance rankings of respondents, and readiness rankings.



Gap Analysis



In Namibia, the greatest capacity gap exists in the organization of the future, which ranks as highly important, however only 40% of respondents are ready/very ready to manage the trend. Similarly, people analytics ranks as a very important human capital trend, but only 49% of respondents are ready/very ready to manage it. The same applies to leadership, where just 45% of respondents felt ready to manage the highly important trend.

The smallest gaps were seen in the augmented workforce trend, where while only 45% of respondents felt ready/very ready to deal with the trend, it was not viewed as important by the majority of respondents. While diversity and inclusion was ranked as one of the most important trends, 68%

of respondents felt ready/very ready to deal with it, and as such represents a relatively low capacity gap.

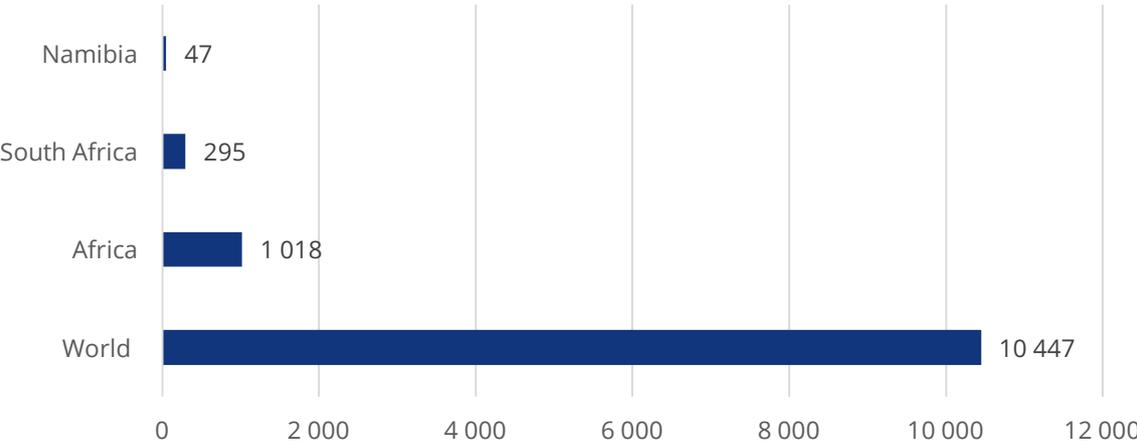
In most instances, low capacity gaps are seen where trends have been established over an extended period of time, and as a result, while still important, organizations have become well versed in dealing with such. One example of such is the trend of diversity and inclusion. For both Namibia and South Africa, this trend has, in most years, ranked in the top five most important human capital trends. As a result, organizations and human resource practitioners have adapted their ability to address the trend and thus their readiness rankings have improved to narrow the capacity gap.

Respondents

On a global level, Deloitte surveyed over 10,400 firms and individuals in the 2016 Human Capital Trends Survey. Of this, 1,018 respondents were in Africa, with 295 were in South Africa. In total, the Namibian survey had 47 respondents.

While an apparently low number, the number of respondents in Namibia, relative to population was approximately four times that of South Africa, and over 14 times larger than the global survey's respondent rate.

Number of Respondents

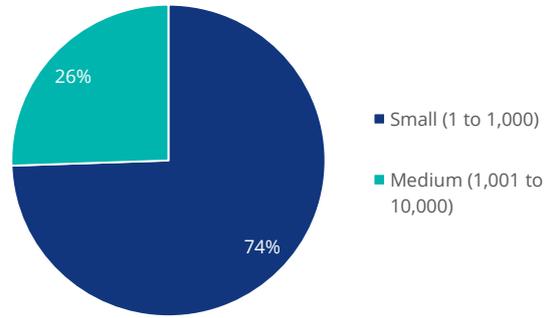


Approximately three quarters of the Namibian respondents were small businesses (classified as having 1 to 1000 employees), while the remaining quarter of respondents were from medium sized businesses (classified as having 1,001 to 10,000 employees). No large businesses (classified as 10,001+ employees) were surveyed in Namibia.

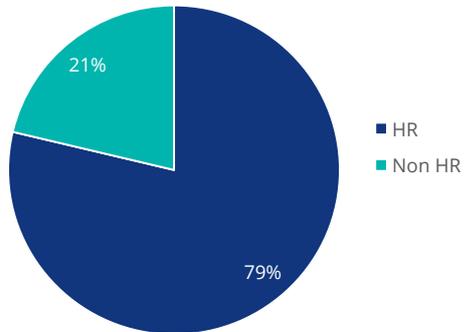
From an industry perspective, 23% of those surveyed were from the consumer business industry, 19% from financial services, 13% from professional services, 9% from the energy and resources industry, 9% from the public sector and the remainder from manufacturing, real estate technology, media and communication and others.



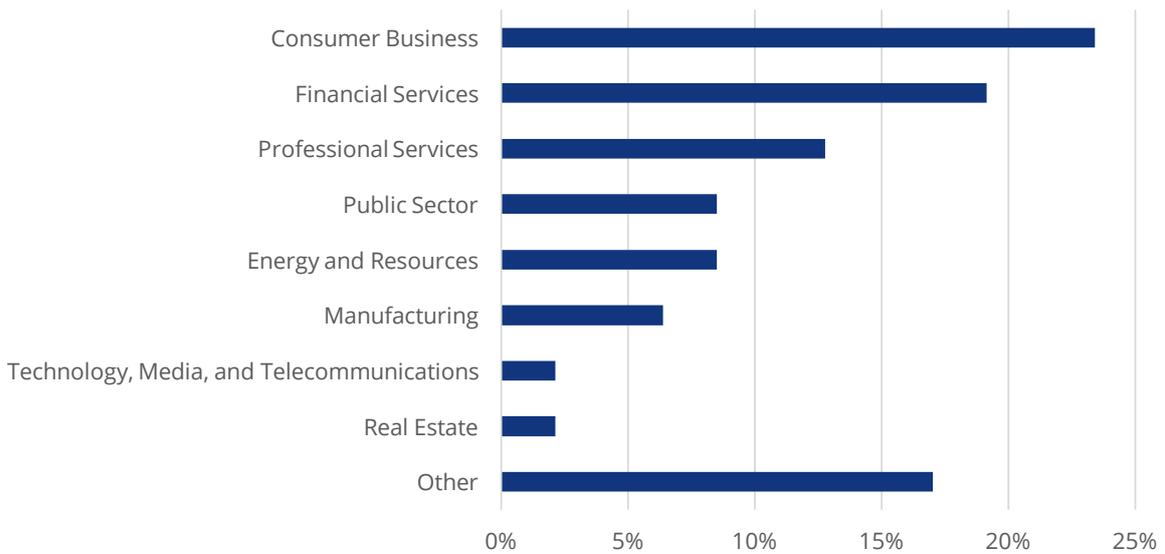
Respondents by Business Segment



Respondents by Function

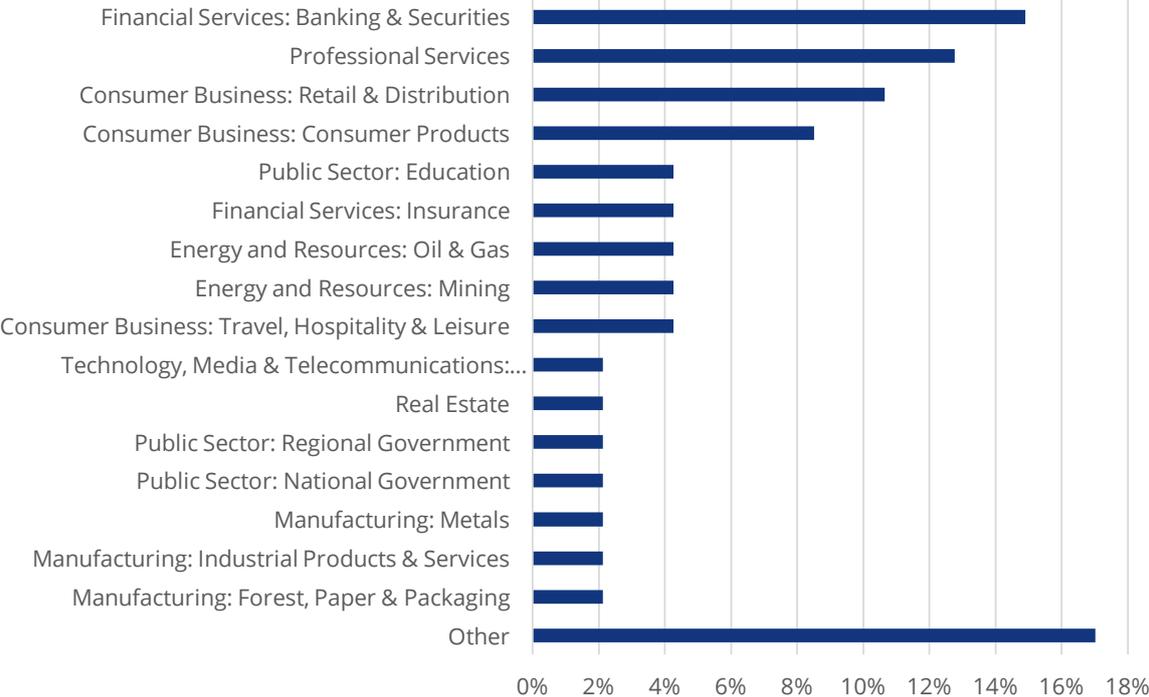


Respondents by Industry



By sector, the largest respondent group was banking and securities (15%) followed by professional services (13%), retail and distribution (11%) and then consumer products (9%). All other sectors individually represented less than 5% of the sampled companies.

Respondents By Sector



Conclusions

The operating environment for Namibian organizations has seen rapid and dramatic changes over the past 18 months, as the economy has moved from strong growth into an abrupt slowdown and even contraction. As a result, conditions within institutions have changed, particularly those for employees and as a result, HR teams.

The current report, based on the survey of 2017 has shown how HR and management teams are currently positioned to managed these changes and developments, as well as how they see the playing field developing over coming years.

In this fast changing environment, a number of human capital trends become increasingly important, as highlighted by this report. Securing the right talent for your business, as well as managing that talent through suitable performance management systems will be critical in ensuring that both the employer and employee can maximize utility in the current

challenging environment. In addition, becoming an organization of the future, through improved foresight ability and dynamism will serve local organizations in good stead. And finally, improved efforts to drive increased diversity and inclusion in the work-force can be expected to improve team morale and output, as well as drive improvements with regards to the exploration of new and developing markets, and to provide optimum service to a diverse array of clients.

In the current environment, it is the more dynamic institutions that will be best positioned to manage the current downturn, and the various challenges that are accompanied with such, and in this regard, dynamism with regards to human capital developments and trends, will be no exception.



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