

2015 Human Capital Trends Report for South Africa

Leading in the new world of work



Content

Foreword	2
Welcome	4
Leading in the new world of work	6
Global human capital trends 2015: Top findings for South Africa	8
The 2015 human capital trends	
Trend 1: Engagement and culture	9
Trend 2: Leadership	22
Trend 3: Learning and development	29
Trend 4: Workforce on demand	37
Trend 5: Performance management	48
Conclusion	57
Demographics	59
Human Capital country leaders	61
Acknowledgements	63

Foreword

It is a privilege for me to introduce the Deloitte 2015 Human Capital Trends Report for South Africa. Deloitte has long been recognised as one of the leading authorities in human capital management. This report confirms the influence of Deloitte in the South African business community. The current business environment requires South African firms to focus on performance and efficiency, while building capacity for expansion. South African firms are facing tough times at home, while increasingly taking advantage of opportunities in Sub-Saharan Africa, the most exciting region in the world. The 2015 report captures this complexity in a useful way that is sure to lead to new insights for the HR community.

In my years as a scholar of management, I have seen many HR trends come and go, and I have found that HR trends tend to lag behind the business environment. This was not as critical to business before the financial crisis as it is today. Prior to the financial crisis, our concern was with creating sufficiently robust pipelines of talent for growth. This changed during the financial crisis, with HR responding too slowly

and the HR community failing to anticipate the changes that were coming. As we recover from the financial crisis, we are in a different environment and HR programmes and projects that take two to three years to design and implement are unlikely to be supported by business. Ironically, the need for HR is probably more important than ever in this environment.

Success in this market requires brave leaders with the skills to build a performance-driven culture, while at the same time building new organisations across national

boundaries into the rest of Africa. It is not surprising that four of the top five trends can therefore be directly linked to organisational culture. There is an old saying that when strategy and

**Success in this market
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culture collide, culture will win every time. One of the key elements of organisational culture, or at the very least an important measure of the health of a firm's culture, is engagement. Engagement has become a buzzword in the HR profession but it is largely misunderstood. All employers are striving for a highly engaged workforce but fail to understand the levers that influence

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engagement. The report shows an interesting and practical approach to managing culture and strategy through the Deloitte Energy Journey case study. This case study shows how culture can be aligned to strategy, but also illustrates the importance of leadership in building and maintaining culture and engagement.

Another important finding in the report is that of leadership development. The report clearly motivates the central problem of leaders who can face the new challenges in South Africa, but at the same time sketches a picture of South African businesses that are often largely unprepared and unable to develop the right number and types of leaders. This reinforces current academic research that traditional leadership development models are failing to produce the skills and competencies required in uncertain environments. This report, supported by the 2015 Global Human Capital Trends Report, identifies the need for global leaders.

The 2015 Human Capital Trends Report for South Africa is significant for scholars and managers alike, as it both diagnoses and recommends solutions. This report provides compelling insights into the reasons for the trends and the readiness of organisations to manage these challenges. It then provides useful frameworks and models for understanding the results of the survey. Further useful insights are given through practical case studies and recommendations.

I would like to congratulate the Deloitte team on a well-developed report that should be compulsory reading for all business leaders in South Africa today.

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Welcome

Engaging in the digital age

We are pleased to release the 2015 Human Capital Trends Report for South Africa. This is a country-based report and should be read in conjunction with the overall findings of the 2015 Global Human Capital Trends Survey.

Our global research

The Deloitte 2015 Global Human Capital Trends Report is one of the largest longitudinal studies of talent, leadership and HR challenges and readiness around the world.

The research described in the global report and the references made to the global report involved surveys and interviews with more than 3 300 business and HR leaders from 106 countries. South Africa was one of the countries that participated in the research.

The South African report

The research described in this report includes all the responses from the South African participants who took part in the survey. The top five human capital trends for South Africa are based on the responses of these South African participants. This year we had 151 responses in South Africa from all industry groups.

This report is aimed at the South African market and highlights five human capital trends which respondents rated as most important, namely:

1. Engagement and culture
2. Leadership
3. Learning and development
4. Workforce on demand
5. Performance management

This report also considers these trends in relation to the digital age and transformation, and how leaders are required to adapt in order to effectively lead and remain competitive.

Engagement and culture

Engagement and culture has emerged as the number one priority globally and in South Africa in 2015, followed closely by leadership, which was ranked first in 2014. When respondents were questioned about engagement and culture, 32% answered that they perform poorly due to tremendous challenges in information and work overload. The survey also revealed that 13% of South African respondents are making no effort to help employees manage information and workload, while only 2% report having such programmes in place. It is interesting to note that companies admit they can do a lot more.

Lack of employee engagement is an important issue globally, currently rated as very important or important by 87% of HR and business leaders in the global survey. 27% of South African respondents rated culture and engagement as important and 62% rated this very important.

Leadership, learning and development

Leadership, learning and development, according to the research, are becoming more important. In fact, learning and development features as 2015's third most important challenge globally and in South Africa. The number of international companies rating learning and development as very important has tripled since 2014.

A lack of leadership and training for leaders remains a challenge in South Africa. As many as 61% SA of respondents feel that they are weak at including global skills and experience into leadership programmes, while only 6% feel that they are adequate at doing this. Clearly, there is still a long way to go when it comes to developing the leaders of tomorrow in South Africa.

Further to this, technology is changing everything – including leadership and learning. Millennials want to take ownership for what they do; they do not want to just take instructions. At the same time, business leaders in this digital age are tasked with using data to formulate strategies and guide millennials. This requires leaders to adapt to the shifts that technology brings and to use these to drive key business functions. This brings forth the need to embrace the advantages of digital resources, and to encourage collaborative engagement and culture in the workplace.

Mobile and social learning is helping global employees to keep up with rapid changes, but this has not yet gained significant traction in South Africa. The survey finds that 69% of respondents rate themselves as weak when it comes to providing mobile and social learning, while only 2% rate themselves as excellent.

The balance of power in business is rapidly shifting to the employee as they become more mobile and autonomous. Organisations need to rethink the way they manage people in the workplace of the future or face the reality that they will not be able to hold on to them, and then really struggle to fill the talent gap that has been left behind.

Strategic human capital management

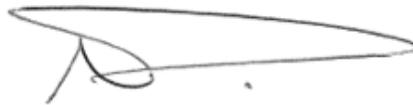
In the 2015 Global Human Capital Trends Report, experts noted that changes in the workforce and the economy are bringing with them an increasing need to adapt people and HR practices. As the economy continues to grow, employee skills are becoming more specialised, making engagement and culture, leadership and development top priorities for human capital stakeholders.

Every organisation's culture should support technology and the ensuing digital transformation. This is done through governance, structures and incentives that encourage swift and out-of-the-box thinking. Employers that fail to engage with workers and provide solutions to the increasing demands being placed on workforces will struggle to stay abreast of the competition.

We trust that this report will serve as a useful guide for strategic human capital management in the coming year. Please feel free to contact us to discuss this report in more detail.

We look forward to engaging with you to help unpack the findings and their implications for your human capital, HR and talent management decisions.

Kind regards



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Leading in the new world of work

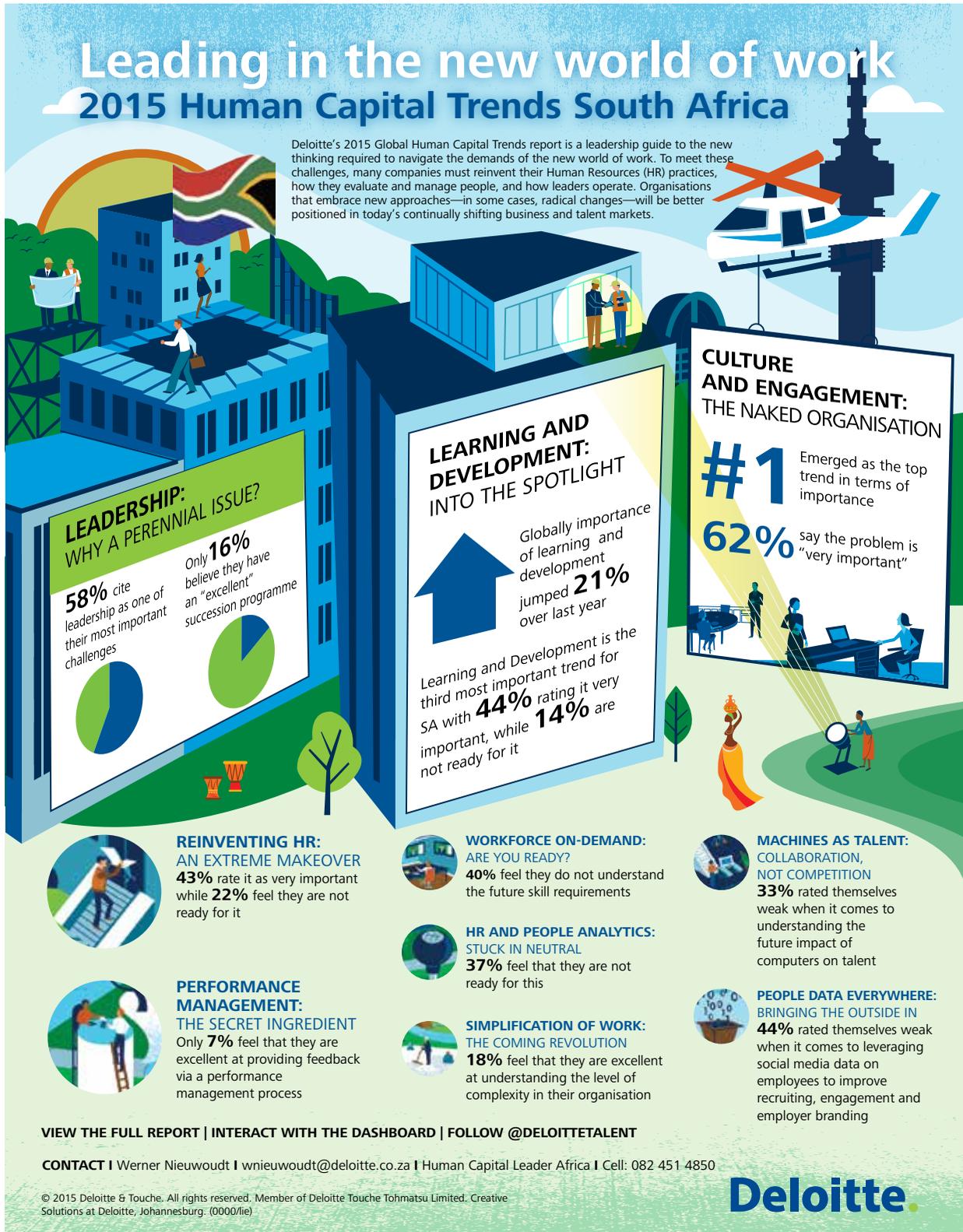


Figure 1: An infographic of the 2015 human capital trends for South Africa

Human capital trends in 2015: Top findings for South Africa

THE top five human capital trends for South Africa, in order of importance index, are:

- 1 Engagement and culture (82%)
- 2 Leadership (82%)
- 3 Learning and development (77%)
- 4 Workforce on demand (77%)
- 5 Performance management (74%)

NOTE: Percentages in this document and graphs may not add up to 100%, as they are rounded to the nearest percent.

The pages that follow in this report will elaborate on each of the above trends. Each trend will be discussed according to the following structure:

- A global overview
- The South African perspective
- Key findings from the 2015 Human Capital Trends Survey for South Africa
- The bottom line, which gives a concise conclusion on how to effectively manage the trend's challenges
- Lessons from the front lines, with relevant case studies and Deloitte projects in various industries



The background is a green-tinted isometric illustration of a city. It features various buildings, a truck, a house, a plane, and binary code. The scene is a dense, multi-layered urban environment with people and objects scattered throughout, suggesting a vibrant and active community.

Trend 1: Engagement and culture



Engagement and culture

ENGAGEMENT and culture in the workplace are critical in this digital age. Large multinationals are finding that a one-size-fits-all strategy for engagement will not work. The dynamics of engagement and culture, and the resultant human capital interventions, need to vary according to the industry, region or model in which these companies operate. Knowing that employee behaviours are at the centre of business success, organisations need to ensure that employees foster behaviours that deliver the goals of the business. (Source: Aon: Trends in global employee engagement)

Employee engagement is seen when workers speak positively about the company, want to be part of the organisation and are keen to work harder to make the company a success. (Source: Aon Trends in global employee engagement)

Research has shown that the way to build an engaged workforce is to focus on building leadership and development, work environment and job design; however, engagement remains low worldwide. According to a recent Gallup poll, only 13% consider themselves highly engaged.

Most of today's talented employees are driven by a passion for the work they are doing rather than just career ambition. Traditionally, staff members wanted to work on 'cool' projects, with the right tools and space being made available to them. This sentiment is evolving, as employees are becoming increasingly concerned about

providing business products and services that have a meaningful impact on customers (89%) and society (84%). (Source: Deloitte, Core Beliefs and Culture Survey 2014)

For 6 in 10 millennials, a sense of purpose is part of the reason why they chose to work for their current employer. Millennials who are relatively high users of social networking tools (the super-connected millennials) seem to have an even greater focus on business purpose, with 77% of this group reporting that their company's purpose was part of the reason why they chose to work there, compared to just 46% of those who are least

connected. (Source: Deloitte, Millennial Survey)

In businesses where millennials say there is a strong sense of

purpose, there are also significantly more positive reports of financial success, employee satisfaction and recruitment. (Source: Deloitte, Millennial Survey)

Millennials place great emphasis on employee wellbeing, growth and development. They also prioritise their employer's contributions to local communities and the wider society in which they operate. Millennials believe that an organisation's treatment of its employees is the most important consideration when deciding if the organisation is a leader. They consider its overall impact on society, financial performance, record for creating innovative products and services and whether it has a well-defined and meaningful purpose that is true. (Source: Deloitte, Millennial Survey)

Millennials place great emphasis on employee wellbeing, growth and development.

The South African perspective

In South Africa, information overload and too much work contribute to an increasing trend of overworked employees. These employees are more inclined to make themselves available to work 24 hours a day, 7 days a week, and they are heading for a meltdown. As a result, they are functioning at a reduced capacity, which leads to:

- A culture that is disengaged and creates fear
- Lower levels of collaboration
- Less effective communication, fewer responses to emails and instant messages, and reduced meeting attendance
- Poor planning as a result of not taking time to recover between projects
- Teams staying in crisis mode and reacting ineffectively to challenges, which depletes their energy significantly

Research clearly demonstrates a correlation between the burnout levels in an organisation and the levels of engagement and culture that employees experience. Human energy can be defined by the four sources of capacity: physical, emotional, mental and purpose-driven energy. Such human energy is the underpinning foundation of the culture in any organisation. Get this wrong and you have a workforce that is disengaged and unproductive, with little innovation.

A few years ago Deloitte appointed a new leader who recognised that engaging its people was critical in taking the business to the next level in growth. The company appointed a chief energy officer who took employees through the Energy Journey, which is explained in more detail in Lessons from the front lines at the end of this chapter.

The final result was an increase in employees' awareness. With knowledge on how to manage their core sources of

energy through this intervention, employees were able to energise themselves, develop new team energy rituals, gain awareness of organisational culture and support this, collaborate, connect and become more productive.

Key findings from the 2015 Human Capital Trends Survey for South Africa

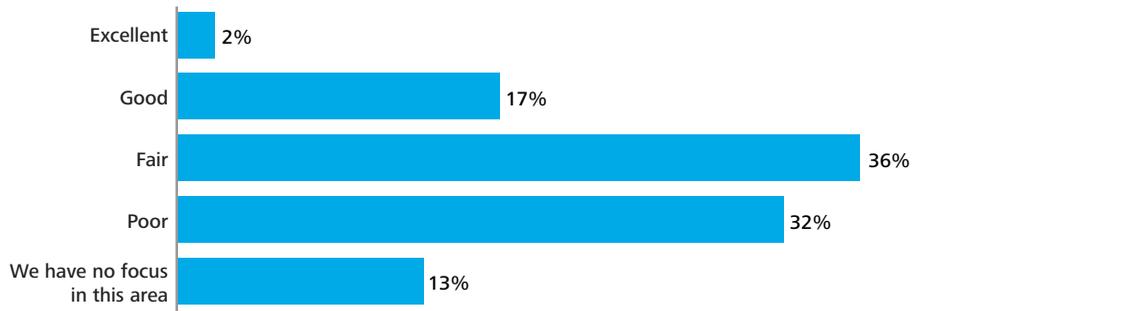
Findings from the 2015 Human Capital Trends Survey regarding engagement and culture (see figure 3) indicate that South African employees feel overworked and overwhelmed with the amount of information they receive at work. Many respondents (32%) feel that they have tremendous challenges in information overload and could be doing much more for the organisation's engagement and culture. Some respondents (13%) report that they have no focus in this area, while only 2% rate themselves as excellent with defined programmes in place.

These findings highlight a need for more clearly defined engagement and culture programmes that bring a sense of work-life balance for employees. The survey's findings also suggest that a review is required of the various internal communication channels and methods used to communicate with employees. What channels does your organisation use most often and are they effective?

An interesting internal communications example from Intel

Intel found that "employees were complaining about the 'noise' that they were experiencing due to the multiple sources of information available to them." As a result, the company's leaders came to the conclusion that they did not fully understand or listen to their employees. So the company implemented an internal segmentation approach, with a five-step framework to calculate the impact of internal communications on each employee segment. Those sending out communications

Figure 3: Do you have engagement and culture programmes to help employees deal with information and work overload?



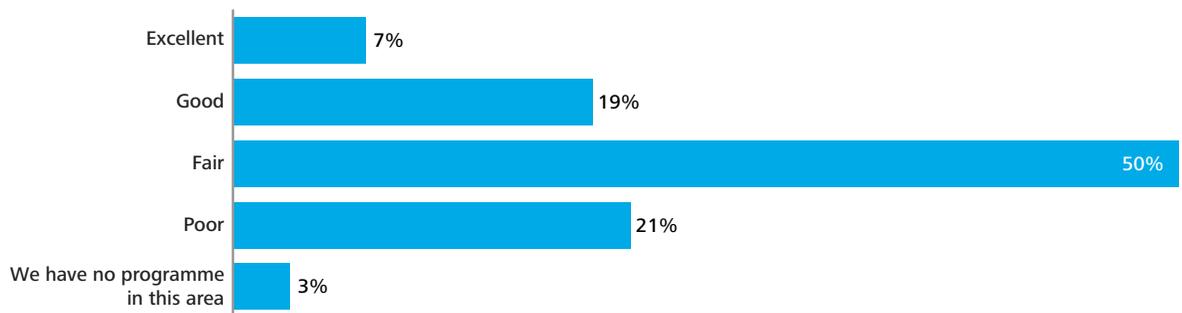
Excellent - we have a series of defined programmes and are continuously investing in ways to improve work balance and productivity and help employees manage complexity and information at work

Good - we have developed some programmes to help employees focus and deal with technology and information overload, but could do more

Fair - we have tried some programmes and efforts, but need to focus more in this area

Poor - we have tremendous challenges in information and work overload and could be doing much more

Engagement and retention programmes today



Excellent - we are a leader in 'best places to work' competitions and our executives are highly focused on employee engagement

Good - we have among the highest engagement in our industry, but could be doing even more

Fair - we focus on engagement and survey our employees annually, but have areas of weakness to improve

Poor - our employee engagement and retention is a challenge and we need to reinvest or refocus our efforts

needed to consider what they wanted the audience to know, think and do after engaging with the message. If a communicator wanted to, for example, boost employee confidence in the business strategy, internal communications were adjusted according to segmentation metrics to reach the right audience and have the most impact. Intel's dynamic approach to engaging its employees and the resultant benefits of such an approach are discussed later in this chapter. (Source: Handbook of internal communications, Volume 5)

In figure 4: Engagement and retention we see that 50% of South African respondents rate themselves as fair when it comes to engagement and retention. A total of 21% rate their employee engagement and retention as a challenge, and indicate that they need to reinvest and refocus their efforts to improve this area. Only 3% report that they have no engagement and retention programme in place at this time.

The above infers a lack of understanding of the detailed demographic profile of

There are typically six engagement drivers that can potentially drive an employee’s engagement: quality of life, work, people, opportunities, total rewards and company practices.

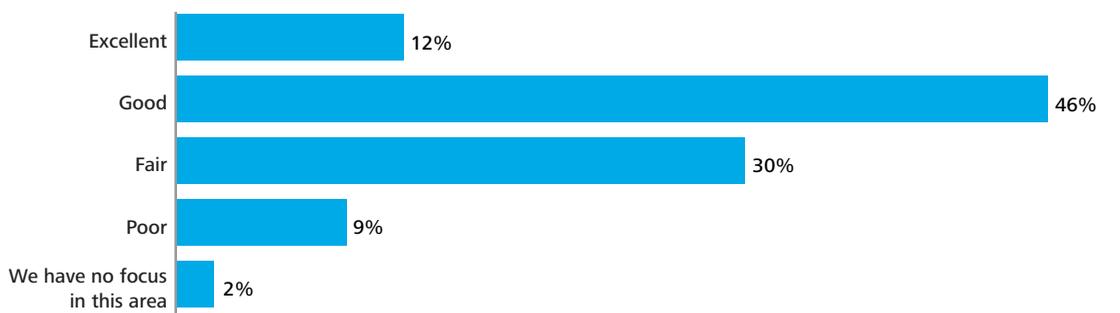
employees, along with their needs and changing requirements. While it is important to understand the level of engagement of employees within an organisation, it is equally important to know what actions will be most effective in increasing their engagement and, ultimately, retention. There are typically six engagement drivers that can potentially drive an employee’s engagement: quality of life, work, people, opportunities, total rewards and company practices.

In a digital age with a rapidly changing economy, organisations are offering packages based on individual employee rewards, with workers being made responsible for many business costs and risks. The overall employee value proposition (EVP) is collapsing in many organisations. Digital leaders are calling for short-term employment contracts that emphasise performance, while loyalty was revered in the past. (Source: Harvard Business Review, Tours of Duty: The new employer-employee contract)

Today, many employees are hired for short-term projects with changing demands. It is thus vital for companies to adapt and modify these agreements in order to maximise the value that the company and the employees gain during the time of such a contract. Because of the short term of such engagements, organisations are required to ‘re-hire’ talent for each project if they want to retain and engage valuable employees. (Source: Harvard Business Review, Tours of Duty: The new employer-employee contract)

Figure 5: Understanding of and focus on culture as a strategy for performance and talent management shows that 30% of respondents rate their culture as unclear and inconsistent, and in some places it presents problems in engagement, performance and retention. Only 12% of respondents report that they have a strong definition of their culture that is well documented, and that they communicate and measure culture throughout the company as part of candidate assessments.

Figure 5: Understanding of and focus on culture as a strategy for performance and talent management



Excellent - we have a strong definition of our culture, it is well documented and we communicate and measure culture throughout the company and as part of our candidate assessment

Good - we have a well understood culture with documented artifacts, but there are areas of misalignment which we would like to improve

Fair - our culture is not clear and consistent and in some places it presents problems in engagement, performance and retention

Poor - generally our culture is misaligned and we need to focus on defining and improving our leadership and management culture

Our findings from the 2015 Human Capital Trends Survey suggest that most South African respondents do not feel they have a clear and consistent culture in place, nor do they understand how it can be used as a strategy for performance and talent management.

Focusing on purpose rather than profits builds business confidence and drives investment. This finding in the 2014 Deloitte Core Beliefs and Culture Survey underscores the significant impact that a culture of purpose can play in fostering a thriving business community. It is also a significant contributor to the degree of employee engagement within an organisation and employees' sense of identity and culture.

In figure 6: Rating of HR and talent management to address engagement and culture we see that 34% of South African respondents think they are weak at aligning employees' personal goals with the corporate purpose and effectively driving the desired culture.

It is important to develop a level of understanding of the trends affecting your talent strategy. Employee demographics, their lifestyle status and changing personal goals all have a big impact on aligning their personal goals with the corporate purpose

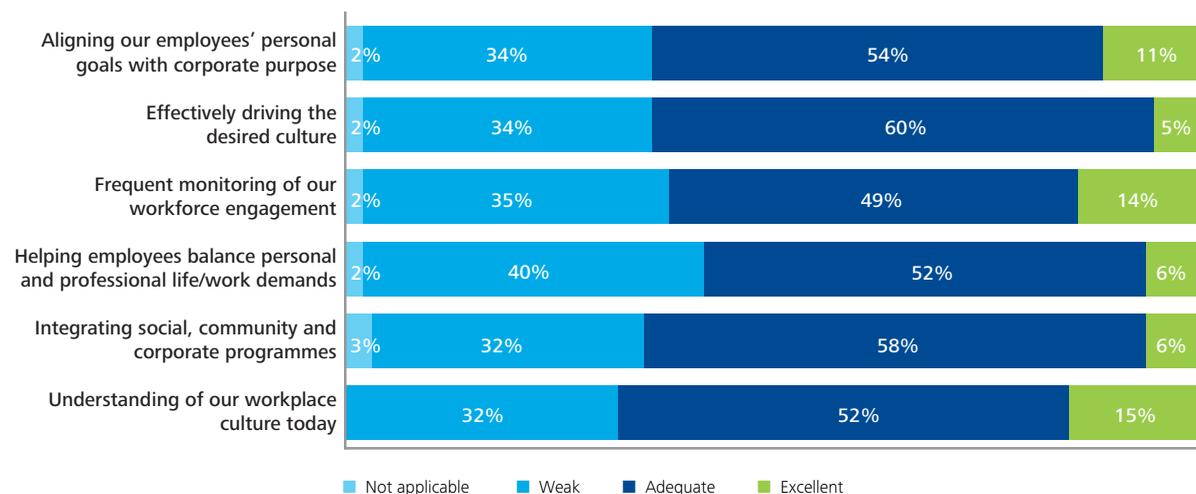
and understanding. Large employee segments, such as millennials and baby boomers, are changing the expectations that employees have of the companies.

In the survey, 40% of South African respondents rated themselves as weak in helping employees to balance professional and personal demands, while 58% think they are adequate at integrating social community and corporate programmes.

Clarifying what engagement actually looks like for employees is a prerequisite for their engagement, with a focus on the engagement behaviours required for performance and business success. Aligning performance management, people management, learning and development and rewards and recognition with these engaged behaviour expectations will focus, enable and reinforce employees' efforts and energy.

South African respondents do not feel they have a clear and consistent culture in place

Figure 6: Rating of HR and talent management to address engagement and culture



BOTTOM LINE

Deliver a compelling EVP. Employees want to be valued and provide value in return. The top engagement drivers, such as career opportunities, pay for performance and communication, all provide some insight into how employees define the value they get from a company. Employees are also engaged by a company with a strong reputation.

Organisations that can redefine a compelling EVP to balance the economic, technological, demographic and social challenges ahead will win. Employers who are able to engage their talent in the right behaviours for the future will be ahead of the pack. They can do this through effective, healthy and engaging cultures that are driven by a strong reputation, performance orientation and leadership excellence. Companies that do this are the ones that are making their engagement and culture happen.

Lessons from the front lines

A case study: Intel inspires its people

In 2010, Intel executives considered the company's structure and came to the conclusion that internal communication, as the traditional top-down approach, was not sufficient in the business. The organisation, in effect, was competing with external communication sources such as Twitter, which employees were using to get real-time information.

Intel leaders took the initiative to inspire their 100 000 employees and make an emotional connection with them. They implemented an action plan that motivated employees by showing them where Intel wanted to go, and how the employees could take it there. The plan worked so well that Intel uses the same techniques today. So, how do they do this?

All internal communications fall into one of three categories, namely: Inspire Me, Connect Me or Value Me.

- Inspire Me – An intranet platform was created where employees could share information about the company and pass it on to others to start conversations. Employees are free to translate and create Intel stories and communications into exciting, fun forms that engage others.
- Connect Me – This function supports the company's engagement and culture belief

of including all employees, so comments and dialogue are welcomed on all intranet communications. Any employee working there full-time may have a blog, participate in "Ask a Geek" forums or personalise their intranet homepage. Conversations are encouraged through various channels, including profiles, face-to-face sessions and webcasts.

- Value Me – Intel values employees and started driving motivation with fun rewards, such as movie tickets. This worked so well that the company soon introduced tutoring, health centres and scholarships. Social media is utilised to increase employee awareness and understanding of these company benefits, where simple, friendly language is always used.

Intel digital leaders understand how technology and smart devices can engage employees. These leaders are communicating with employees via channels that employees want to use, and leaders are rewarded with knowing what employees are really thinking and how to solve problems in the company. Since using digital platforms to enhance engagement and culture in the organisation, organisational health scores have risen, while staff turnover has decreased to less than 2%.

(Source: <http://www.slideshare.net/fullscreen/msslgroup/engaging-the-social-workforce/6>)

Consulting: The Deloitte Energy Journey

As mentioned earlier in this report, a few years ago Deloitte appointed a new leader who recognised that engaging its people was critical in taking the business to the next level in growth. A chief energy officer was appointed to take employees through the Energy Journey. This was done by diagnosing the energy of the workforce using diagnostic tools, as well as transforming workplace policies and culture to impact overall energy and happiness.

The solution was to identify a robust set of interventions that could effectively address the challenge of burnout and reduced energy capacity in employees, and focus on how to create more engaged, innovative and productive workers.

An energy gauge tool measured the real-time results of the physical, emotional, mental and purpose-driven energy of employees. Co-sensing interviews and focus groups were held, and interventions were prioritised for the teams most at risk before being rolled out to the rest of the organisation.

The following key interventions were implemented:

EnergyLabs	Equipping employees with the tools and strategies to effectively sustain high energy and ultimately drive high performance.
LeaderLabs	Raise awareness and educate leaders on how to manage their own capacity, and teaching them how to manage others in a way that increases productivity.
Business EnergyLab	Energy activation for leadership teams embarking on their strategy.
Resilience Coaching	Individual coaching to develop self-awareness, resilience, purpose and a personal brand.

Key findings of the Energy Journey

- We recognised that the emotional connections employees have with the organisation are real enablers of a high-performance culture.
- We discovered that multitasking and having multiple focus points is a great source of distraction in the consulting



Figure 7: An infographic showing interesting information and statistics about the successful Deloitte Energy Journey

Figure 8: The Deloitte employee value proposition



environment, with technology as the underlying cause of this. With information overload and the expectation to respond immediately, employees are constantly gearing up and locked into the adrenaline response. Teaching employees the skill of mindfulness had a profound impact on their ability to separate competing priorities, to focus their attention on what is most important and to be fully present with colleagues and tasks.

- The most significant finding was that commitment to the organisation’s mission, and the belief that an employee’s work matters and has an impact, contributed most to employees feeling connected. This also determined the energy they brought to their work and their teams.

Through interventions, employees’ awareness of and knowledge on how to manage their core sources of energy were notably increased. The capacity to energise led to new team energy rituals, healthier awareness of organisational culture and greater levels of support, collaboration, connection and, ultimately, productivity.

The Deloitte Energy Journey was a huge success.

The meaning of our Emblem: How Parliament engaged the public in branding its organisational culture and embedding it over time

Parliament’s emblem is a drum topped by a rising sun, encased by protea leaves. All rest on an open book and the words “we the people”. The sun represents the healing of our past and the improved quality of life for South Africa’s people. The leaves represent the freely elected representatives of the people. The drum calls the people’s representatives together and the book represents South Africa’s new Constitution.

The new emblem was essential because it gave visual expression to the objectives and new mandate of the democratic Parliament. It was an important step in creating tangible artefacts and symbols which could resonate with the public and employees of the post-1994 period.

A new national flag and national anthem had already been adopted in 1994, when the country had its first non-racial, democratic election on 27 April. The democratic Parliament, established by that election, took a little longer to change its symbols, however. That was because, among its immediate priorities, it had the unenviable task of repealing the spiders’ web of laws, policies and practices which enabled apartheid to take root and sprout. All of that had to be undone, in keeping with the values of the Constitution and its Bill of Rights.

The democratic Parliament also had to reorganise its physical space to fit its new character and composition. There were seemingly simple, mundane, things. They included altering the predominance of men’s-only toilets to accommodate the large numbers of women who had been elected as Members of Parliament.

Then there were the unwelcome reminders of what Parliament once had been. The busts and portraits of colonial and apartheid rulers still gazed down from their public display spaces in Parliament, open now to the public who could attend and observe

Parliament's House and Committee sittings. Parliament started a process of consultation to reach consensus by all the political parties represented in Parliament about what to do about these artefacts.

On 17 January 1996 Parliament's Joint Internal Arrangements Committee resolved to remove about 75 artworks, to clean them, restore them and to store them in the Parliamentary precinct (Report on Parliament 1996, page 20). The Mendelssohn Collection was excluded and continued to be displayed. In place of the works placed in storage, the "Art Against Apartheid" exhibition opened on 8 February 1996 and former President Nelson Mandela delivered the address.

It was only in 2000 that Parliament's Joint Rules Committee ruled that all parliamentary symbols should be changed to be in line with the new democratic order. The Committee defined the criteria to be reflected in new designs as having to take into account the features of the new South African government coat of arms, introduced on 27 April 2000 (Hansard report Proceedings of Joint Sitting of Both Houses of Parliament 27 March 2007, page 35).

The first symbols to change in the democratic Parliament were those denoting authority of the two Houses – the National Assembly (NA) and the National Council of Provinces (NCOP). The new Mace of the NA, unveiled in September 2004, and the new Black Rod of the NCOP, unveiled in February 2005, reflect the history, tradition, diversity, culture and languages of democratic South Africa.

Adoption of the new emblem in 2007 was the culmination of an extensive public participation process. There was a nationwide call to South Africans to design an emblem which would tell the story of the new Parliament and its role in democratic South Africa. More than 2 000 responses flowed in and it is significant that the process of designing the emblem was itself inclusive and open. It was in keeping with the aim of ensuring that ours is a Parliament which the masses of our people can truly experience as their voice.

Culture extends to include the habits, customs, norms and beliefs that are linked to objects and time-honoured rights (Corbally, 1984). The redesign of the Parliamentary emblem was a significant step towards creating a symbol of Parliament's identity with democratic South Africa and supporting a consistent message over time with the culture that it symbolises.

For any Parliament, forging a link between the public and its representatives is an important task. The change in Parliament's emblem fostered such a link by engaging the public and creating a new culture about the responsibilities of public representatives and their relationship with the public.

Along with changes to its symbols and emblem, Parliament was also mindful of the need for other instruments to make the national legislature effective. These included introducing strategic planning to ensure coherent and systematic planning, developing a vision for the institution and identifying accompanying values to guide its work.

In 2005 Parliament tabled its first strategic plan outlining long and medium term impacts and outcomes. Also in 2005, both Houses adopted a vision for Parliament. In 2012, Parliament embarked on an organisational climate change project to focus on the vision, values and culture of the national legislature.

Now, in our 21st year of democracy, Parliament is confident that the transformation agenda should continue to build a society which reflects the aspirations of our Constitution. These are to:

Heal the divisions of the past;

- Establish a society based on democratic values, social justice and fundamental human rights;
- Create an open society in which government is based on the will of the people;
- Improve the quality of life of all citizens; and

- Build a united and democratic South Africa that is able to take its rightful place in the family of nations.

Ours is a democracy which seeks to advance human rights and freedoms and the achievement of equality and is based on the supremacy of the Constitution, the rule of law, and regular elections with a multiparty system of democratic government.

The aspirations of our Constitution are a call for Parliament to ensure enhanced pace of service delivery, better co-operation among the different spheres of government and entities, better quality of life for all citizens and greater involvement by the people.

Values identify the principles for the conduct of the institution in carrying out its mission and are derived in conjunction with the institution's mission. Values guide actions about how a service is presented and experienced by citizens. Organisational values direct and guide the nature of organisational leadership, decision-making, actions and the culture of the organisation.

The fifth democratic Parliament considered the context of Parliament, the constitutionality and function of representation, and the principles of openness, responsiveness and accountability in arriving at the following values for the institution:

- Openness
- Responsiveness
- Accountability
- Teamwork
- Professionalism
- Integrity

These values reflect the evolving nature of Parliament and the need for the institution to enhance societal outcomes, to broaden the intended impact on society of its work so that equality can be achieved. They will underpin Parliament's aims of providing:

- A vibrant people's assembly that intervenes and transforms society and addresses the development challenges facing our people.
- Effective oversight over the Executive by strengthening its scrutiny of actions against the needs of South Africans.
- Participation of South Africans in the decision-making processes that affect their lives.
- A healthy relationship between the three arms of the state that promotes efficient cooperative governance between the spheres of government and ensures appropriate links with our region and the world.
- An innovative, transformative, effective and efficient parliamentary service and administration that enables Members of Parliament to fulfil their constitutional responsibilities.

Overseeing the implementation of the National Development Plan, adopted in 2012, will be the central theme of the fifth democratic Parliament. The Plan outlines steps for the realisation of a developmental, capable and ethical state that treats citizens with dignity. In terms of the principles of a developmental state, public administration must be governed by the democratic values and principles enshrined in the Constitution.

A key task of the fifth democratic Parliament is to ensure that its agreed values permeate decision-making, activities and the culture of the institution so that it is able to discharge its responsibilities with maximum effectiveness and efficiency.

Parliament



Our people, building on the foundation of a democratic and open society, freely elect representatives to act as the voice of the people in a national forum for the public consideration of issues.

the Protea leaves

O U R P E O P L E



The sun heals the divisions of the past, improves the quality of life of all South Africans, frees the potential of each person and builds a united and democratic South Africa to take its rightful place as a sovereign state in the family of nations.

the Sun

O U R S O U T H A F R I C A



The rising sun, the drum to call the people together, the protea, the people and the Constitution come together in the emblem of Parliament



The drum calls the people's Parliament, the National Assembly and the National Council of Provinces, together to consider national and provincial issues, thereby ensuring government by the people under the Constitution.

the Drum

O U R P A R L I A M E N T



Our Constitution lays the foundation for a democratic and open society based on democratic values, social justice and fundamental human rights. It is the supreme law of our country and ensures government by the people.

the Book

O U R C O N S T I T U T I O N

South Africa

The background is a monochromatic blue isometric illustration of a city. It features various buildings, a helicopter in the sky, a truck on a road, and a person walking. Overlaid on the scene are several instances of binary code (0s and 1s) and a gear-like shape. The overall aesthetic is clean and modern, representing a digital or technological urban environment.

Trend 2: Leadership



Leadership

THE Deloitte 2015 Global Human Capital Trends Report asks: If nearly every company recognises leadership as a critical talent problem, why are so few companies making any progress in addressing it?

The report goes on to explain that leadership is treated irregularly in organisations, development is focused on a select few, there is a lack of long-term investment in leadership and companies do not build leadership on every level. (Source: Deloitte, 2015 Global Human Capital Trends Report)

Too many companies give the responsibility of decision-making to a small group of trusted leaders, which adds to the challenge of identifying and training other potential leaders. As multinational companies expand their operations, they are required to adapt to the environment and culture of local markets. This creates the need to find leadership talent that thrives in such an environment; however, few managers from emerging markets are promoted to corporate positions. (Source: Bersin, Global leadership)

When asked about strategies to address key human capital challenges in the Development Dimensions International (DDI) 2014/2015 Global Leadership Forecast, 4 of the top 10 strategies selected by CEOs were leadership-based.

The South African perspective

When taking a closer look at leadership in South Africa and consulting with experts on the topic, the following are cited as some of the main leadership challenges in the country:

- The problems that business leaders need to be overcome are overwhelming

- They do not have enough experience for the positions they hold
- Leaders are required to multitask too widely and cannot focus on critical priorities
- Business leaders do not have depth of execution support because the middle execution layer is unable to follow through
- They are not leading. They continue doing what they know and can control, for example 'doing' tasks themselves
- Organisational balance sheets are under strain with limited capital for investment
- Business leaders do not always cultivate trusted relationships with key stakeholders

Further to this, technology is changing everything – including leadership. Millennials want to take ownership for what they do; they do not want to just take instructions. At the same time, leaders in this digital age are tasked with using data to formulate strategies and guide these millennials.

Digital leaders are finding that leading with an open and flexible style produces better results than traditional top-down lines of authority. The most successful leaders are active in their role and have a clear overall vision. They give direction and clearly state their expectations of employees based on the long-term success of the overall business.

Key findings from the 2015 Human Capital Trends Survey for South Africa

The leadership trend seems to be more pressing in South Africa, as local leaders are expected to have the same level of professional skills and expertise as any first-world leadership expert. Additional challenges include the legacy of the education system and the emigration of highly specialised skills, which impede leadership development.

Our findings in the 2015 Global Human Capital Trends Survey show that, overall, 50% of South African respondents rate leadership development as urgent, while 22% feel they are not ready for it. When respondents were asked to give the five most important challenges they will experience in the next 12 to 18 months, 65% rated leadership as their number one challenge, followed by engagement and culture (58%).

Figure 9: Rating of HR and talent management to address leadership shows that 61% of respondents think they are weak at including global skills and experience into leadership programmes, while only 6% feel that they are excellent at this.

More than half (61%) of respondents state that they are weak at providing focused leadership programmes for millennials,

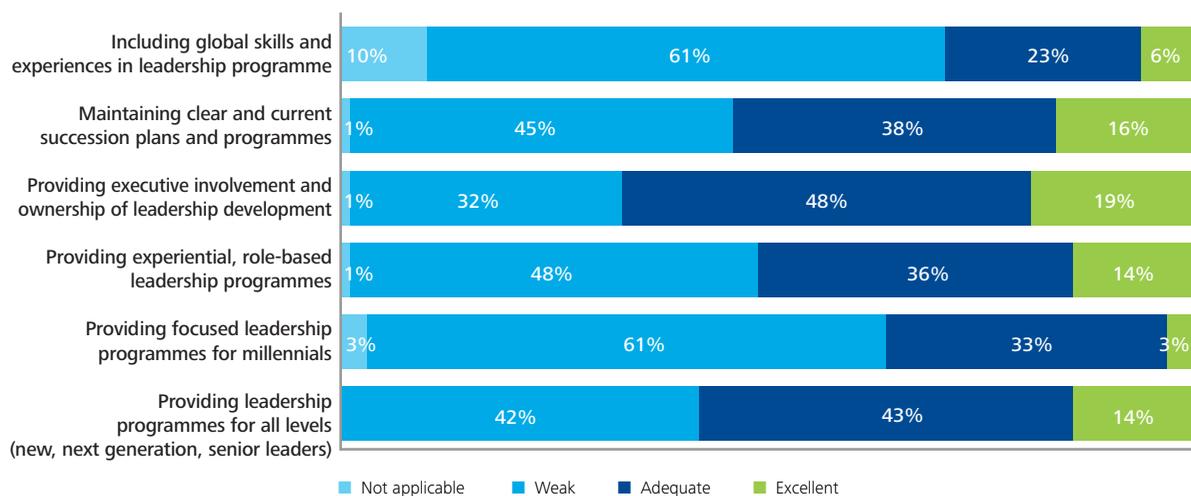
while only 3% rate themselves as excellent in this regard. Some respondents (19%) feel that they are excellent at providing executive involvement and ownership of leadership development, while 32% rate themselves as weak in this area.

The above findings indicate a need for greater focus on leadership development and specialised leadership development programmes for millennials.

With South Africa desperate to create jobs and boost the local economy, the Deloitte Millennial Survey paints a concerning picture of rising frustration levels among graduates. These leaders of tomorrow increasingly feel that their skills are not being adequately utilised or valued, and the results of the survey indicate that more is needed from organisations and educational institutions to nurture emerging leaders.

Few millennials believe that they have graduated with strong leadership skills. In South Africa, only 23% think leadership is one of their strongest attributes, while the average for emerging markets is 28%. The Deloitte Millennial Survey shows that 20% of South African respondents feel there is a difference between their strongest attributes as graduates and what is valued by businesses, compared with 12% in other emerging markets and 15% globally.

Figure 9: Rating of HR and talent management to address leadership



Notably, 21% of South Africa's future leaders are eager to start their own business, compared to 11% in developed markets.

The need for integrated leadership assessment and development

Now more than ever, organisations need to focus on targeted leadership development to ensure that their leaders are prepared to deal with navigating the challenges of an increasingly complex work environment. However, development often occurs within a vacuum based on subjective information, with little or no targeted training of the behavioural competencies required for job success.

Rick Lash, director in Hay Group's Leadership and Talent practice and co-leader of the Best Companies for Leadership Study, says, "Outstanding companies are recognising that developing strategic, globally connected leaders for the future means they have to make investments to bring leaders together to learn as a community, while using the very

best technologies to connect people globally and bring learning back to their teams and organisations. They're taking a very hands-on structured approach to cultivating these individuals' talents and traits. As business challenges grow more complex, we're seeing the rise of the purpose-built leader."

A robust, methodical, objective and well-validated leadership assessment methodology can provide deep insight into development requirements and the potential for succession planning, which is particularly crucial at the front-line level to grow an organisation in a highly competitive environment. Too many organisations tend to base development decisions on psychometric information that is difficult to develop, while behaviour is an incredibly important and strong predictor of success. Targeted training, based on the outcomes of an objective assessment of strengths and development needs, is critical to ensure that high-impact development takes place. Furthermore, organisations need to ensure that they assist and support leaders to acquire and apply skills on the job, for maximum effect.

BOTTOM LINE

The bottom line: Identify potential leaders and actively develop their skills

For today's digital leaders, the most difficult question to answer is how to successfully identify and develop high-potential employees – the future leaders who are able to thrive in more demanding roles. Companies that successfully unlock this potential in its leaders gain a competitive edge that very few have.

Leadership and its most effective characteristics are changing. Today's millennials place less value on visible (19%), well-networked (17%) and technically skilled (17%) leaders. Instead, they define true leaders as: strategic thinkers (39%), inspirational (37%), personable (34%) and visionary (31%). (Source: Deloitte, Millennial Survey)

To successfully lead in the new world of work, the Deloitte 2015 Global Human Capital Trends Report explains that "organisations must understand that leadership development is not a short-term problem and begin investing in programmes that not only provide online and classroom learning opportunities, but also build a leadership culture that inspires employees to become active contributors to the overall success of a company."

Lessons from the front lines

Manufacturing: Toyota Tsusho Africa (TTAF)

Toyota Tsusho Corporation, a global manufacturing company, identified Africa as a growth region, but it needed to shake off its traditional structure and culture to ensure successful growth in new African markets.

With the assistance of a team from Deloitte, TTAF (a subsidiary of the corporation) took steps to develop a generation of African leaders. Deloitte developed a programme that aimed to build this future generation of African leaders in the areas of innovation, people leadership, strategic leadership and operational leadership. Drawn from across the TTAF's African operations, a cohort of future African leaders attended the leadership development programme, which combined theory with practical tools and hands-on experience. Teams were tasked with finding innovative, feasible and profitable solutions to business challenges, and they had to



Deloitte developed a programme that aimed to build this future generation of African leaders in the areas of innovation, people leadership, strategic leadership and operational leadership.

build relationships within the team and with external stakeholders in this process. Each team then presented the solution they had devised to an executive panel.

The advantages of this leadership development programme were threefold. Participants walked away with solid and measurable leadership skills. It also helped TTAF to identify future senior leaders among its emerging leadership talent pool. Finally, the programme put real business solutions on the table that would advance the implementation of the company's strategy.

Retail: Confidential client

Since 2012, Deloitte has been working with a client in the retail industry to design and implement a globally benchmarked leadership acceleration programme. The Leadership Academy for Executive and Senior Managers and structured best-in-class Acceleration Programme were built based on the competencies essential for success in a retail organisation.

The client felt they needed a programme to activate, develop and continually track talented staff. The programme approached performance from a holistic perspective, and data obtained from assessments showed a significant shift in leadership ability. The highly sophisticated approach won a 97% approval rate from participants, who agreed that the development of their skills had been accelerated.

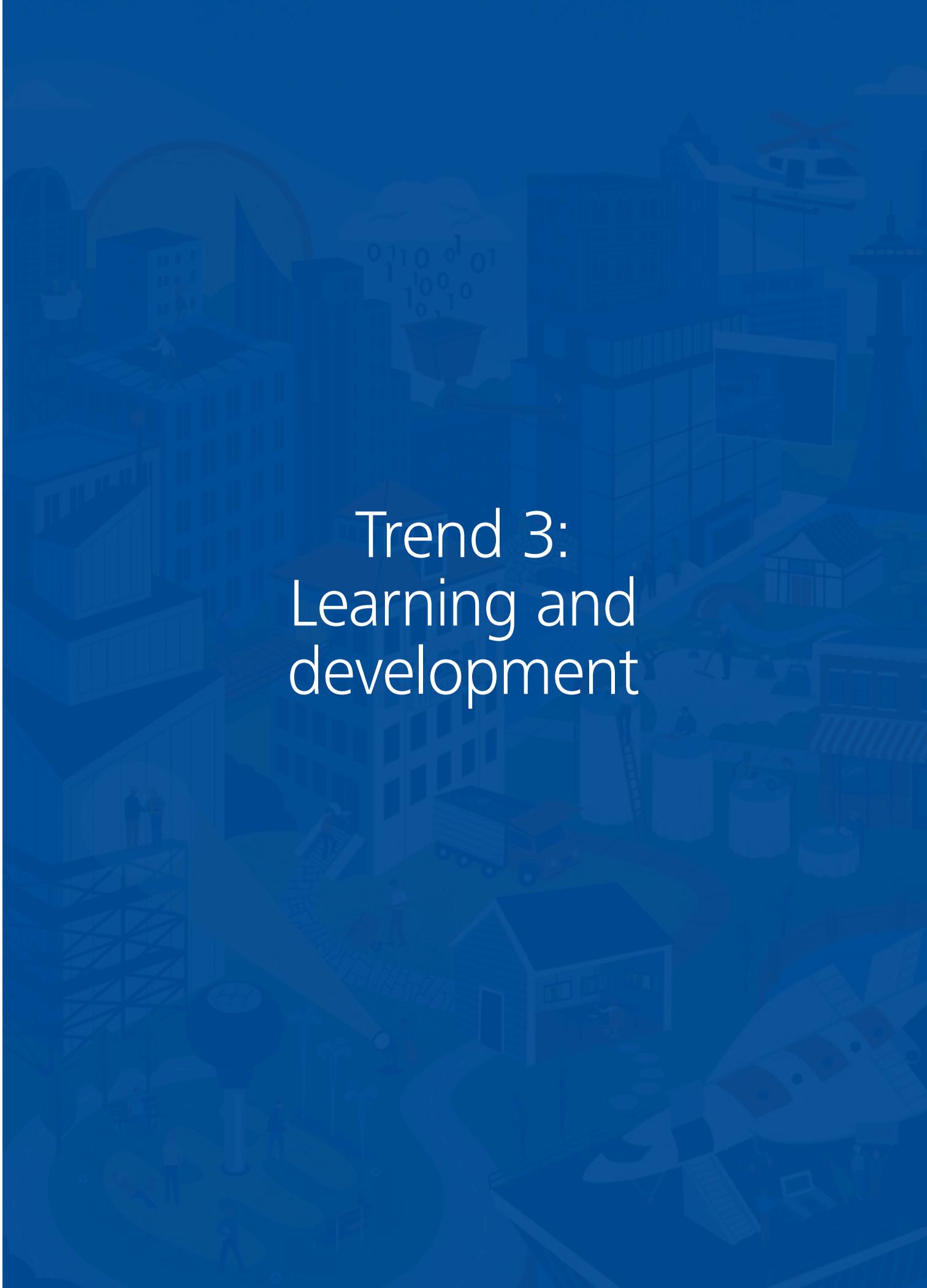
Telecommunications: Confidential client

A telecommunications client wanted to re-evaluate their leadership development programmes. The client had also encountered various issues linked to inconsistencies in the business in their interviewing process.

Deloitte provided DDI Facilitation Skills Workshops to assist the company's trainers to develop the key skills, motivation and behaviours required to facilitate nearly 50 Development Dimensions training courses. After the training, relevant modules were identified and customised to create a leadership development programme specific to the client's needs.

A Facilitation Skills Workshop and Targeted Selection Train-the-Trainer were used to ensure that facilitators were equipped with the right skills to train in-house modules in an effective manner, to help employees and leaders develop the skills they needed for the organisation to achieve bottom-line results.

The client now has accredited facilitators who can deliver quality training at individual contributor and leadership levels. The client also has a robust, recruitment interviewing process it can deploy that is consistent and has a reduced risk.

The background is a dark blue isometric illustration of a city. It features various buildings, a train, a plane, and a person. There are also binary code elements (0s and 1s) scattered throughout the scene. The overall style is modern and digital.

Trend 3: Learning and development



Learning and development

THE skills and talent required to succeed in the corporate world are changing rapidly, bringing an ongoing and urgent need for learning and development (L&D). We are seeing that HR and L&D functions need new skills, new information architecture and change management. This places a big responsibility on L&D professionals to deliver effective programmes that answer a resounding yes to the following question: Do we have the right people, the right process and the right technology to be successful in our L&D strategy?

According to the 2015 Global Human Capital Trends Report, L&D is one of the most critical business and talent issues to be addressed. Leaders and HR stakeholders report that corporate learning capabilities are weakening, with 39% (globally) saying that addressing this problem is very important. What is concerning is that this percentage is three times higher than the 2014 result.

With companies competing heavily for new technical and professional talent, business leaders report that skills shortages are impeding their execution of a business strategy, with only 41% believing that they are ready for this problem. These organisations cannot always recruit talented workers because of the competition for talent, so they are being driven to develop in-house talent to meet their needs.

L&D professionals should approach the creation of learning programmes as though they are creating “products” that will sell, as these programmes are, in effect, competing with other information sources, other departments and other learning portals. In the case study discussed later, we see the success that the Tetra Pak Academy has had

in adopting a product-oriented portfolio in its L&D strategy.

New learning offerings have also burst onto the scene over the past three years. L&D professionals can now choose between digital learning tools, video options, cloud-based training systems and many other options. Many of these platforms are so advanced that they can even apply analytics to recommend content for individual learners.

In this digital age, L&D solutions are easy to use and mobile, offering employees the personalised, digital learning experience that they want; yet many companies choose to stay stuck in old-fashioned classroom-type solutions.

Understanding modern learners

According to Bersin (Content in the age of continuous learning), learners are changing too. With busy lives and a plethora of information reaching all their senses, employees have about 1% of their work-week time to dedicate to L&D. More than half (60%) of L&D professionals struggle to get employees to engage in L&D, as modern learners tend to be distracted, overwhelmed and impatient. Even when an organisation can convince an employee to engage with an L&D initiative, the modern learner is not able to sit still for very long. Thus classroom-based learning that lasts many hours is simply ineffective, and new channels of delivery are required to meet the needs of these learners.

The core skills of being an expert in any field, in an industry, often take years to grow and develop. Attending corporate training once a year is ineffective, as studies show that isolated L&D sessions do not

provide any long-lasting benefits. Successful L&D strategies pull together a number of interventions and delivery channels, called blended learning. This is the most effective way to develop expert skills in employees.

The modern workforce is becoming increasingly empowered as they can work from any location and obtain almost any information, whenever they need it. They no longer see the company they work for as their only source of information. Google is a strong competitor in the list of information sources, and is mostly a first port of call for employees.

Organisations that wish to implement a more effective L&D programme should start by assessing their L&D team, consider the best ways to reach modern learners in their organisation and decide what “developed” means to

their organisation. The most effective L&D programmes require a complete shift in the mind-set of business leaders, L&D stakeholders and employees alike. The best approach to learning is based on the continuous learning model, a model that supports continuous L&D to meet an individual’s immediate and future needs. (Source: Bersin, Content in the age of continuous learning)

Factors that affect learning

When designing L&D programmes, being aware of the factors that affect learning can assist L&D professionals to create more effective continuous learning programmes.

According to Bersin (Content in the age of continuous learning), most learning takes place through experience (70%) and in relationships

or interactions (20%). A study by the Association for Talent Development (ATD, 2006) identified the causes of learning failure, with application and environment (70%) and preparation and readiness (20%) topping the list.

Various activities contribute to learning effectiveness, with half of learning effectiveness falling on follow-up activities after the learning event. Pre-work activities also play an important role in learning effectiveness at 26%. Interestingly, only 24% of learning effectiveness is a result of the actual learning event. (Source: Dr Brent Peterson, Columbia University, 2004) However, most

companies are investing the majority of their L&D budget (85%) in the learning event, with only 5% of the budget being spent on follow-up activities.

These factors make it imperative for L&D professionals

to recognise that a dynamic and holistic approach to learning departments, programmes, budgets and roles is required for the most effective L&D to take place.

Long-term learning

As discussed, it can take a long time for learners to master corporate skills and activities. Reaching the expert level often takes many years, with blended, continuous learning models allowing for long-term embedding of information. Learners who have expert knowledge are valuable, as they can contribute to user-generated content (see the next section) and provide experiential learning opportunities for others in the organisation.

When considering this long-term learning model, there are two major cornerstones for such learning to occur:

... learners are changing too.
With busy lives and a plethora
of information reaching all
their senses, employees have
about 1% of their work-week
time to dedicate to L&D.

Modern learners seek opportunities to share and get involved with their Learning & Development path, and they can add great value by complementing Learning & Development materials with their own knowledge and experience.

- Embedding and measurement need to be implemented through blended learning. This requires an L&D framework that supports a strong focus on pre- and post-learning activities. Business leaders and line managers are actively involved in supporting learners.
- Implementing a solution that spans the organisation and encourages the design, development and delivery of learning. This should be aligned with the company's core systems, governance, goals and principles. (Source: Bersin, Content in the age of continuous learning)
- Start digital communities that focus on specific subject matter. The dialogue on these topics between networks can support formal content, for example in a "frequently asked questions" section.
- Online social interaction can be encouraged to review formal L&D content, much like traditional academic peer reviews. Feedback can be integrated with formal review systems.
- Integrate UGC with formal L&D products. This can be done by monitoring social networks, identifying relevant content, capturing content, editing it and using it in formal training products and materials. This process ensures high standards and integrates both types of content in such a way that they support each other. (Source: Dawn Poulos, Four ways user-generated content (UGC) can make its way into formal learning)

Understanding user-generated content

It is time for L&D professionals to move away from simply creating content and to embrace the social aspects of the learning experience. Modern learners seek opportunities to share and get involved with their L&D path, and they can add great value by complementing L&D materials with their own knowledge and experience. This is known as user-generated content (UGC).

L&D professionals can integrate social UGC into more formal L&D programmes in the following ways:

- Incorporate content from forums, blogs and wikis into L&D materials to unify formal and social content. This gives instructional creators a greater pool of information from which to draw and create more effective training material.

The South African perspective

South Africa faces several challenges, with L&D being the third most important trend for South African respondents. Nearly half of respondents (44%) rate the L&D trend as very important, while 14% are not ready for it.

We see that emphasis is being placed on skills development programmes and technical training across industries, to improve customer interaction, products and technical skills. Organisations in various industries are investing in the development of their employees, to empower them and ensure that work is done in a more efficient manner.

South Africa, along with the global economy, is slowly emerging from one of the most difficult economic periods. Companies are thus looking more closely at where capital is being spent. L&D seems to be maturing into a strategic business decision, with an impact that far outweighs the money spent on such programmes.

There are three major points that local L&D professionals need to consider when creating programmes in the South African context:

- A number of technology solutions are available for modern learners in L&D programmes, but many South Africans are not computer literate and/or do not have access to technology.
- South Africa has 11 official languages, with many other languages being spoken across the country. Thus language is an extremely important consideration in any L&D programme. This may have knock-on effects with regard to learning delivery and the investments required by companies.
- South African companies have the added complication of evolving B-BBEE codes and their requirements to invest in L&D. This remains a challenge across sectors, as learnerships are only created if money becomes available. This process makes it difficult to link training effectively to business and engagement and culture strategies.

Today, employee development is imperative in any South African organisation. This is not only for the productivity and ROI of the organisation but also for the career growth and personal development of employees, which in turn leads to job satisfaction and the acceleration of productivity and profitability.

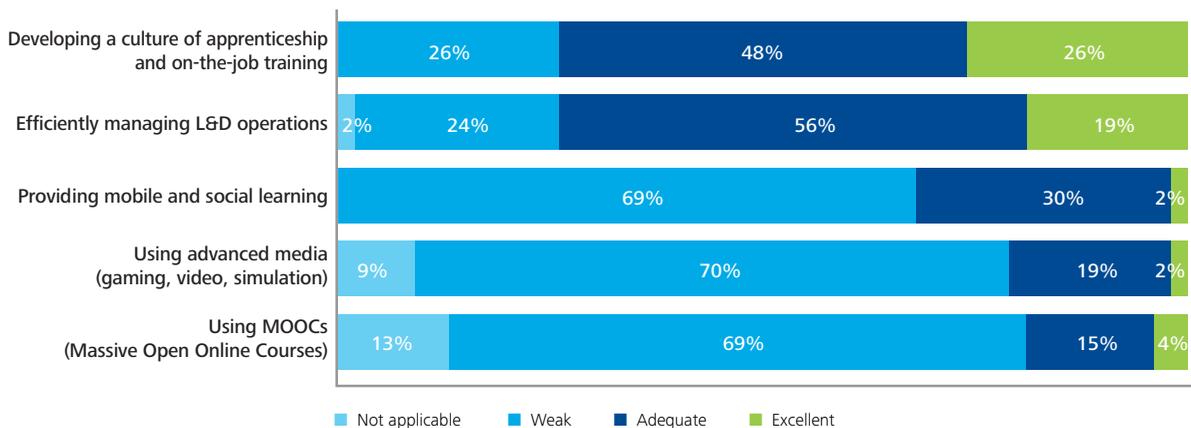
Key findings from the 2015 Human Capital Trends Survey for South Africa

The results from our 2015 Human Capital Trends Survey indicate that less than half of South African companies think they excel at addressing their employees' L&D needs. An even smaller number of companies believe that there is adequate use of high-tech and modernised approaches to L&D in their workplace.

Figure 10: Rating of HR and talent management to address learning and development shows that 26% of South African respondents think they do an excellent job of developing a culture of apprenticeship and on-the-job training, while 26% rate themselves as weak in this regard.

Understanding modern local learners and how UGC can be implemented are critical for L&D professionals to consider. However, the majority of respondents say that they are weak

Figure 10: Rating of HR and talent management to address learning and development



when it comes to providing mobile and social learning (69%) and using advanced media simulation in the L&D process (70%).

Implementing an effective L&D programme will have a positive impact on an organisation's profitability and competitiveness. L&D programmes can also be used to develop in-house talent and attract more millennials to join the organisation and stay. L&D stakeholders and business leaders should make L&D a priority, offering content that is up to date, available in the relevant languages, culture-sensitive, designed for the appropriate literacy level and engaging. When creating a budget for L&D, most money should be spent on post-work activities, without forgetting to develop pre-work activities to support the overall learning experience.

Lessons from the front lines

Case Study: Bowman Gilfillan

Bowman Gilfillan committed itself to developing the skills of its employees, but it faced two challenges:

- The firm needed to find a cost-effective programme that was customised to its environment.
- The programme needed to accommodate the limited time available to junior lawyers to complete their learning.

The firm chose a massive open online course (MOOC) – the University of Michigan's Successful Negotiations Programme. To customise the application of the theory, Bowman Gilfillan held partner-led, face-to-face sessions, allowing learners to see how the theory is applied in the context of a law firm.

For Bowman Gilfillan, the MOOC option resulted in teaching negotiation skills to all junior lawyers at minimal cost, while ensuring that the learners could immediately apply the information to their work.

Case study: Learning at Tetra Pak®

Tetra Pak is a leading global manufacturing company. It has 23 460 employees and L&D is a key focus area for the company. It has a total of 15 technical training centres, 6 research and development centres and 82 sales offices.

With staff in a number of different countries and with different language requirements, the company is faced with the challenge of translating learning content, keeping it up to date and ensuring that it is culturally appropriate. It has also identified content management as one of its biggest challenges. Other L&D challenges include the limited time and attention of learners.

After considering all of the abovementioned challenges, the company established a new learning infrastructure in

BOTTOM LINE

Create single-source, multiple-output L&D channels. As the third most important trend for South African respondents, more attention and investment are required for local L&D programmes. L&D professionals need to create single-source, multiple-output channels for learning content, which should be flexible enough to meet employees' ever-changing needs, preferences and behaviours. It is time to redefine L&D in organisations and to structure L&D teams to support their unique definition of development.

With so much competition for talent, offering a lucrative L&D continuous learning path could attract skilled workers and motivate them. Technology can be added to the complement of training channels, to tailor programmes for individuals and measure the effectiveness of training activities.

2013, the Tetra Pak Academy. The focus of the academy is to continually provide the “right learning to the right target group and at the right time, in a cost-efficient way.” (Source: Tetra Pak, <http://www.tetrapak.com>)

The company’s L&D programme encompasses the following aspects:

- Managing performance
- Change management training
- Code of business conduct training
- Informal learning

The academy makes L&D activities more visible and accessible to employees, in a coordinated manner. The learning content is created in line with business objectives, with a strong focus on individual development needs (both immediate and in the future). The Tetra Pak Academy Online is a digital library for learning, with MOOCs, videos and articles.

Tetra Pak is ensuring the sustainability of its L&D programme by implementing and following a three-year roadmap, which addresses important organisational challenges and drives strategic priorities.

According to Ralph Hägg, Vice-President, Tetra Pak Academy, “Tetra Pak promotes a culture of learning, and we share knowledge and experience as best we can by encouraging close interaction and cross-team job rotations across the business. Interesting and challenging career opportunities allow our employees to reach and use their full potential, and help us to attract and retain the best people.” (Source: Tetra Pak, <http://www.tetrapak.com>)

Mining: Confidential client

In 2006, a mining company embarked on a process to change its training delivery vehicle from classroom-based, group training to blended learning, with a strong focus on eLearning. eLearning was identified as the method that would provide additional value, with risk mitigation and training time as key considerations.

By using technology as the primary delivery vehicle, the mining client, in partnership with Deloitte, implemented a pilot project. Nearly a decade later, the project has expanded to 12 venues and 600 computers that are used to train all surface, underground and plant employees at each shaft. All training records are centralised and interface with each employee’s HR record.

Deloitte was able to offer the client a customised learning solution that met the client’s ever-changing requirements. Various blended learning techniques may be used to ensure that learners understand what is being taught and can apply this knowledge in the workplace. Blended learning options include screen navigation, illustrations, web-based gamification, multilingual voiceovers, text (for left-brain learners), videos, multimedia and formative assessments.



Trend 4:
Workforce
on demand



Workforce on demand

THE 2015 Global Human Capital Trends Report states that the workforce in the digital age has changed significantly. The report explains that “today’s workforce is no longer a set of employees who come into the office or factory each morning or shift and go home each night. This year, the ‘on demand’ and ‘on tap’ talent markets continue to grow and to challenge companies’ ability to effectively manage their total workforce, as companies expand their use of external talent sources to gain access to badly needed capabilities. The challenges presented by the on-demand workforce are significant. But the trend itself seems irreversible, driven by the networked nature of work, the multi-generational workforce, a desire for more flexible working conditions, and the demands of business.” (Source: Deloitte, 2015 Global Human Capital Trends Report)

... the number of staff hired on short-term contracts is also rising for highly skilled workers in the technology, legal and financial sectors.

The South African perspective

The workforce in South Africa is influenced and shaped by several factors, with unemployment playing a major role. According to Stats SA, overall unemployment reached 25% in 2014, with 14% of those being individuals with tertiary qualifications. These high levels of unemployment have led to many young people who are discouraged and out of work. (Source: Statistics South Africa).

Local companies find themselves competing fiercely with international

organisations for contracts in this digital age. The three major challenges facing South African companies in the global economy can be summed up as follows:

- South African companies are susceptible to losing contracts to organisations in low-wage countries, including China, Brazil and India.
- Seasonality is another issue that influences South African industries, with cycles following global trends and not just local ones.
- Local production levels and sales are largely affected by developed countries. With fluctuating economic conditions in

these countries, their consumption and imports of South African products tend to fluctuate too.

In order to best deal with these challenges and fulfil contracts when they are

awarded to local companies, staff members are often hired on short-term contracts that last for the duration of a project. These temporary staff members offer high-level flexibility and are used significantly in the following South African sectors: construction, manufacturing, mining and transport.

Further to this, labour laws in the country are restrictive, forcing organisations to find innovative ways to engage an on-demand workforce. It is also becoming clear that companies are beginning to view employees as non-core components of their business. This is

evident for less skilled workers, where there is a very competitive labour market. Interestingly, the number of staff hired on short-term contracts is also rising for highly skilled workers in the technology, legal and financial sectors. Such temporary workers prefer the name “contractors” or “lifestyle” workers.

Outsourcing to highly skilled contractors is driven not only by organisations but by the contract workers themselves. These professionals seek work-life balance, with time off, flexible working hours and even sabbaticals. This trend is expected to grow and permeate the country’s business models and workforce, driving the number of contractors in the overall workforce. Contractors are often managed by agencies, which take on all the traditional HR roles of employers, from recruitment and payroll to performance management.

Why is entry-level finance and accounting talent an important workforce topic?

Companies are struggling to attract qualified graduates to the finance and accounting field, as many young people cannot see an exciting career path in this field. Digital graduates are looking for opportunities to innovate at work, along with the chance to work independently and rise quickly in an organisation. Accounting

and finance careers are often not thought to offer any of these things.

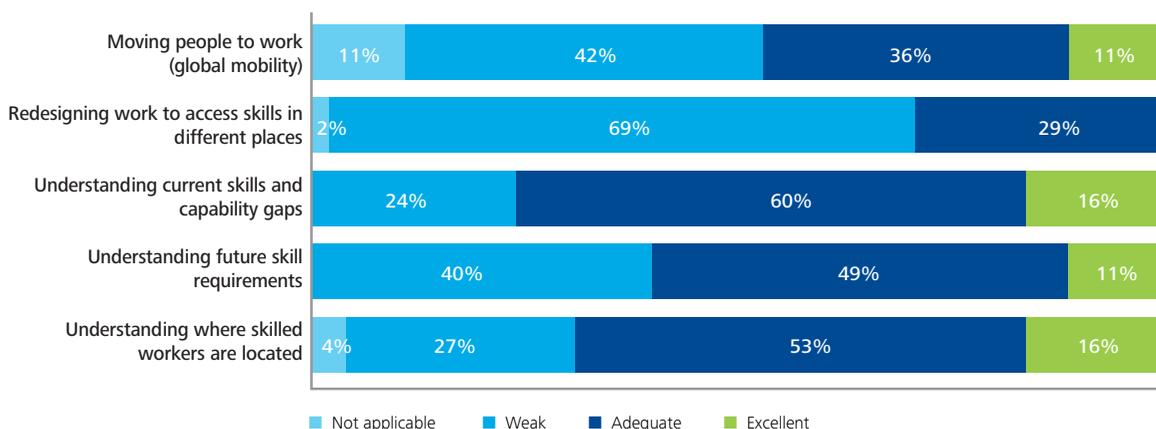
Thus the number of finance and accounting professionals moving through the ranks in South African organisations is diminishing. This is having a negative direct consequence on many organisations in the country, as they are struggling to find and recruit finance and accounting experts. As a result of these challenges, organisations are experiencing increased spending, reduced productivity and low levels of work quality. (Source: APQC, Finance and accounting talent)

Key findings from the 2015 Human Capital Trends Survey for South Africa

In order to maximise on-demand workforce engagement and retention in this exciting digital age, companies need to reconsider their traditional HR programmes and strategies. By looking at the trends identified in the 2015 Human Capital Trends Report, organisations will be better informed to implement the right tools for full-time, part-time, remote and contract workers alike.

Figure 11: Rating of HR and talent management to address workforce on demand indicates that 44% of South African respondents rate this trend as important,

Figure 11: Rating of HR and talent management to address workforce on demand



while 25% rate themselves as not being ready for it. Nearly half (47%) of South African respondents rate workforce on demand as one of the top five most important challenges they will experience in the next 12 to 18 months, and 60% understand the current skills and on-demand gaps.

According to Besin (2015 predictions), “Most companies spend one-half to two-thirds of all expenses on their people – yet they have not invested the money and time to clean up, rationalise and combine data about people to help make better decisions.” This year has seen investment in talent analytics become a crucial HR function across organisations. This needs to be holistic, as shortcuts will not benefit employers or the workforce. Talent analytics are most effective when they are based on reporting and analytics that combine employment strategies, engagement and culture, learning and development, compensation and leadership. This information should be used to evaluate and plan the organisation’s workforce based on all-inclusive data. (Source: Besin, 2015 predictions)

According to the 2015 Human Capital Trends Survey, just over half (53%) of South African respondents feel that they have an adequate understanding of where skilled workers are located; however, 69% feel that they are weak with regard to redesigning work to access skills in different places. Recruiting in the digital age has changed dramatically. HR professionals are expected to know where to find suitable candidates (often on a global scale) and how to access these candidates. This is made even more challenging by the need to differentiate the company from its competitors and offer candidates the experience they seek from an employer. As a result, network recruiting is a trend that is taking off, with companies using networks to manage and leverage their HR initiatives. (Source: Besin, 2015 predictions)

Educating and training an on-demand workforce in South Africa

One driving force in the digital workforce is the smartphone. In the 2015 Human Capital Trends Survey, 36% of respondents stated that they are adequately geared when it comes to global mobility. The smartphone is creating an on-demand economy, which is rapidly increasing the levels of self-reliance and global communications. This is having a profound effect on training and education in the workforce, as workers across the board are taking more responsibility for these aspects. If they are contractors, they will accept challenging contracts to accelerate their learning opportunities. Full-time employees will also often take responsibility for educating themselves, instead of placing this responsibility on their employers.

Furthermore, the South African government will need to rethink its overall HR strategy and education policies, starting at school level. Public institutions were traditionally created and designed for full-time employees, not contract workers. As a result, regulatory systems will need to be revised and simplified to make it easier for contract workers to take control of their own pension schemes and health care needs. This can be strengthened by revising the school education system to encourage learners to become self-reliant citizens in the workforce, instead of just loyal full-time employees. (Source: The Economist, <http://www.economist.com/news/briefing/21637355-freelance-workers-available-moments-notice-will-reshape-nature-companies-and>)

The smartphone is creating an on-demand economy, which is rapidly increasing the levels of self-reliance and global communications.

Addressing the skills gap in South Africa

When business leaders decide to make a change in their company operating model or choose a new strategy, they often do so without fully considering the human capital and talent elements that will be affected. Strategic changes should be supported by talent management solutions that incorporate assessment, performance management, focused learning, career development, workforce planning and/or succession management for today's on-demand workforce.

The South African Government is investing over R800 billion in upgrading and establishing new infrastructure in the country, with investments in the construction of ports, roads, railway systems, electricity plants, hospitals, schools and dams. These strategic investments will require the public and private sectors to make an extraordinary commitment to integrated talent management and the development of the right skills. Addressing the skills gap in the country will underpin improved service delivery across the board.

The negative impact of having a disconnected business strategy and people strategy (or not having one at all) results in customer service failure, lack of innovation, decline in customer loyalty and squandered growth goals. These are real problems facing local organisations, which often lose sight of what is really important in a mass of strategic objectives and data.

The positive impact of an integrated talent management solution can include:

- Lower turnover among high performers (improvement of up to 40%)
- Greater ability to hire the best people (improvement of up to 87%)
- Greater ability to develop great leaders (improvement of up to 156%)

Figure 12: Skills development



- Higher financial metrics per employee (improvement of up to 26%)

When considering these statistics, it becomes clear that a strong integrated talent management solution will have a positive impact on both the organisation and its on-demand workers.

Addressing the skills gap in South Africa is a serious challenge; however, it offers more than enough opportunities for organisations to make a significant contribution to achieving the transformation targets in the country. As a starting point, organisations in the public and private sectors need to ensure that they have robust answers to the following questions.

In your organisation, department or business unit:

- Do you have a cultural strategy? If so, is it aligned to your business strategy?
- Are your competencies linked to your business drivers?
- Do you properly understand your skills gaps and the corrective action needed to address these?

Oversimplification? Underlying these questions are matters of significant complexity, but sometimes the obvious is not that obvious.

These questions and their properly evidenced answers go right to the core of skills development in any organisation, providing a powerful motivation for the change in mind-set that is necessary to start addressing skills development and service delivery in South Africa. (Source: Deloitte in association with Bersin & Associates, Presidential Infrastructure Coordinating Commission, PICC, Strategic infrastructure projects)

Is HR supporting millennials' needs?

It is clear that HR professionals play an important role in this on-demand workforce, and their performance should be adjusted to meet the unique needs of millennials. Around 32% of HR experts think that they are world class or very effective in carrying out their responsibilities, but systems and processes that are aligned with millennials' needs still require much improvement.

Many HR professionals (34%) that work with millennials think they are highly effective; however, these professionals often attempt to moderate high turnover rates with engagement and culture strategies that are most effective for managing the Gen-X workforce.

According to the Bersin Millennial Study, "there are only two areas in which HR effectiveness is similar across Millennial, Gen-X and Boomer workforces – identifying critical knowledge, skills and abilities by role and level and promoting health and wellness." The lack in differentiation is concerning.

HR professionals have done well in raising their effectiveness when hiring, developing and managing the performance of millennials. HR changes that are being put in place are more successful at meeting millennials' needs for learning and

maintaining their independent character. Yet few HR respondents think they can effectively identify individual millennials for development. They seem to be missing an opportunity to offer self-learning paths to this on-demand workforce (25%), which is a development tool that today's workers find very attractive. (Source: Bersin, Just the facts about millennials, <http://marketing.bersin.com/rs/bersin/images/just-the-facts-about-millienials.pdf>)

The Deloitte Academy

Many organisations are taking steps to meet the needs of modern learners who come from an on-demand workforce. In order to effectively manage and harness the unique capabilities of this workforce, Deloitte launched the Deloitte Academy, which provides a multi-disciplinary approach to

skills development based on Deloitte global best practice.

The Deloitte Academy is the custodian of Deloitte

HR professionals have done well in raising their effectiveness when hiring ...

Consulting's Education Training and Development Provider Quality Management System (ETDPQMS). The academy is responsible for the accreditation and quality assurance of our overall curriculum with South African and international professional/awarding bodies and quality authorities. Taking blended learning and modern learners' needs into account, the academy specialises in increasing workforce capability and boosting the employment of skilled and competent people through interactive learning experiences.

Occupationally directed skills development solutions are devised for public and private sector clients. The Deloitte Academy has the tools, expertise and resources to deliver the following services:

- Outsourced skills development facilitator functions, including SETA mandatory reports and discretionary funding proposals
- Strategic skills planning linked to transformation targets in relation to B-BBEE compliance and industry transformation charters
- Skills development-specific research studies, such as skills audits and training needs analysis
- Learning programme management, including overall project management and monitoring and evaluation
- Training provider accreditation and the development of ETDPQMSs, including instructional design, learning material development and units/qualifications mapped to occupations and the workplace skills needed

Lessons from the front lines

Agriculture: Amabele electronic recognition of prior learning (e-RPL) programme

It became necessary to ensure that grain silo workers had the required South African Qualifications Authority (SAQA) and Sector, Education and Training Authority (SETA) training to handle and store grains and oilseeds hygienically and safely, according to prescribed standards. The Grain Silo Industry (Pty) Ltd, an industry representative body, made a strategic decision to recognise the prior learning (formal and informal training interventions) and experience of its employed grain silo workers. The Amabele e-RPL programme was co-funded by the Agricultural Sector Education Training Authority (AgriSETA) and grain silo industry employers.

Consultations with various parties resulted in an RPL being chosen as the best solution to meet the industry's skills development needs. However, because of the industry's size and the geographical spread of grain silo organisations, no off-the-shelf solution could be used. This was further impacted by a multiplicity of socio-economic and legal factors affecting the human resource supply

BOTTOM LINE

Integrate HR, procurement and leadership process. This on-demand, extended workforce is a critical part of nearly every organisation's talent pool. Effectively managing millennials, and the HR complexities that come with them, calls for more integrated relationships across HR, procurement stakeholders and business leaders. (Source: Deloitte, 2015 Global Human Capital Trends Survey)

Globally, HR professionals are meeting more mature Gen-X requirements, but many millennials' needs are not being fulfilled. (Source: Bersin, Just the facts about millennials) To decide if your organisation is ready for the on-demand workforce, you will need to think broadly about the talent range employed by your organisation, including full-time, part-time and contract workers. Consider how your HR policies might be applied to all of these categories in terms of workplace, engagement and culture, talent analytics and performance management. Now is the time for HR professionals to take ownership for on-demand workers and to stop leaving this function with the procurement department alone. (Source: Deloitte, 2015 Global Human Capital Trends Survey)

The programme helped the AG to broaden the capabilities, experience and thinking of its staff.

and skills development in the industry. The seasonal nature of the business environment added to these challenges.

Deloitte designed a unique computer-based e-RPL model that allows for customisation in any agricultural sector. The e-RPL model allows simultaneous delivery to large numbers of candidates at multiple geographical sites, all within a shorter timeframe and in a less costly process than traditional RPL programmes. This design characteristic enabled successful delivery of the Amabele e-RPL programme to 1 188 candidates. It further enabled candidates to provide evidence of their competence in a safe and familiar environment, which resulted in them performing at their highest level.

The guiding principle of the Amabele e-RPL project was not to re-assess the knowledge and skills of grain silo workers, but to recognise their knowledge and skills by assessing the evidence collected. The evidence collection process was therefore in line with the principles of validity, authenticity, sufficiency, consistency and fairness. The programme proved that it is possible to assess literate, semi-literate and illiterate learners, using oral, written and visual evidence collection methods.

This was the first time in South Africa and in the agriculture industry that computer-based assessment was combined with on-the-job observation and written comprehension testing to enable the recognition of job-specific knowledge, skills and experience in a way that accommodates candidates on various occupational and cognitive levels. The programme was implemented nationally and delivered across a wide geographical area for multiple job functions and NQF levels.

Government: The Auditor-General (AG) India project

In October 2007 the AG released a report highlighting staff shortages in the organisation. Of the 700 vacant positions, 230 were for audit managers. There was a planned solution in place to foster relationships with tertiary institutions to attract talent; however, this would only pay off in the long run and the AG was being forced to pay high costs to outsource work to audit firms. The AG also needed to address the high annual staff turnover rate of 15%.

The Deloitte team came up with a solution that entailed the secondment of trained chartered accountants (CAs) from India. This provided the AG with an immediate cost benefit, as these CAs cost half of what it would have cost to continue outsourcing the work to South African audit firms. There was also the added benefit of skills transfer between experienced Indian CAs and local audit managers and trainee accountants.

Deloitte managed the entire process, from screening and interviews to clearing the path for entry into South Africa. More than 40 Indian CAs were placed in AG offices across the country. Deloitte was also responsible for ensuring that the new hires were trained in the AG's audit methodology and local legislation. Placing the trained CAs in the right positions resulted in the AG office showing positive results in staff retention and audit efficiencies. With fewer vacancies, audit managers had more manageable workloads, making the building of a career within the office more attractive to experienced staff. The programme helped the AG to broaden the capabilities, experience and thinking of its staff. The programme also helped the AG to develop future leaders and retain its most talented local staff.

Through the success of the secondment, Deloitte became a strategic partner to the Office of the Auditor-General. Deloitte was the first to suggest and then successfully implement a CA secondment programme, and the two partners who developed and managed the programme were awarded the Deloitte Partner of the Year award.

Finance: Standard Bank Win a Job

The innovative Standard Bank Win a Job programme aims to attract talent and future leaders to this multinational organisation. In this programme, an existing business challenge is posed to highly talented and qualified individuals. The entrants, from diverse disciplines, submitted a presentation on how they think the challenge should be solved. The top submissions are presented to a panel of Standard Bank executives, and the presentation winners literally win the job of executing their plan for the business challenge.

In this dynamic approach to hiring, candidates are given the opportunity to play a part in finding solutions to business challenges, while the bank attracts and identifies individuals who would add value to the organisation.

It was found that organisations are able to attract talented individuals by:

- Engaging them to be part of the creation of their job description
- Agreeing on the desired outcome
- Empowering candidates to chart their own way to success
- By making the recruitment process a challenge, applicants had to go through a simulation process that not only demonstrated their talent but would prove their durability and determination that this was the job they really wanted.

This results in an exceptionally mutually beneficial arrangement. In this process, organisations gain a fresh perspective and



insight from the brightest young minds in the form of new ideas and ways to solve business challenges.

Legal: The Webber Wentzel Graduate Recruitment Assessment Centre

The Webber Wentzel Graduate Recruitment Assessment Centre (AC) is an effective tool in the talent selection space, where organisations need to assess a large number of candidates in a very efficient and effective manner.

This Deloitte client needs to assess many candidates on a regular basis. All candidates come from a similar background and are of a similar age, so Deloitte had to identify an interview tool that would allow the client to interview many candidates in a timely and cost-efficient manner. The client also needed to easily distinguish top talent from less suitable talent. The solution was an assessment centre, where 18 candidates can be assessed in a five-hour time period.

The tool has proven to be very effective because the client is able to assess competencies that one would not ordinarily be able to easily assess, such as a candidate's ability to think on their feet, how they interact in a group environment, whether they are solution-driven and how they handle stressful situations.

A typical interview day is divided into three sessions with a group session, a debate session and a traditional face-to-face interview. Candidates are moved between interviewers throughout the day to ensure that all interviewers assess all candidates in different environments. This type of interview allows for a higher level of candidate transparency and prevents candidates from putting up a temporary façade to masquerade incompetence.

It also assists with eliminating interview bias, as candidates are assessed by more than one interviewer. In this process, organisations are able to tailor the competencies assessed to cater for their unique business requirements; for example, a law firm can request that candidates be assessed on their ability to argue a point convincingly.

In this project, it was found that such recruitment methods offer an efficient and effective way of assessing candidates.

ICT: Lwazi ICT project combats gender violence using technology

The Lwazi ICT project in Thlabane grew out of a community initiative to combat gender-based violence. It has since become an enabling tool where women in the community can learn basic computer skills.

Following a visit by the Department of Telecommunications and Postal Services (DTPS) Deputy Minister Hlengiwe Mkhize, the department initiated the Lwazi project. The online portal was designed by Deloitte and acts as a source of contact information (local counsellors, police and support groups) for women who have experienced abuse.

The digital platform allows women to retrieve information and access support structures, without fear or the stigma that prevents many from getting the help they need.

Listening to the women, the department discovered that economic dependence on a partner made combatting gender violence more difficult. For this reason, the project was expanded to include skills education and networking opportunities. The project was expanded through a collaboration of the following entities: the DTPS, the Deloitte Foundation, Intel SA, Huawei, Land Bank and Telkom SA.

Huawei supplied tablets, while educational courses are run by Intel SA and Schoolnet. Intel's Learn Easy Steps programme uses a simple classroom-based approach to teach basic computer literacy. The Intel programme is practical and relevant and can be tailored to local conditions, so the informal education setting in Thlabane is not a challenge.

The programme's success was immediate. Of the first 16 women to receive training from Intel, 6 were hired for full-time jobs in skilled positions and 1 was promoted at work.



Trend 5: Performance management



Performance management

MOST business leaders understand that their companies are only as good as the people who work for them, yet most companies fall short in their ability to cultivate and keep talented workers. To identify talent and nurture it, businesses often use performance management systems that are unnecessarily complex and inefficient. Performance management systems can no longer be ignored because they are critical to any business's success.

Historical performance management

Historically, a performance management system is simply a data collection system.

In this system, performance ratings are used to measure employee performance and determine annual increases.

Unfortunately, these systems create a lot of data and very little meaningful information. When today's business leaders talk about abandoning their performance management system, they usually mean doing away with the summary ratings that provide feedback. We are now seeing a move from heavy data collection to a more user-friendly and flexible process.

We are now seeing a move from heavy data collection to a more user-friendly and flexible process.

Effective performance managers

There is usually no single system that works across all organisations and industries, so performance management systems in the digital age tend to be an integration of various approaches. If a company needs to measure performance, then business leaders are required to prioritise strategy execution. There are no stringent protocols for implementation, but performance management systems are still considered to be the maps that enable a workforce to fulfil the overall company vision.

Leaders who can maximise productivity and help employees to develop valuable career skills are rare. These unusual leaders

are able to help grow revenue faster, with better profit margins, and they are more likely to retain staff. Organisations can take steps to identify potential talented leaders and

support current leaders by putting an effective performance management system in place.

However, organisations and performance managers can only operate in an effective way if employees share the same goals, direction and accountability. The first feature of an effective performance management system is winning strong support from workers at all levels, including full-time, part-time and contract workers. Performance management needs to become an integrated part of the strategic management process, being equally spread across the hierarchy.

Millennials are changing the performance management landscape

One of the reasons why traditional performance management systems are no longer effective is because the workforce is changing. Millennials expect more transparency, accountability and involvement in their overall performance management. They are no longer passive recipients of direction; they want to be active participants in the business direction and performance data collection process. This works in an organisation's favour if the two visions are aligned.

So, what do millennials want in performance management initiatives?

- Millennials in the digital age expect managers to guide, coach and provide constructive feedback. They want to be inspired rather than have performance targets imposed on them.
- Millennials want open communication when setting goals for them in the workplace. Many talented employees want leaders to get out of their way and trust them to complete projects.
- Millennials want rewards for success to be separate from feedback about their performance, training and development. Performance management systems are linked to rewards and millennials remember the decisions informing rewards, but digital-age workers do not easily remember abstract discussions about career growth and development.

Millennials expect more transparency, accountability and involvement in their overall performance management.

Performance management strategies that work

Today's discussions are not about eliminating performance management systems but rather how to make them more effective. Performance management systems have evolved to include goal setting, skills development, compensation and performance feedback.

Many companies are finding that performance management strategies work better when they are supported by software that focuses on employee development. Performance management is no longer an annual assessment of employees' work, but

rather a series of continuous coaching initiatives. Katherine Jones, Vice President of Human Capital Management and Technology Research, Bersin by Deloitte,

“Performance management software was the most noted software application area targeted for investment in 2014 and 2015.” (Source: Bersin, <http://www.prnewswire.com/news-releases/bersin-by-deloitte-research-dramatic-changes-to-how-organizations-manage-employee-performance-drives-demand-for-new-software-300049615.html>)

The following are some effective performance management strategies that may be applied by organisations and supported with the right software:

- The foundation for many successful performance management systems is goal setting. By setting goals that are tied to rewards, employees become motivated to perform well. The effectiveness of this strategy is determined by the clarity of the goals set.

- Technology offers many opportunities to enhance the effectiveness of a performance management system. In this digital age, employees' relationship with technology is ubiquitous. Organisations in all industries are learning that a mobile work environment makes it possible for employees to manage their own careers. Technology also enables organisations to set dynamic goals as part of their performance management system, which can be updated in response to changing business environments. Through technology, business leaders can provide task-specific coaching and the knowledge required to perform tasks. An electronic performance journal can even be used to offer real-time feedback.
- Applying the right finance and costing model will drive profits and increase the effectiveness of a performance management system. If employees do not fully understand how certain work behaviours make or lose money for the company, the performance management system could be adjusted to focus on activity-based costing. However, driver-based performance management systems work best when a company seeks to break free from annual budgets and focus on rolling financial forecasts.

Here are some rewards that may drive millennials' performance:

- Promotions at work: Millennials seek progress that is attainable and makes them feel that they are continually developing and learning. Promotions may come with titles and greater accountability, which will have a positive effect on workers.
- Engagement and culture: Engaging millennials requires organisations to support these workers in a delicate balance between work and play. The organisational culture should embrace hard work, which offers employees a sense of fulfilment and fun at the same time. The overall culture and sense of belonging will go a long way in retaining talented staff.
- Mobile freedom: Technology is making our lives busier and more flexible than ever before. Millennials feel that their work time should also be flexible. These workers want to be able to work from different locations, and they want to travel and explore the world. Millennials enjoy rewards that give them opportunities to work from different locations and see new things.

(Source: Chief Learning Officer, <http://www.clomedia.com/blogs/1-ask-a-gen-y/post/5730-the-secrets-to-motivating-inspiring-and-rewarding-millennials>)

Rewards that drive millennials

To keep up with the millennial workforce, organisations need to move away from the traditional connection of performance and reward, which worked well with Generation X. Organisations that are having the most success with a modern performance management system actually adjust employee rewards and compensation in line with several factors, such as performance, skills, customer influence and the nature of the employee's position at the company. This is because millennials are motivated by much more than just money.

The South African perspective

Over the past few years, South African organisations have increasingly started to link rewards to performance. This is known as consequence management. In this style of performance management, there is a basic assumption that directly rewarding or withholding a reward will have the desired impact on a worker's motivation to perform better.

In South Africa, 85% of companies have a performance management system in place, with the vast majority (95%) of these companies having a strong commitment to the

A complex and cumbersome performance management system often alienates workers and wastes leaders' time.

CEO. Most companies measure performance using hard and soft measures. Hard measures are quantitative, including financial targets. Soft measures are more qualitative in nature, such as behaviours and service levels.

As you will see in the case studies below, a communication strategy is very important in the implementation and maintenance of a performance management system, otherwise employees may not fully understand or support an organisation's vision or performance system. For a performance management system to be most effective, it is important for the company and employees to share the same goals. However, 94% of South African respondents with a performance management system have no formal communication strategy in place for this system and process. In the 2015 Human Capital Trends Survey, only 51% of respondents believe that workers and business leaders are adequately educated and trained in performance management systems. The survey also revealed that 37% use the Balanced Scorecard methodology, and 86% allow employees to jointly set targets and objectives with their manager.

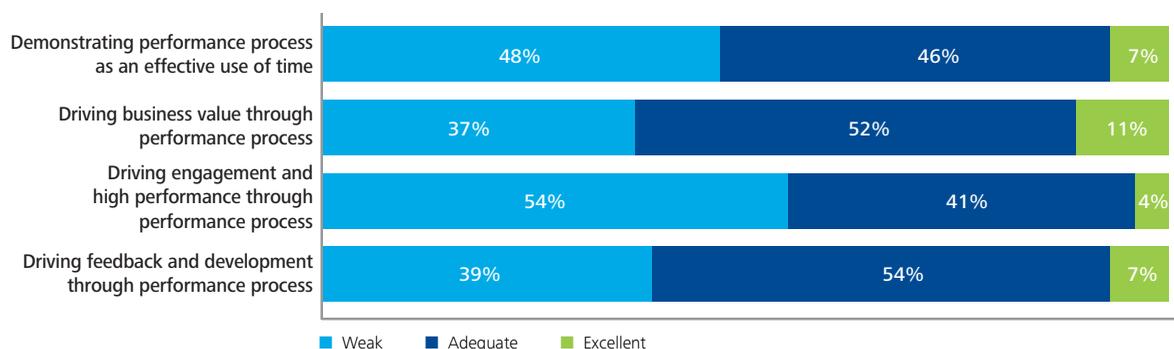
Key findings from the 2015 Human Capital Trends Survey for South Africa

Figure 13: Rating of HR and talent management to address performance management indicates that, overall, 42% of South African respondents rate HR and talent management to address performance management as very important, while 30% are not ready for it. Nearly half (47%) rate this as one of the five most important challenges they will experience in the next 12 to 18 months. The 2015 Human Capital Trends Survey reveals that leading organisations are replacing traditional performance management practices with more innovative performance solutions.

In the 2015 survey, many respondents reported that pressure and competition often lead to high staff turnover rates and poorer business results. These companies are choosing to empower their managers and are using technology to continually develop in-house talent. In the survey, just over half (54%) of South African respondents felt that they perform adequately when it comes to driving feedback and development through performance management. However, a mere 11% of report that they do an excellent job when it comes to driving business value through the performance management process.

A complex and cumbersome performance management system often alienates workers and wastes leaders' time. Nearly half (46%) of

Figure 13: Rating of HR and talent management to address performance management



South African respondents report that they perform adequately with regard to making performance management an effective use of their time.

Lessons from the front lines

Pharmaceutical: Confidential international client

Deloitte was asked to develop and document a performance management system for a multinational pharmaceutical organisation. The company also required support in the implementation of the first phase of the assignment.

The performance management system was designed and developed through a series of workshops and focus groups, using best practices in the market and existing HR processes within the company. The organisation's employees were trained on both hard (e.g. process, roles and responsibilities) and soft skills (giving effective feedback, setting goals).

Alongside this, a tight change management process and communication strategy, plan and materials were put in place. This allowed for smooth implementation of the project.

Finally, Deloitte provided project management services, such as governance and weekly dashboards, to support the successful execution and governance of the project.

Finance and consulting: Deloitte is reinventing its performance management system

Deloitte is in the process of redesigning its overall performance management system. Business leaders have realised that the existing process for evaluating work, then training, promoting and paying employees accordingly, is no longer in line with the company's overall objectives. The existing system functions according to a traditional performance management system – set objectives for each employee at the beginning of the year and let managers rate employees on how well these objectives are met. This system provides one annual rating of each employee's performance.

However, even though employees report that they appreciate the predictability and fairness of this process, Deloitte has realised that batched annual ratings do not serve real-time objectives. Further to this, the time spent on performance management (completing forms, holding meetings, etc.) takes nearly two million hours of productivity from the company's workforce each year.

By analysing the most effective teams in the company, business leaders have found that being strengths-oriented plays a major part in a team's success. When asked what motivates them, successful team members responded by saying that they felt responsible for doing their best work each and every day.

BOTTOM LINE

Measure millennials according to competitive value. Performance management systems and the compensation process are broadening extensively to incorporate the needs of millennials and maximise productivity. Organisations need to start making decisions based on the competitive value of their on-demand workforce (including full-time, part-time and contract employees) in a real-time market environment, instead of just applying traditional data collection systems.

As technology advances and enables immediate feedback and engagement, organisations need to integrate high-tech strategies that motivate, coach and engage workers. This is "speaking the language of millennials" and will maximise the effectiveness of a performance management system.

A new performance management system is being designed with three overall objectives. The first objective clearly states what performance management is, according to Deloitte. This helps managers to recognise performance and adjust employee compensation accordingly, which many traditional systems do as well. However, the second objective focuses on team leaders' standpoints with regard to employees. Leaders are asked to rate their own future actions when thinking about the individual being evaluated. Research has shown that this provides more consistent and reliable feedback than asking leaders to simply rate annual performance and skills. The third objective is about fuelling performance. Employee performance is fuelled, or enhanced, by having regular check-ins with leaders. This gives leaders an opportunity to make their expectations clear, give feedback on work, coach employees or give new information.

This approach to a new performance management system will enable Deloitte to move from a traditional small data system about its employees to a more comprehensive big data system that will inform performance management decisions going forward. (Source: Harvard Business Review, Reinventing performance management, <https://hbr.org/2015/04/reinventing-performance-management>)

Conclusion

Millennials are changing every aspect of the way we do business, and this is calling for organisations to be creative and innovative when leading in the new world of work.

This report has provided a comprehensive overview of the top five trends for South Africa from the Deloitte 2015 Global Human Capital Trends Survey. For an in-depth global view on the research findings, please refer to the full report – Global Human Capital Trends 2015: Leading in the new world of work.

It is clear that in this digital age with an on-demand workforce, human capital stakeholders and business leaders need to integrate their business functions and utilise technology to attract and retain talent.

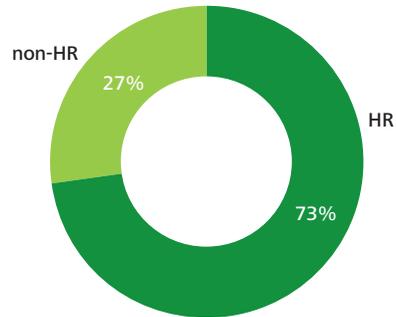
Millennials are changing every aspect of the way we do business, and this is calling for organisations to be creative and innovative when leading in the new world of work. Those organisations that rise to the challenge and adapt to the trends discussed in this report are expected to gain a significant competitive advantage over their competitors.

There is a list of our senior contacts at the end of this report, if you wish to discuss these human capital trends further.

Demographics

Demographics South Africa - HR vs non-HR

The following graphs give the demographic profiles of the 151 South African respondents who completed the survey.



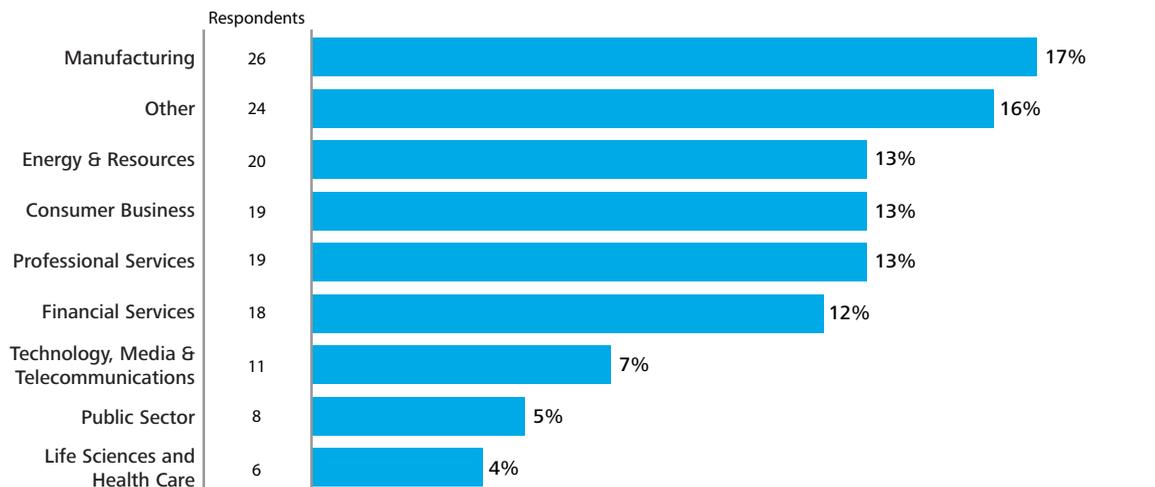
Demographics South Africa - Business Segment



Demographics South Africa - Organisation level



Demographics South Africa - Industries



Human Capital country leaders

South Africa

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Acknowledgements

WE would like to express our appreciation to the following clients who have shared their experiences, as described in the pages of this report:

- Bowman Gilfillan
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- The Amabele e-RPL programme
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