Rewriting the rules for the digital age
2017 Human Capital Trends Report for South Africa
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Introduction

We are pleased to share with you the 2017 Human Capital Trends Report for South Africa. This country report is a companion to the Deloitte Global Human Capital Trends 2017 report – one of the largest of its kind in the world. Over 10,400 executives from 140 countries participated in the global survey this year, including 295 South African business and HR leaders. They all offered insights on the future of work and human capital’s valuable role in shaping it. Our theme for this year, “Rewriting the rules for the digital age,” reflects our strong conviction in 2017 that a “new set of rules” are required to make sense of our changing world.

In this South African specific report, we highlight the top 5 and other notable trends.

Below are the trends in order of importance as rated by the South African respondents:
1. Organisation of the Future
2. Employee Experience
3. Talent Acquisition
4. Careers and Learning
5. Diversity and Inclusion
6. Performance Management
7. Leadership
8. Digital HR
9. People Analytics
10. The Augmented workforce
11. Robotics, cognitive computing

Technologies such as artificial intelligence (AI), mobile platforms, sensors, and social collaboration systems have revolutionised the way we live, work, and communicate; and the pace is only accelerating. This creates increased workplace stress for individuals as well as society as a whole. Research shows that employees and organisations are more “overwhelmed” than ever before.

The current unease felt by people with regard to the pace of technological change is not new. The 1980s for instance, saw a rapid rise in computing power that resulted in higher levels of automation, online systems, and the IT industry’s rapid growth. The world however adapted well as people gained additional skills and new jobs and became familiar with different workplace technologies.

Today, a new set of digital business and working skills are required of employees. In our 2017 Human Capital Trends Report we recommend that companies should focus more heavily on career
strategies, talent mobility and organisational ecosystems and networks to reinvent the world of work. “The problem is not simply one of reskilling or planning new and better careers. Instead, organisations must look at leadership, structures, diversity, technology, and the overall employee experience in new and exciting ways” (Global Human Capital Trends Report, 2017).

HR professionals at all levels stand at the centre of achieving the necessary transformation of work to effectively respond to these new trends and challenges. It requires HR leaders to be bold and apply innovative thinking, questioning longstanding practices and habits, as well as facilitating the culture change required in driving both workplace change and business success.

We hope you will find both this country report and the full global report useful and insightful in your work. Our Deloitte professionals are ready to assist you in seizing the incredible opportunities we see on the business horizon. We look forward to engaging with you to help unpack the findings and their implications for your organisational, HR and talent management decisions.
The Top Ten Human Capital Trends Globally

How we redesign the organisation and its leadership for the future

TREND 1
The organisation of the future: Arriving now

TREND 2
Careers and learning: Real time, all the time

TREND 3
Talent acquisition: Enter the cognitive recruiter

TREND 4
The employee experience: Culture, engagement, and beyond

TREND 5
Performance management: Play a winning hand

TREND 6
Leadership disrupted: Pushing the boundaries

TREND 7
Digital HR: Platforms, people, and work

TREND 8
People analytics: Recalculating the route

TREND 9
Diversity and inclusion: The reality gap

TREND 10
The future of work: The augmented workforce

How we design the employee experience for engagement, productivity, and growth

How we build a new management system to empower and engage the teams

How we leverage digital technology to design and improve work, the workplace, and the workforce

How we leverage data, cognitive technologies, and AI to improve the organisation and its teams

Figure 4. Rewriting the rules for the digital age
Human capital trends in 2017:
Top findings for South Africa

The Global Human Capital survey measures both the importance of critical trends and issues, as well as an organisation’s perceived readiness to address the challenge. We label the difference between the importance and readiness for specific trends the “capability gap”- a measure of how prepared organisations are to respond to the most urgent human capital issues.

The chart depicted in Figure 1 displays how South African respondents rated the importance of the various human capital trends, that they face in their organisation.

The Importance Overall graph lists the human capital trends in the descending order of importance.

Figure 1: 2017 South African Scores Ranked by Importance

- **Rank by Importance**
  - Organisation of the future: 83%
  - Employee Experience: 83%
  - Talent Acquisition: 81%
  - Careers and Learning: 81%
  - Diversity and Inclusion: 80%
  - Performance Management: 80%
  - Leadership: 76%
  - Digital HR: 74%
  - People analytics: 71%
  - The Augmented workforce: 64%
  - Robotics, cognitive, computing: 34%

- **South Africa 2017 importance score**
  - 83%
  - 81%
  - 81%
  - 80%
  - 80%
  - 76%
  - 74%
  - 71%
  - 64%
  - 34%

- **Africa 2017 importance score**
  - 87%
  - 83%
  - 86%
  - 84%
  - 79%
  - 85%
  - 78%
  - 79%
  - 85%
  - 79%

- **Global 2017 importance score**
  - 88%
  - 79%
  - 81%
  - 81%
  - 83%
  - 69%
  - 78%
  - 73%
  - 71%
  - 63%
  - 40%
Given the pace of change and the constant pressure to adapt, it is not surprising that global executives identified Building the Organisation of the Future as the most important trend for 2017. South African respondents have also rated Organisation of the Future as the number one trend for this year. This result shows that South African leaders are aligned with global peers in terms of the top human capital trend.

The differences in the South African results are that South Africans rate Employee Experience, Talent Acquisition, Careers and Learning as the next most important trends. The same trends appear in the global results, but the order is reversed with Careers and Learning featuring second on the global report. The scores for Africa and Global are also shown in Figure 2.

Figure 2 shows how respondents rated their organisation’s readiness to face the issues/human capital trends identified.
Significant human capital trends for South Africa

The top five trends for South Africa in order of importance for 2017 are:
1. Organisation of the Future (83% identified as very important/important)
2. Employee Experience (83% identified as very important/important)
3. Talent Acquisition (81% identified as very important/important)
4. Careers and Learning (81% identified as very important/important)
5. Diversity and Inclusion (80% identified as very important/important)

Other Notable trends to consider are:
7. Performance Management (80% identified as very important/important)
8. Leadership (76% identified as very important/important)

The top four results for South Africa are broadly in line with the global results but also highlight particular themes of importance to South African businesses. Diversity and Inclusion featured in the top five trends again this year for South Africa. It has featured in the top five for the last three years, demonstrating the need for urgent and more innovative approaches to managing this important aspect of life in the South African workplace and society as a whole.
1. ORGANISATION OF THE FUTURE:

Introduction to Trend

High-performing organisations operate as empowered networks, coordinated through culture, collaborative information systems, and talent mobility. Companies are focused on redesigning the business organisation itself. Our global results show that nearly half of our respondents are actively studying and developing new organisational models.

Globally many organisations are not only imagining new organisations, they are actively building them. This picture is very different in South Africa, with only 6% of respondents rating their organisations as flexible or agile. Only 11% responded that they are actively building the organisation of the future, compared to 19% globally.

Why has organisational design swept to the top of the list as the most important trend in the Global Human Capital Trends Survey for two years in a row? The answer is simple: The way high-performing organisations operate today is radically different from how they operated ten years ago. “Despite the need for change, many organisations continue to operate according to industrial-age models, weighed down by legacy structures, practices, systems, and behaviours that must be confronted and discarded before true change can take hold” (2017 Global Human Capital Trends Report).

In South Africa, this traditional method of organising may be more entrenched in different sectors of the economy and across different industries. The ability of an organisation to shift to building organisational ecosystems and networks may be influenced by the nature of the industry sector. Due to these dynamics, different models will certainly be required in different sectors to achieve the same result of unlocking organisational flexibility for the future world of work.

Analysis of Trend

Globally 90% rated this trend as important or very important. This level of interest signals a shift from designing the new organisation (2016 Top Trend) to actively building organisational ecosystems and networks. Agility plays a central role in the organisation of the future, as companies race to replace structural hierarchies with networks of teams empowered to take action. In South Africa 83% of executives rated this as very important/important but 68% are not ready for it.
Some key results on this trend are:
• 20% of South African executives feel their organisation is highly complex and difficult to navigate
• 46% indicate that they use external party teams and networks and 18% stated that they use talent sharing agreements
• 17% facilitated mobility of staff internally and externally while 4% of South African organisations rated they had none of these initiatives in place

**Bottom Line**

• **Create Conditions for Flexible Teams:**
  - Build agile thinking into work practices, processes and projects
  - Simplify complex organisational structures and start creating conditions for teams to operate in a more natural and networked manner
  - Break down artificial structures to enable employees to collaborate and work easily across company boundaries in multifunctional or goal directed teams
  - Invest in better enabling systems that support collaboration, information sharing and real time monitoring of results

• **Embrace the Speed of Change:**
  - Consider how the digital future will require greater speed in the operating model and make plans to adapt to a higher organisational tempo
  - Start driving a culture of speed and responsiveness. It is important to understand how strategy, connectedness, customers, and talent pools are all changing as part of the digital transformation revolution and to implement organisational change accordingly

• **New Skills for Leaders:**
  - Identify the new leadership approaches, styles and requirements that are required to lead such new organisational models
  - Begin assessing for and developing leaders with the skills and cognitive ability to operate in networked teams, including agile and innovative thinking, emotional intelligence and social flexibility and resilience (See Trend 7 Leadership)

Figure 3 shows that 30% of South African organisations rated that their organisations are agile, while 22% feel that they are not agile.

Figure 4 indicates that 46% of South African respondents use third-party specialists and teams, while 18% use talent sharing agreements.
2. EMPLOYEE EXPERIENCE – CULTURE AND ENGAGEMENT AND BEYOND

Introduction to Trend

In a digital world with increasing transparency and the growing influence of millennials, employees expect a productive, engaging, enjoyable work experience. Rather than focus narrowly on employee engagement and culture, organisations are developing an integrated focus on the entire employee experience. This means bringing together all the workplace, HR, and management practices that impact people on the job.

A new marketplace of pulse feedback tools, wellness and fitness apps; and integrated employee self-service tools is helping HR departments understand and improve this experience. “Through new approaches such as design thinking, employee journey maps, and employee net promoter scores, HR departments are now focusing on improving this complete experience.” (2017 Global Human Capital Trends Report)

Analysis of Trend

Culture and engagement are vital to the employee experience and leading organisations are broadening their engagement focus to include an employee’s first contact with a potential employer through retirement and beyond. Globally this comes out as the fourth most important trend while 83% of South African executives have rated this as the second most important trend for 2017.

Global respondents (58%) and South African respondents (59%) rate themselves not ready for this trend. In the 2015 Human Capital Trends report for South Africa, Engagement and Culture featured as the number one trend for South Africa.

Both these dimensions are key components in driving a unique and productive employee experience. Some key percentages based on the survey are shown below:

- 30% of South African respondents stated that they do not have an integrated employee strategy in place
- 51% of South African respondents stated that they have components of a strategy in place and only 11% are concerned about updating its engagement strategy
- 66% of South African respondents measure employee engagement only once a year

- 24% of South African respondents feel that they are effectively using compensation and rewards as part of a differentiated employee experience

This year, the Global Human Capital Trends Report treats culture and engagement as connected elements of the entire employee experience. Culture includes all the behaviours that may or may not improve business performance. Engagement, in contrast, describes “how people feel about the way things work around here,” describing employees’ level of commitment to the company and to their work.

Engagement encompasses meaningful work and jobs, management practices and behaviours, the work environment, opportunities for development and growth, trust in leadership and flexible mobile working. Poor engagement results in high turnover, low performance, and low levels of innovation and customer service.

The employee experience is therefore a dynamic journey between culture and engagement. Many South African companies do not have a comprehensive culture and employee experience strategy in place and those that have such a strategy in place are not updating it regularly to keep pace with employees’ needs.
Figure 5 shows that 54% of South African respondents indicated that they have components of an employee experience strategy in place but not a complete strategy in place.

Figure 6 highlights that 25% of South African respondents believe that their employee experience strategy addresses engagement.

**Bottom Line**

**Prioritise Employee Engagement:**
- Recognise that the integrated employee experience is as valuable and can have as much (or more) of an impact as the customer experience strategy
- Create a clear engagement strategy and process for real time and ongoing employee feedback. Consider social networking principles and platforms for continuous and active engagement

**Develop an integral employee experience**
- Articulate a differentiated employee experience strategy, and ensure it coordinates all aspects of the work, workplace, and workforce experience. Include the concepts of wellness and wellbeing in your strategy.
- Embed employee experience in key HR and leadership practices and build it into the culture of the business

Our Deloitte 2017 Global Millennial Survey shows that millennials value both freelance flexibility with full-time stability. Globally employers are increasingly offering flexible working arrangements as part of the employment experience. Respondents believe that such flexibility not only improves employee experience but also productivity. It also encourages greater levels of accountability and leads to higher levels of staff retention, saving significant costs associated with turnover and recruitment.
3. TALENT ACQUISITION - ENTER THE COGNITIVE RECRUITER

Introduction to Trend

Talent sourcing and recruitment functions face tremendous pressure. Talent and skill shortages are now a global challenge. Employees are demanding new careers and career models. Technologies and innovations - including cognitive and artificial intelligence, social collaboration, crowds, and the sharing economy - are reshaping the workforce.

Attracting skilled resources is no longer simply the responsibility of the HR professional. It now stands as a top concern of business leaders, ranking third globally in our survey this year.

"Once the sole domain of HR, talent acquisition now involves multiple teams across the organisation. Adding to the complexity, the accelerating pace of technology offers a dizzying array of new solutions, even as the nature and sources of talent markets continue to shift. Current platforms struggle to adapt because many are too old to integrate emerging technologies, capabilities, and needs” (2017 Global Human Capital Trends Report).

Analysis of Trend

As jobs and skills change, finding and recruiting the right people has become more important than ever. The global report highlights how leading organisations use social networking, analytics and cognitive tools to attract and recruit people through a global brand, and determine who will best fit the job, team, and company. A new breed of cognitive technology is radically transforming recruiting, which stands at the early stages of a revolution.

In South Africa 81% of executives rate this as very important/important while 57% rate themselves as not ready for this trend. Talent has been a concern for South African executives since our first report in 2013, which showed at that time that 56% rated this trend as highly relevant.

Organisations need to consider recruiting for the organisation of the future. “Work in the future will be more networked, more developed, more mobile, more real-time and more fluid. The challenge will be to make sure that it is not more complicated, confusing or overwhelming. This will require better and different ways to communicate, collaborate and network” (Deloitte: Transitioning to the Future of Work and the Workplace, November 2016)

It is also important to consider the millennial generation when acquiring talent. Millennials, especially those in mature markets, are concerned about the direction in which their countries are going. At the same time 76% now regard business as a force for positive social impact. The super-connected millennials are still pro-business, with 88% around the world saying that business in general is having a positive impact on the wider society in which they operate.

Figure 7 : State of development of your talent acquisition strategy shows that 35% of South African organisations are currently re-evaluating their talent acquisition strategy, while 15% have no plans to update their talent acquisition strategy. Our recommendation would be to strongly consider re-evaluating and updating talent acquisition strategies, processes and technology taking the above factors into account.
Figure 7: State of development of your talent acquisition strategy

Figure 7 notes that 15% of South African respondents have no plans to re-evaluate their talent acquisition strategy and programmes.

Bottom Line

South African organisations need to be able to recruit for the organisation of the future by understanding millennial employees as well as what new skills are required for the digital age.

Only 35% of South African organisations responded that they are re-evaluating their talent acquisition strategy, which means that the talent acquisition strategy at many companies is not adequately being updated to keep up with the digital age, as well as the changing demographics of the workforce. This decision will leave many companies with an ageing and outdated workforce.

- **Create a millennial employee strategy:**
  - Update and revise existing talent strategies to take account of the new forces impacting talent acquisition
  - Identify which additional internal programmes need to be put in place to attract, place and retain millennial employees

- **Create a compelling candidate experience:**
  - Revise sourcing and recruiting practices to create a compelling candidate experience
  - Define what is unique about working in your organisation and make this visible through multiple channels to prospective and current employees
  - Create a clear brand picture to set your company apart and make it more attractive to candidates for a seamless, efficient and enjoyable candidate experience

- **Integrate Sourcing:**
  - Connect talent sourcing and acquisition across HR, business, procurement, IT, and other functions. Move beyond organisational silos to coordinated talent sourcing channels utilising digital and other enablers
4. CAREERS AND LEARNING

Introduction to Trend

The concept of a career is being shaken to its core. Employees now face the prospect of 60-year careers. Simultaneously, the half-life of skills is falling rapidly. These new realities are forcing companies to rethink the way they manage careers and deliver “always-on” learning and development (L&D) opportunities. Leading companies are moving to overhaul their career models and L&D infrastructure for the digital age, though most organisations are still in the early stages of this transformation.

“Learning technology is changing rapidly. Traditional learning management systems are being complemented with and replaced by a wide range of new technologies for content creation, delivery, video distribution, and mobile use.” (Global Human Capital Trends Report 2017).

Analysis of Trend

This year, careers and learning rose to second place globally in rated importance, with 83% of executives identifying these issues as important or very important. At leading companies, HR organisations are helping employees grow and thrive as they adopt the radical concept of a career described in “The 100-Year Life” (Lynda Gratton and Andrew Scott, The 100-Year Life: Living and Working in the Age of Longevity, Bloomsbury, 2016). New learning models challenge the idea of a static career and reflect the declining half-life of skills critical to the 21st-century organisation. Results from the South African survey are summarised below:

- 27% of South African respondents state that they are restructuring their career models
- 30% of South African respondents stated that they do not have clear paths in their organisations, while 16% use short term assignments as part of career development
- Figure 8 shows that 28% of SA organisations are helping employees build their skills and 21% are concerned about meeting regulatory compliance
- The requirements of employment equity legislation as well as South African skills shortages will mean that the private sector will need to be more active in developing staff with both technical and foundation level skills

Globally the world is moving towards more on-time, on-the-go, web-based, digital learning. In South Africa we have to consider that a large percentage of the population does not have access to digital media, data, Wi-Fi and smartphones. The language differences and skill level of many employees may facilitate that face to face classroom-based learning is still required in many job functions backed up by accessible company sponsored technology platforms.
Figure 8 indicates that careers and learning is seen as a regulatory and compliance requirement issue for 21% of South African organisations, 16% believe that they help employees grow and navigate careers within the company.

**Bottom Line**

- **A greater responsibility for skills development:**
  - Budget for more substantial investment in skills development, considering the historical legacy of our education system
  - Treat skills development as a business imperative and not simply a cost

- **Develop people for productivity and not only compliance:**
  - Create a strategic HRD shift by treating the development of employees as a priority in developing a more efficient and effective workforce
  - Treat all development initiatives around leveraging the workforce and not only ticking the compliance box

- **Evaluate internal mobility:**
  - Develop a strategy for cross functional and internal mobility
  - Study existing patterns of career mobility and begin more aggressive programmes, including developmental and rotational assignments, professional development programmes and career development deployment
5. DIVERSITY AND INCLUSION

Introduction to Trend

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

The era of diversity as a “check the box” initiative owned by HR is over. CEOs must take ownership and drive accountability among leaders at all levels to close the gap between what is said and actual impact. In South Africa, the added social and demographic impacts of diversity on transforming our economy and society as a whole, keeps this trend in the top five.

Analysis of Trend

“Fairness, equity, and inclusion are now CEO-level issues around the world. Executives can no longer abdicate diversity strategies to the CHRO or chief diversity officer. A new focus on accountability, data, transparency, and “diversity through process” is driving efforts on unconscious bias training and education throughout the business community.

However, issues around diversity and inclusion continue to be frustrating and challenging for many organisations.” (2017 Global Human Capital Trends Report)

Diversity and Inclusion has been a top-five trend for South Africa since featuring as number three in the top five trends in 2014, with 81% rating this as urgent and important. At that time 30% rated themselves as not ready for it. In 2017, 80% of executives rate this trend as very important/important while 50% are not ready for it. Interestingly, 46% of South Africans rate the CEO as the primary sponsor of the diversity and inclusion programme within their organisation.

While 25% feel that compensation is tied to diversity, 37% see diversity as a compliance issue within their organisation and only 40% rate diversity and inclusion as a competitive advantage. The level of importance has stayed the same since 2014. However in 2017, more South African companies feel unprepared to deal with this challenge than ever before.

South Africa still places too much responsibly on the shoulders of the CEO to manage diversity & inclusion. Additionally, we are in the early stages of adoption of D&I – we are at the quota system stage - whereas the USA and other large economies are at the stage of addressing micro aggressions. Our issues are still race and gender at 20% and 19% respectively, whereas globally, D&I has a greater focus on broader aspects of diversity like religion, sexual orientation and age/generation.
Figure 9: Inclusions by your organisation in its understanding of diversity and inclusion

Figure 9 depicts that race is still the most important issue in South Africa, followed by gender.

Figure 10: Primary Sponsor driver of the diversity/inclusion programme in your organisation

Figure 10 shows that the responsibility for diversity and inclusion still falls largely on the CEO (46%) in South African organisations. This needs to be a shared responsibility of business leaders across the organisation.

**Bottom Line**

Diversity and inclusion in South Africa is not just about hiring to meet BEE requirements and fulfilling all the associated compliance requirements. It is a business issue that needs to be treated as a strategic priority for the organisation. In order to keep pace with the changing demographics of the country as well as the pace of change in today’s working world, South African organisations need to broaden their vision, their hiring strategy and current perceptions on diversity.

- **Policy and culture:**
  - Develop new and appropriate policies and procedures to create an all-inclusive workforce that is open and adaptable to the needs of your current workforce and especially the workforce of the future
  - Drive a culture of tolerance and respect for diversity and inclusion and treat it as a brand differentiator for your company

- **Leadership understanding and accountability:**
  - Ensure that top leadership understands the importance of diversity
  - Share research on the value of inclusion to build consensus at the organisation’s highest levels
  - Hold leaders at all levels accountable through metrics and transparent reports on diversity in promotion, hiring, and compensation practices

- **Embed key principles for D&I in key HR processes:**
  - Attraction, recruitment and onboarding
  - Learning and career development
  - Leadership/Talent Programmes
  - Reward and recognition

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![Chart](chart.png)
Other notable trends for South Africa

6. PERFORMANCE MANAGEMENT

Introduction to Trend

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

Analysis of Trend

For the last five years, companies have been experimenting with new performance management approaches that emphasise continuous feedback and coaching, reducing the focus on annual appraisals. This year, companies have responded that they are moving beyond experimentation to deploy new models on an increasing scale.

Even though HR technology tools have not quite caught up, new approaches to performance management are working, increasing productivity and changing corporate culture. This trend is number six in order of importance for South African companies, with 80% rating this trend as very important/important, while 50% rate themselves as not ready for it. Globally this trend is number five with 78% rating it important.

Now in 2017, 31% stated they are currently evaluating new performance management systems, while 19% have no plans to evolve their performance management system. Only 8% reveal that they use a third-party outsourced performance management system. The majority of South African executives (95%) reveal that their compensation review takes place on an annual basis. While 43% state that their coaching and mentoring discussions take place annually, only 25% of these are continuous.

Employees want more regular feedback. Informed by their experiences in social media, people want to get and give feedback regularly, yet 19% of South African respondents stated that they have no plans to evolve their performance management system. South Africa has been slow to adapt to global trends in performance management with only 9% of South African companies conducting performance management on a continuous basis, compared to 17% globally.

Our 2015 Report for South Africa highlighted that 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 believed that workers and business leaders were adequately educated and trained in performance management systems.
Figure 11: Current performance management system

Figure 11 indicates that only 4% of South African respondents feel they have an excellent performance management system in place while 19% feel they have a poor performance management system in place.

Figure 12: Development of performance management system

Figure 12 notes that 13% of South African respondents have no plans to evolve the development of their performance management system, while 34% rate that they are in the process of evolving their system.

Bottom Line

South African organisations need to review their performance management processes and systems and consider evolving them to be more real-time and continuous with regular feedback sessions. They also need to consider the leadership support that will be required to adequately position changes to performance management and advocate such changes actively in their areas of responsibility.

• Revise and redesign performance management processes:
  - Redesign existing performance management processes to be more continuous with real-time feedback

• Procure tools and systems for continuous feedback:
  - Implement tools that help employees deliver or request feedback, often integrated with email systems and other workflow tools, enable continuous improvement loops linked to HRD and career management
  - Ensure capability and functionality is available in HR systems to run new processes

• Build individual and team surveys into performance management process:
  - Set up and run periodic team surveys to help managers evaluate team engagement and effectiveness. Regular engagement, or “pulse” surveys of employees offer insights about when and why certain teams are underperforming or might be unhappy or frustrated
7. LEADERSHIP

**Introduction to Trend**

As companies transform and digital organisational models emerge, leadership needs change as well. Organisations are looking for more agile, diverse, and younger leaders, as well as new leadership models that capture the “digital way” to run businesses. The challenge is that as they transition to the new digital organisation it creates even larger leadership gaps. High-performing leaders today need different skills and expertise than in generations past, yet most organisations have not moved rapidly enough to develop digital leaders, promote young leaders, and build new leadership models.

“While the leadership development industry continues to struggle, companies are pushing the boundaries of their traditional leadership hierarchies, empowering a new breed of leaders who can thrive in a rapidly changing network. This new type of leader must understand how to build and lead teams, keep people connected and engaged; and drive a culture of innovation, learning, and continuous improvement. They must also be able to lead a workforce that now includes contractors, the contingent workforce, and crowd talent.” (2017 Global Human Capital Trends Report)

**Analysis**

Only 36% of South African organisations consider digital leadership as very important, while 17% have no digital leadership programme in place. South Africans rated themselves weakest at providing focused leadership programmes for women, diverse leaders and millennials. They also rated themselves weak in providing role based leadership programmes.

Given the importance of leadership in existing but also future organisations, South African responses to the survey show them to be lagging significantly in building adequate leadership pipelines for the future world of work.
Figure 13 indicates that 67% of South African respondents consider digital leadership important or very important.

Figure 14 shows that 17% of South African respondents have no digital leadership development programmes in place.

**Bottom Line**

- **Rethink the organisation’s leadership model:**
  - Create a leadership model based on the concepts of innovation, growth orientation, inclusion, teamwork, and collaboration

- **Identify and assess future leaders in the organisation using criteria and solutions built for the future of work:**
  - Re-evaluate assessment techniques that were designed for the 1980’s and 1990’s
  - Assess future leaders for potential, capability and cognitive agility against criteria that will be important to the digital age business, including the ability to inspire, set direction, influence, collaborate, build talent and manage change

- **Develop a new generation of leaders against specific requirements:**
  - Develop each leader to close specific gaps identified in assessments and performance reviews based on focused learning paths. Learning paths should include specific business content, experiences, thinking patterns and formal coaching
Figure 15 provides more detailed responses to key sub-capabilities required for leaders of the future. Across the board, South African respondents rate themselves as weak in leadership development for the future.
The survey also canvassed responses by industry groupings and the global picture in terms of the relative importance of the trends for different industries is shown in the chart below. Clear similarities and differences between the various industries are highlighted showing industries and sectors where a lot of the disruption is occurring versus more stable and less disrupted industries.

**Figure 16: South African results by industry**

<table>
<thead>
<tr>
<th></th>
<th>Consumer Business</th>
<th>Energy and Resources</th>
<th>Financial Service</th>
<th>Life Sciences and Health Care</th>
<th>Manufacturing</th>
<th>Other</th>
<th>Professional Service</th>
<th>Public Sector</th>
<th>Technology, Media and Telecommunications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation of the future</td>
<td>79%</td>
<td>61%</td>
<td>88%</td>
<td>80%</td>
<td>79%</td>
<td>81%</td>
<td>95%</td>
<td>68%</td>
<td>96%</td>
</tr>
<tr>
<td>Employee experience</td>
<td>79%</td>
<td>74%</td>
<td>92%</td>
<td>80%</td>
<td>83%</td>
<td>89%</td>
<td>82%</td>
<td>74%</td>
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**Generational Affiliation**

- **60%**: Green
- **80%**: Yellow
- **100%**: Orange
- **100%**: Black

South Africa industry results summary
Conclusion

The world is changing at a rapid pace and employee needs are also evolving fast. Their working life needs include different types of working arrangements to match flexible and dynamic working styles for the digital age. Collaborating as a network of teams is becoming increasingly important and the traditional organisational models with many layers of management, complex organisational structures, procedures and red-tape will increasingly hamper competitiveness in the disrupted future world of work.

Organisations will have to become more flexible and fluid, with leaders who are able to make decisions and implement changes in a quick and efficient manner. Organisations also have to start demonstrating that they have the intention and purpose to give back to the community and to contribute to the society at large to a greater extent than in the past. The millennial generation in particular have a greater attraction and loyalty to companies that can demonstrate these factors.

South African organisations, both the public and private sectors, face the joint challenges of improving the skills of their employees and enabling the workforce to become greater contributors to society. This will require significant investment and collaboration from all industry sectors of the economy particularly in HR development. Increasingly, companies will have to equip their employees with digital literacy skills in order to remain competitive. This investment in skills and training will enrich our local talent pool and enable the workforce to become much more productive employees to our South African companies.

We recommend that companies be bold, embrace agile work methods and make the organisational shifts and changes necessary to meet the very disruptive challenges of the future. This boldness will allow these organisations to adapt and actually shape a future where people and their individual and collective skills will truly be a competitive advantage.
Appendix: Survey demographics

Respondent demographic: **Total: 10 447**
South African respondents: **295**

**Region**
- Americas (3 204) 18%
- APAC (1 841) 18%
- EMEA (5 395) 52%

**Job Function**
- HR 68%
- NON HR 32%

**Country Distribution**

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<tr>
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<td>France</td>
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</table>
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