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# **The rise of the social enterprise**

2018 Deloitte Human Capital Trends Report for South Africa



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# Introduction

## The rise of the social enterprise

We are pleased to share with you the *2018 Deloitte Human Capital Trends Report for South Africa*. This country report is a companion to the Deloitte Global Human Capital Trends 2018 report, which is one of the largest of its kind in the world. Over 11 000 executives from 124 countries participated in the global survey, including 354 South African business and HR leaders. These professionals offered insights into the future of work and human capital's valuable role in shaping it. Our theme for this year, **"The rise of the social enterprise"**, reflects the shift in the growing importance of social capital in shaping an organisation's purpose, guiding its relationships with stakeholders and influencing its ultimate success or failure.

In 2018, we are witnessing seismic changes in the workforce, the workplace, and the technologies used in the world of work. Organisations are no longer assessed based only on traditional metrics such as financial performance, or even the quality of their products or services. Rather, organisations today are increasingly being judged on the basis of their relationships with their workers, their customers, and their communities, as well as their impact on society at large – what we see is a transformational shift from business enterprises into social enterprises. (2018 Deloitte Global Human Capital Trends report).

In the last Deloitte Global Human Capital Trends report, we noted the movement of many organisations towards a “network of teams” operating model that aims to enable greater collaboration and internal agility. This movement has been joined by the growing shift from an internal, enterprise focus to an external, ecosystem one, as shown in *Figure 1. The evolution of the social enterprise*. Organisations on the leading edge of both of these changes embody our concept of the social enterprise: an organisation that is alert enough to sense, and responsive enough to accommodate, the range and scope of stakeholder expectations and demands. (2018 Deloitte Global Human Capital Trends report)

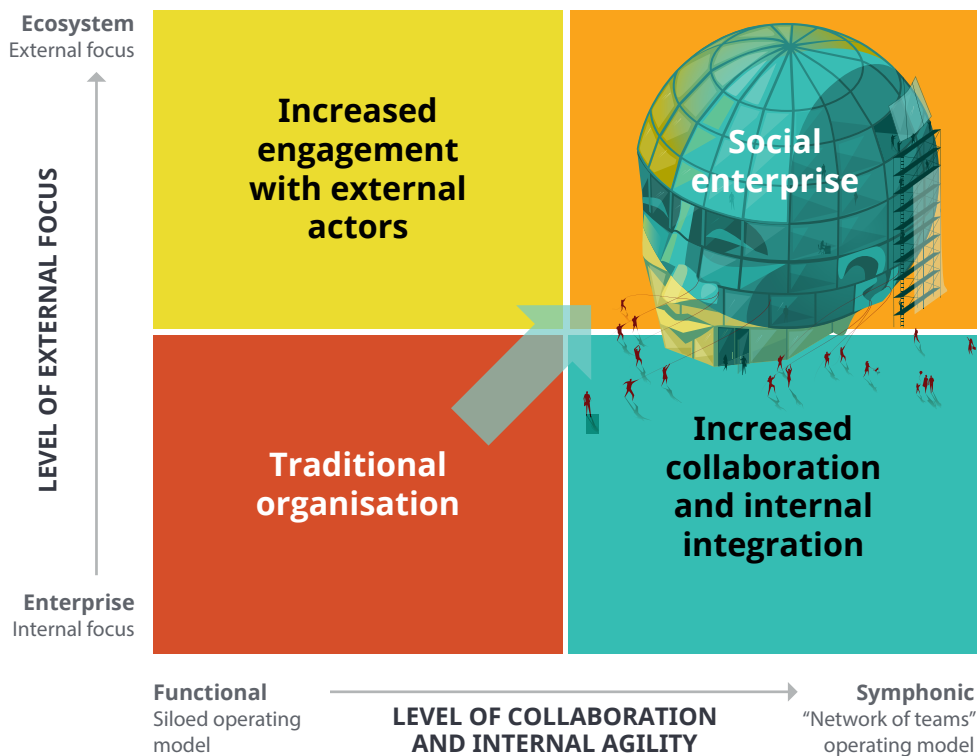
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### WHAT IS A SOCIAL ENTERPRISE?

A social enterprise is an organisation whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network. This includes listening to, investing in, and actively managing the trends that are shaping today's world. It is an organisation that shoulders its responsibility to be a good citizen (both inside and outside the organisation), serving as a role model for its peers and promoting a high degree of collaboration at every level of the organisation.

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**Figure 1. The evolution of the social enterprise**Source: Deloitte *Global Human Capital Trends* survey, 2018.Deloitte Insights | [deloitte.com/insights](https://deloitte.com/insights)

## The last decade: Building towards today's tipping point

Why is there a shift towards the rise of the social enterprise? We see three powerful macro forces driving the urgency of this change.

**First, the power of the individual is growing, with millennials at the forefront.** For the first time in mature markets, young people believe that their standard of living will be no better or even worse than that of their parents. They are therefore actively questioning the core premises of corporate behaviour and the economic and social principles that guide it.

**Second, businesses are being expected to fill a widening leadership vacuum in society.**

There is a widespread perception that political systems are growing more and more polarised and less and less effective at meeting social challenges. Citizens are looking to business to fill the void on critical issues such as income inequality, health care, diversity, and cybersecurity to help make the world more equal or fair.

**Third, technological change is having unforeseen impacts on society even as it creates massive opportunities to achieve sustainable, inclusive growth.**

Advances in robotics, artificial intelligence (AI), and new digital technologies are fundamentally changing how work gets done, who does it, and how it influences society.

The 2018 Deloitte Global Human Capital Trends report sounds a wake-up call for organisations. The rise of the social enterprise requires a determined focus on building social capital by engaging with diverse stakeholders, creating purpose, and devising strategies that manage new societal expectations. At stake is nothing less than an organisation's reputation, relationships, and, ultimately, success or failure.

"In this new era, human capital is inextricably tied to social capital. This reality demands a fundamental change in how organisations do business today and how they prepare for the human capital challenges of the future." (2018 Deloitte Global Human Capital Trends report)

These societal challenges are even more pressing in South Africa, with many communities facing dire social and economic issues. The statistics make this very clear: “30.4 million of South Africa’s 55 million citizens in 2015 lived below the poverty line and struggled to meet their basic living needs. One in three South Africans live on less than R797.00 per month, or half of the country’s mean annual household income.” (StatsSA Poverty Report 2017)

It is now more important than ever for business organisations to intensify their efforts to have a positive impact on their employees, their employees’ communities, and the country we all call home. South African enterprises that embrace this philosophy will be at the forefront of this exciting human capital movement and will ensure sustainability in a volatile world.

We hope you will find this country report and the full global report useful and insightful as you navigate the challenges these changes bring into your workplace. Our Deloitte professionals are ready to assist you in seizing the promising opportunities that we see on the business horizon.

Citizens are looking to business to fill the void on critical issues such as income inequality, health care, diversity, and cybersecurity to help make the world more equal or fair.

**We look forward to engaging with you to help unpack the findings and their implications for your organisational and workforce strategies.**



**PAM MAHARAJ**

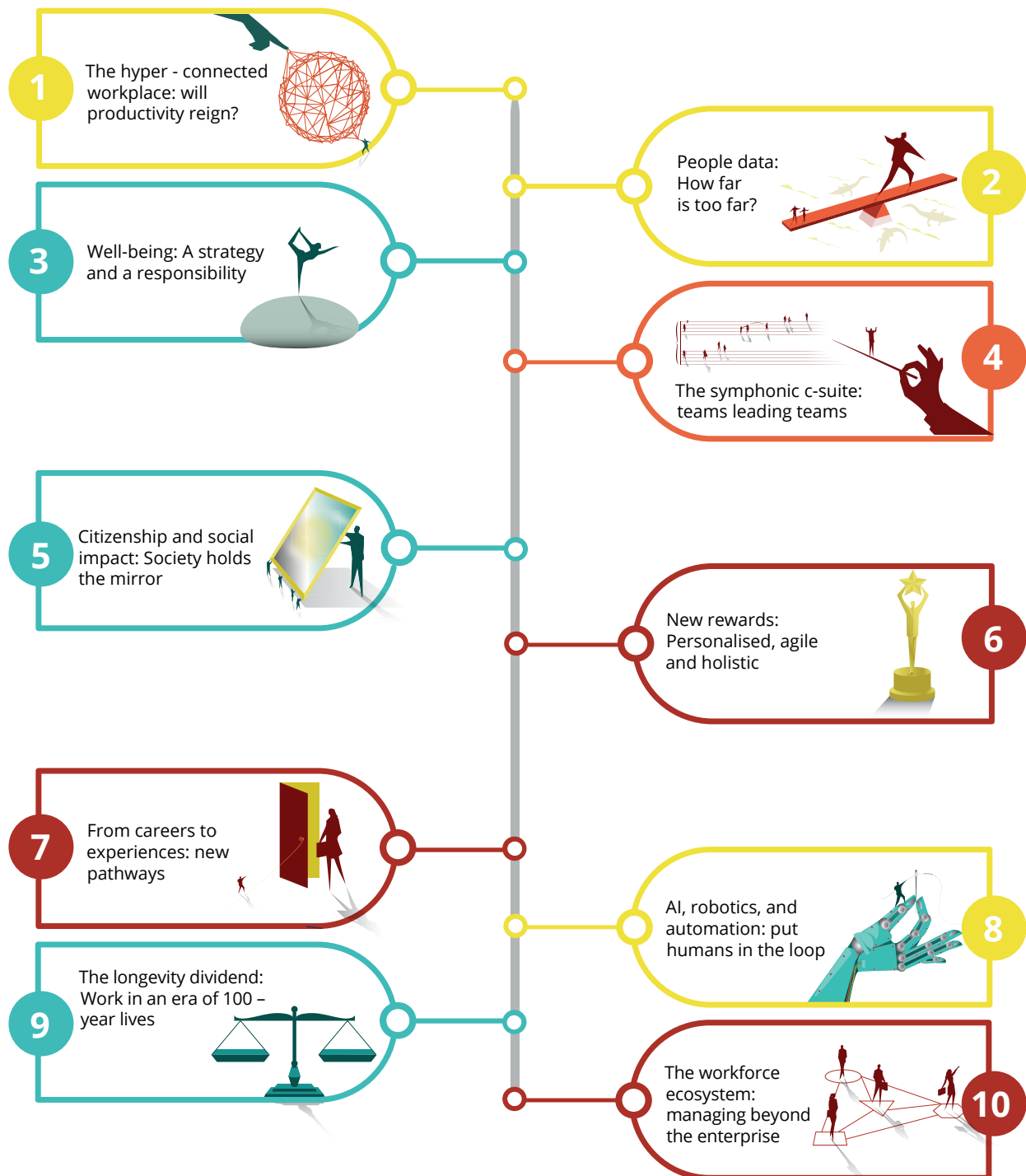
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# The top 10 human capital trends for South Africa



# Human Capital Trends in 2018

## Top findings for South Africa

The 2018 Deloitte *Global Human Capital Trends* survey measures the importance of critical trends and issues, as well as an organisation’s perceived readiness to address the challenges. The difference between importance and readiness for specific trends is termed the “**capability gap**”, which measures how prepared organisations are to respond to the most urgent human capital issues.

Figure 2. 2018’s top 10 global human capital trends: Importance and respondent readiness

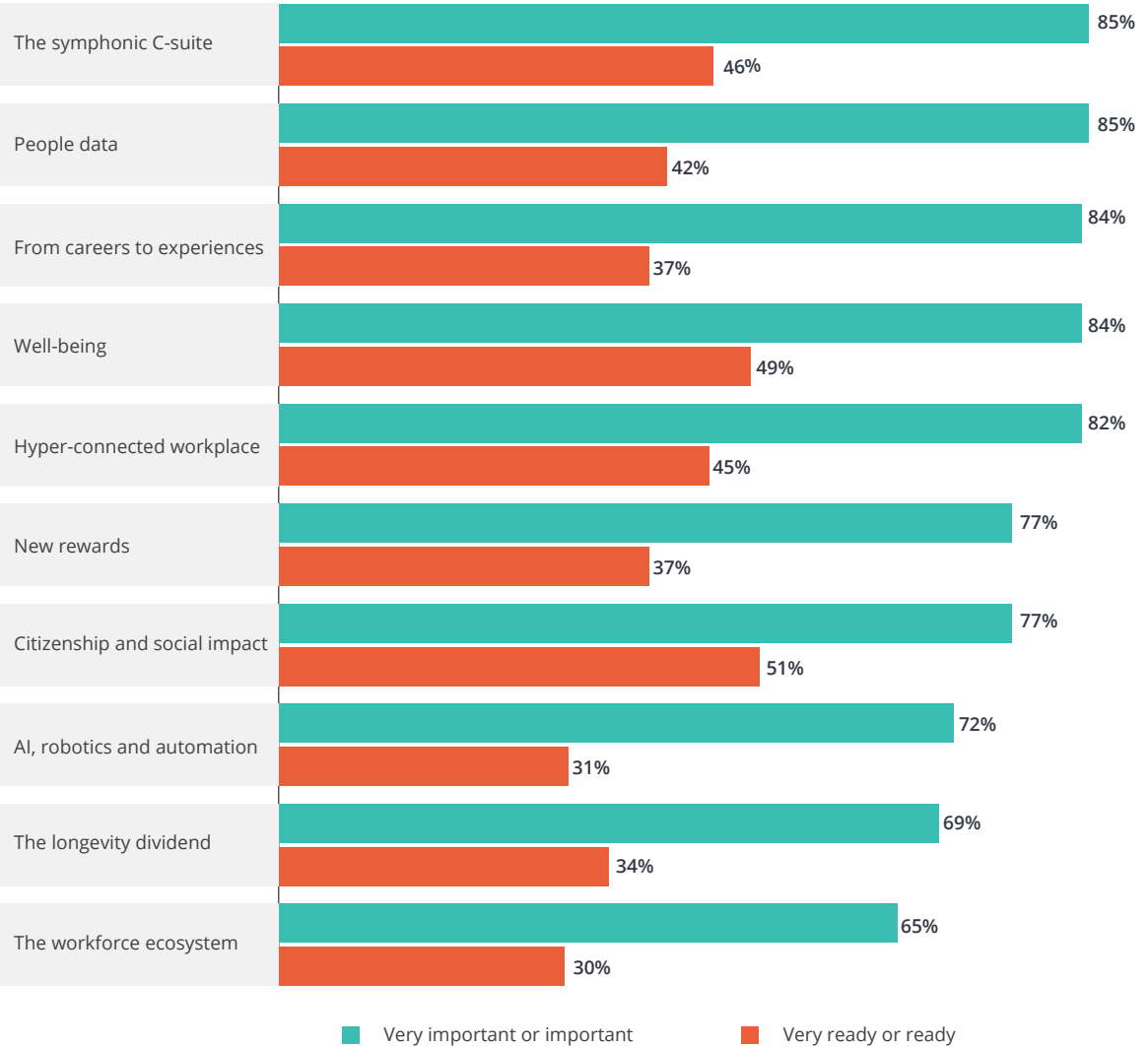


Figure 2. 2018’s Top 10 Global human capital trends: Importance and respondent readiness shows, four trends that exceed 80 percent importance in 2018. In addition, two trends – “AI, robotics, and automation” and “New rewards” – showed more than a 40 percent gap between importance and readiness.



**Figure 3. 2018 South African scores ranked by importance**

Ranked by Importance	South Africa 2018 Importance Score	Africa 2018 Importance score	Global 2018 Importance score
Hyper-connected workplace	90%	85%	82%
People data	90%	89%	85%
Well-being	89%	88%	84%
The symphonic C-suite	89%	89%	85%
Citizenship and social impact	88%	86%	77%
New rewards	85%	86%	77%
From careers to experiences	84%	84%	84%
AI, robotics and automation	74%	71%	72%
The longevity dividend	72%	73%	69%
The workforce ecosystem	70%	71%	65%

.....

*Figure 3. 2018 South African scores ranked by importance* depicts the top trends for South Africa rated according to importance. The results this year indicate that the Hyper-connected workplace, People data, and Well-being are seen as most important. The top three trends in 2017, ranked by importance, were Organisation of the Future, Employee Experience, and Talent Acquisition.

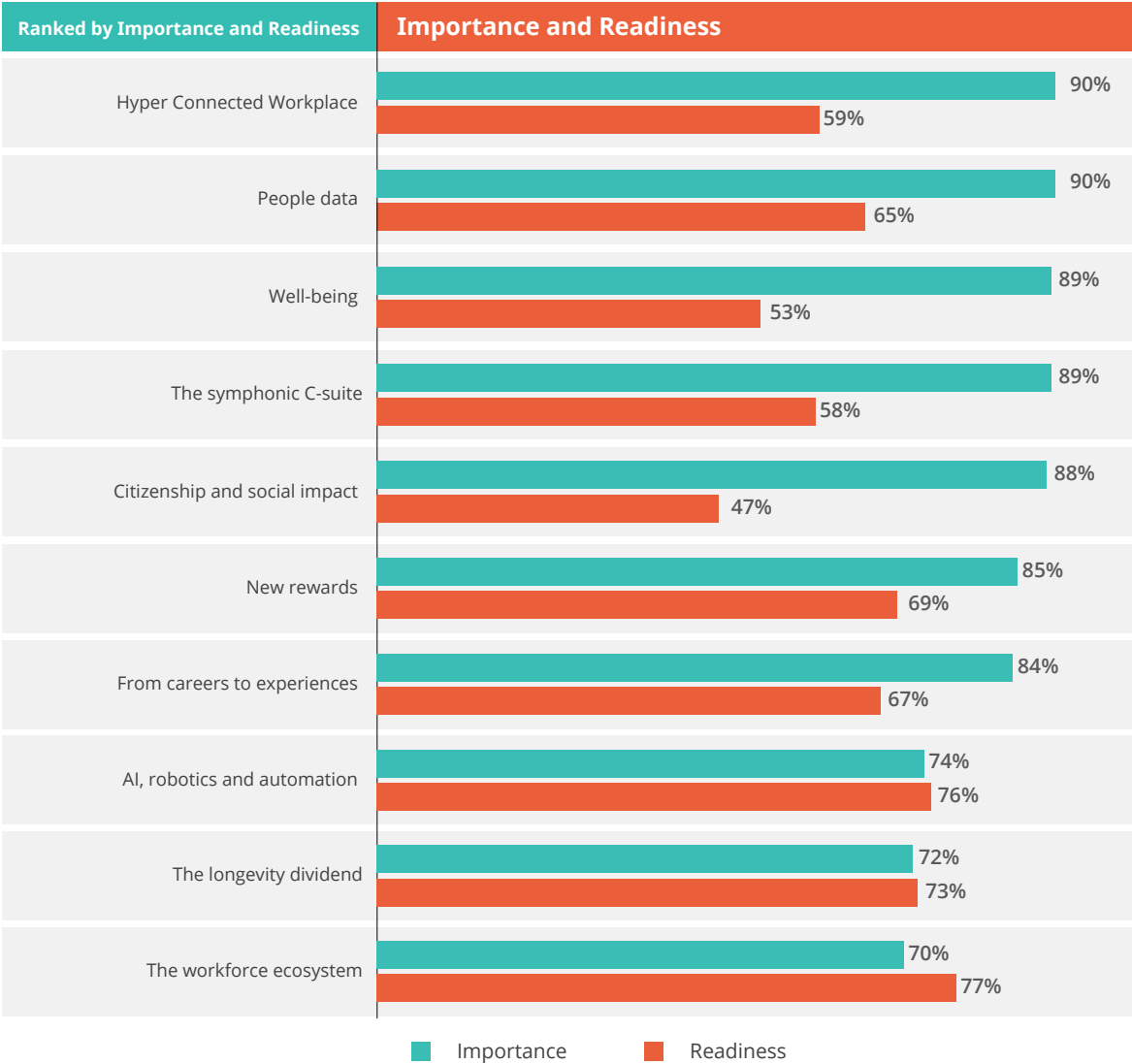
*Figure 4. 2018 South African scores ranked by readiness* shows how respondents rate their organisation's readiness to face the human capital issues and trends identified in 2018.

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**Figure 4. 2018 South African scores ranked by readiness**

Ranked by Importance	South Africa 2018 Readiness (% not ready)	Africa 2018 Readiness (Not Ready)	Global 2018 Readiness (Not Ready)
Hyper-connected workplace	59%	56%	55%
People data	65%	57%	58%
Well-being	53%	50%	51%
The symphonic C-suite	58%	52%	54%
Citizenship and social impact	47%	45%	49%
New rewards	69%	62%	63%
From careers to experiences	67%	59%	63%
AI, robotics and automation	76%	71%	69%
The longevity dividend	73%	64%	66%
The workforce ecosystem	77%	70%	70%

Figure 5. 2018's top 10 human capital trends for South Africa: Importance and respondent readiness



Significant human capital trends for South Africa

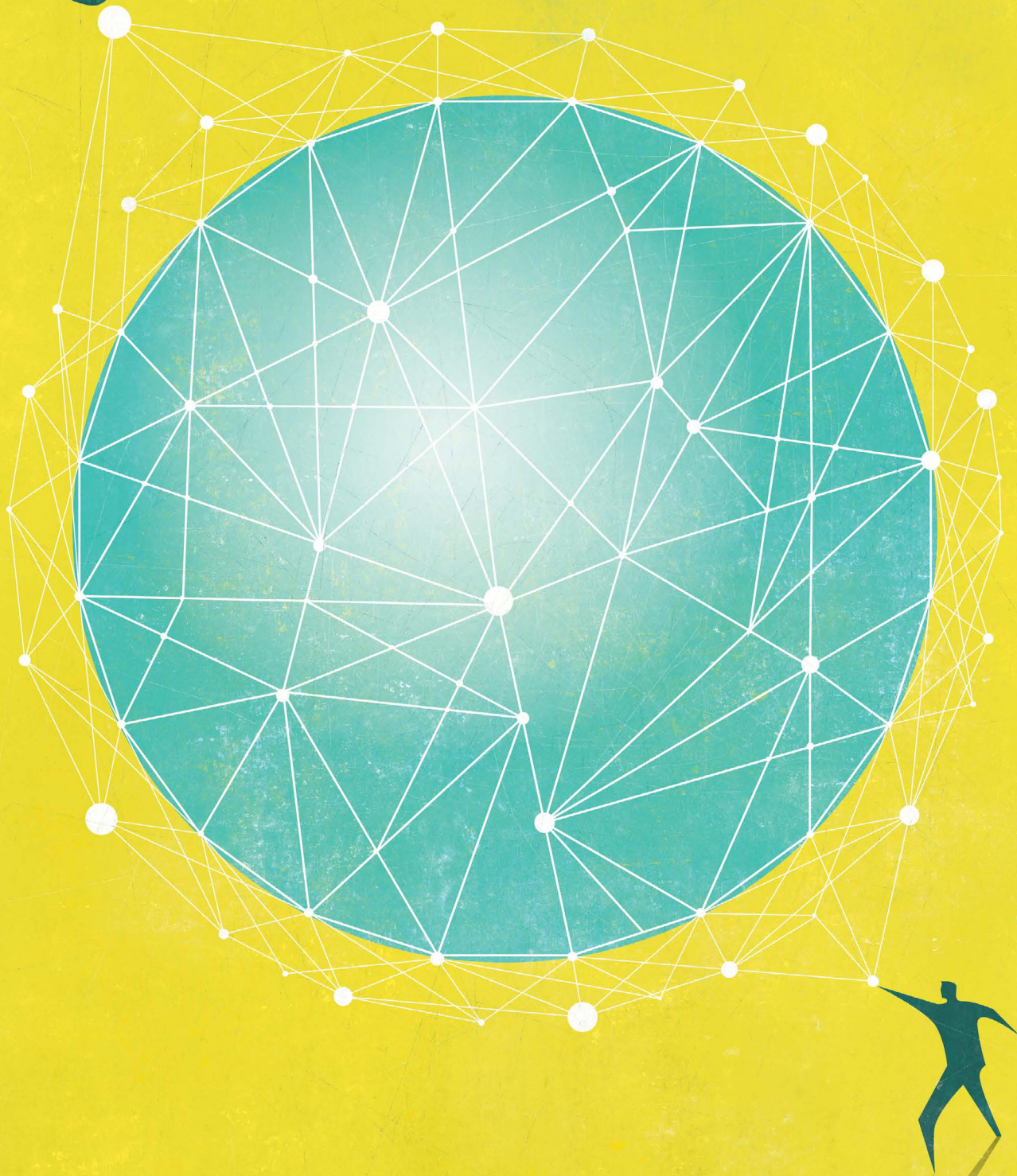
The top five trends for South Africa in 2018, based on importance, are:

- 1. HYPER-CONNECTED WORKPLACE
- 2. PEOPLE DATA
- 3. WELL-BEING
- 4. THE SYMPHONIC C-SUITE
- 5. CITIZENSHIP AND SOCIAL IMPACT

Other notable trends to consider include:

- 6. NEW REWARDS
- 7. FROM CAREERS TO EXPERIENCES
- 8. AI, ROBOTICS, AND AUTOMATION
- 9. THE LONGEVITY DIVIDEND
- 10. THE WORKFORCE ECOSYSTEM





## The hyper-connected workplace



# The hyper-connected workplace

Will productivity reign?

## Introduction to trend

New communication tools are rapidly entering the workplace. Seventy percent of global respondents believe workers will spend more time on collaboration platforms in the future, 67 % see growth in “work-based social media”, and 62 % predict an increase in instant messaging.

As these tools migrate from personal life to the workplace, organisations must apply their expertise in collaborative teams, goal-setting, and employee development to ensure that they actually improve organisational, team, and individual performance.

Organisations are becoming hyper-connected; can they also become hyper-productive? (2018 Deloitte Global Human Capital Trends report)

## Analysis of trend

Ninety percent of South African respondents rate this trend as important, with 59 % reporting that they are not ready for it.

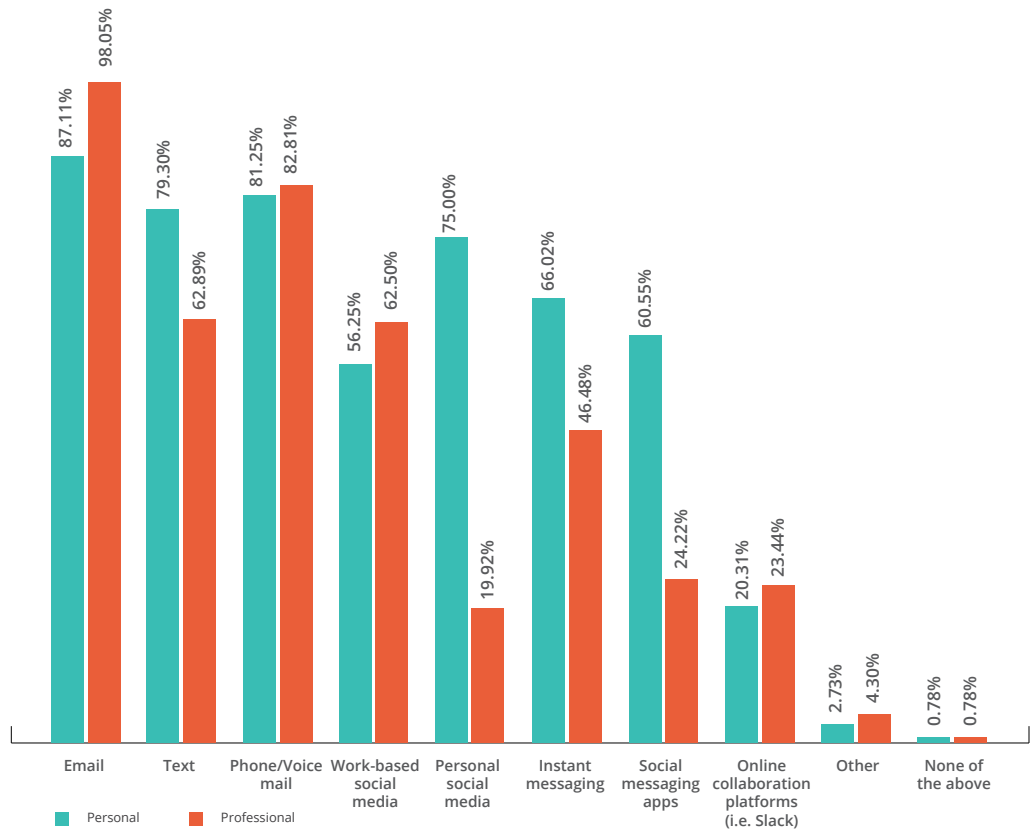
Ranked by Importance	South Africa 2018 Importance Score	South Africa 2018 Readiness (Not Ready) Score
The hyper-connected workplace	90%	59%
People data	90%	65%
Well-being	89%	53%
The symphonic C-suite	89%	58%
Citizenship and social impact	88%	47%

The overall findings show that most respondents use email and phone for personal and professional communication, which is probably because they are very familiar with these technologies.

Figure 6. Communication channels regularly used for personal/professional communication shows that 98 % of respondents say that email is the most commonly used communication channel for professional communication, with 87 % using email for personal communication.

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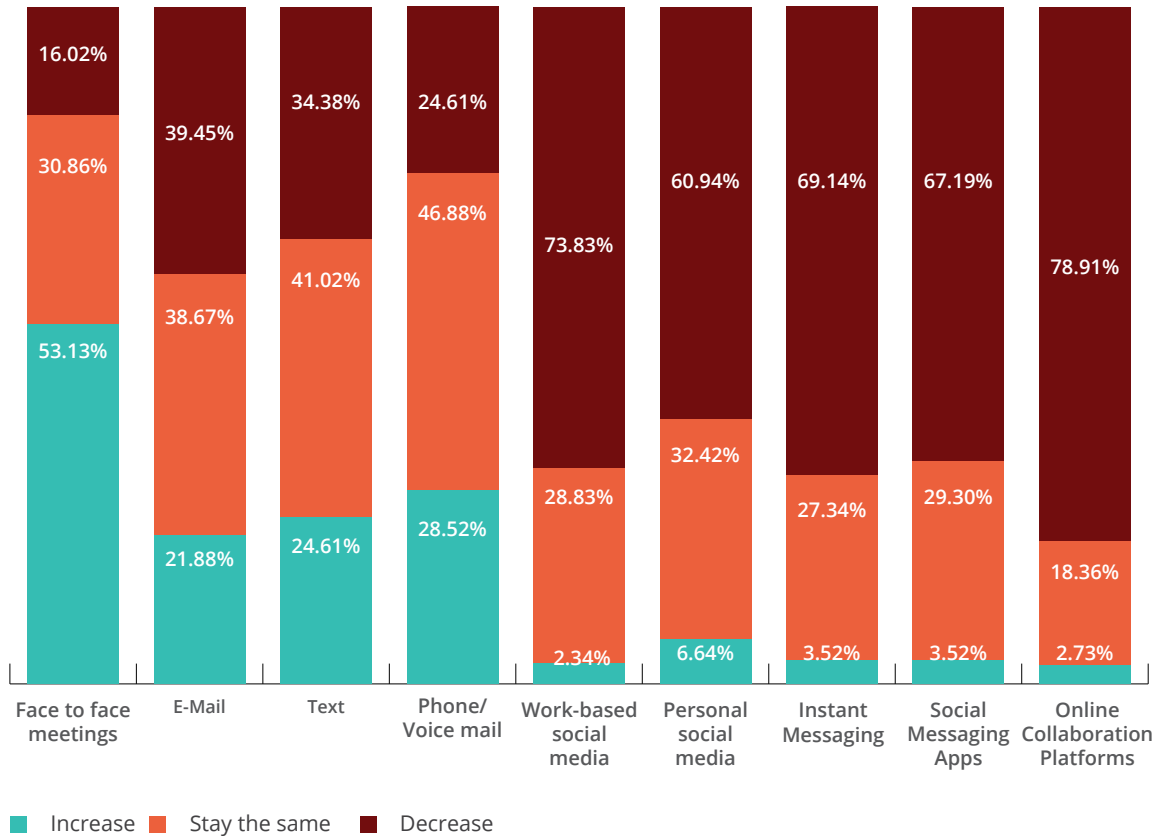
Figure 6. Communication channels regularly used for personal/professional communication



The majority of respondents (76 %) state that connected work tools have a positive impact on personal productivity, with only 3 % giving a negative response in this regard. Even though there are many new technologies available, only a small percentage of South African respondents consider using social messaging and online collaboration tools in the next three to five years. The results are

different globally and the global findings show that face-to-face meetings and phone meetings are on the decline, while work collaboration platforms are on the upswing. South African respondents' overall preference remains face-to-face and telephonic communication as shown in *Figure 7. The status of preference in South African communication channels in the next 3–5 years.*

**Figure 7. The status of preference in South African communication channels in the next 3–5 years**



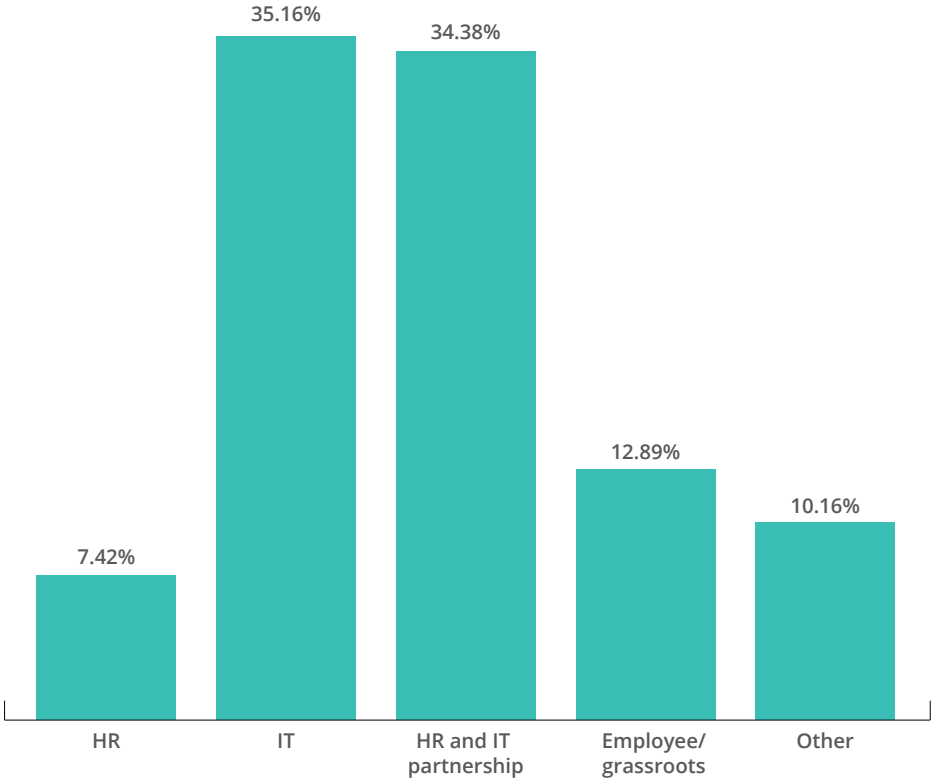


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Figure 8. Primary drivers of adoption of new communication channels and connected work tools illustrates that many local organisations only consider implementing new technologies or software tools once these have been approved by their Information Technology (IT) department. It is clear that IT and HR are the primary drivers of new

communication channels and connected work tools, however only 14 % of organisations allow employees to use emerging channels. This could be because of IT security protocols in place, budgetary constraints, or lack of awareness of the new tools and platforms available.

**Figure 8. Primary drivers of adoption of new communication channels and hyper connected work tools**

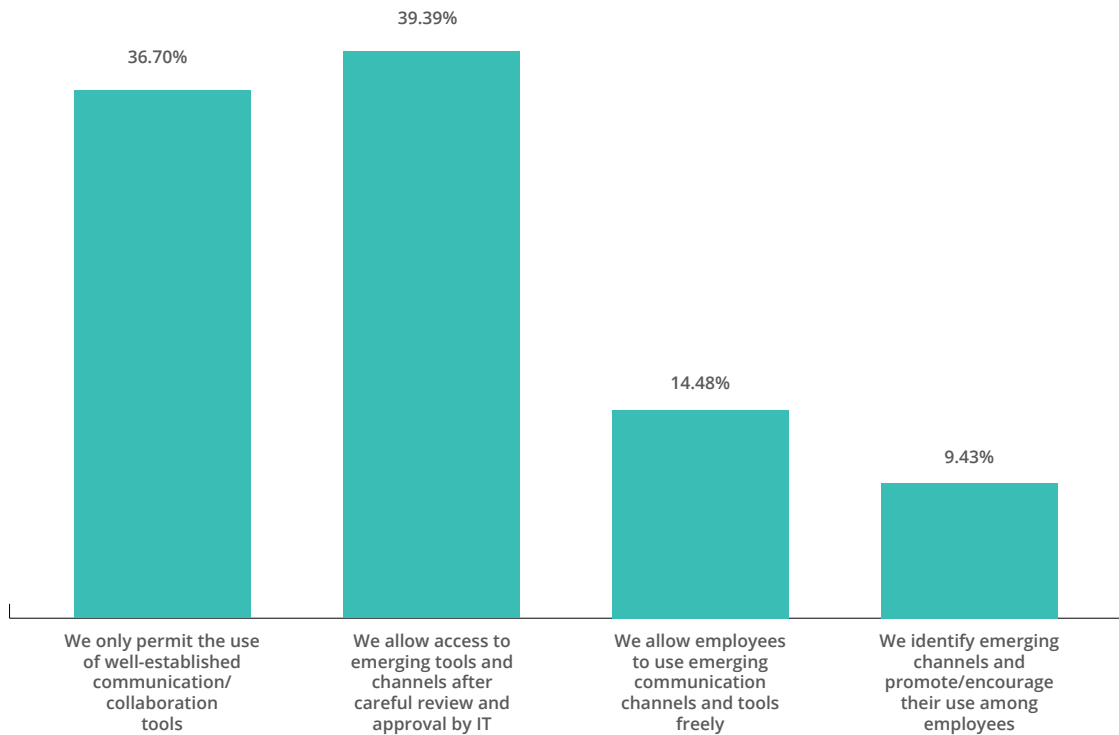


### The South African context

South Africa has limitations in terms of Wi-Fi penetration, bandwidth and Internet accessibility, which restricts usage for many citizens. The high cost of digital devices means that these methods of connection are not affordable and available to all. In addition, differences in the languages spoken and the skill levels of many employees may preclude them from fully exploiting emergent technologies and using them effectively in the workplace.

Our experience indicates that employees want to be connected to the organisation in which they work and want to receive information and updates from the company, even if these are delivered on their personal devices.

Employees in 2018 want to be acknowledged and recognised for their work performance as well as personal milestones in their life and career. South African companies have the opportunity to implement innovative ideas to provide real-time, on-the-go content distributed via multiple digital channels. There seems to be reluctance to do this. Figure 9. Describe your organisations use of emerging communication channels and hyper-connected workplace tools, shows that 36 % only permit the use of well-established communication/collaboration tools, while only 14.5 % allow employees to use emerging communication channels and tools freely.

**Figure 9. Describe your organisation's use of emerging communication channels and hyper connected workplace tools**

## The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Implement new digital platforms and tools:**
  - Make connected technologies a priority by researching and adapting available platforms to meet your organisation's needs.
  - Put plans in place to implement new technologies and communication channels for high connectivity, collaboration and productivity.
  - Use innovative collaboration technologies to enhance HR processes like performance management.
- **Consider implementing more flexible IT policies:**
  - Consider allowing staff to bring their own devices to work and setting clear parameters for their use of company specified social media and collaboration applications.
  - Implement work-based social media platforms that are key to employee productivity and knowledge-sharing.

- **Extend the reach of technology and upskill employees:**

- Explore platforms that are designed to serve low levels of literacy and restricted access to digital media, data, Wi-Fi, and smartphones.
- Upskill employees through digital training programmes, so that employees become more familiar with technology and are able to improve their current levels of connectedness and productivity.





**People data**

# People data

How far is too far?

## Introduction to trend

The rapid increase in data availability and the advent of powerful people analytics tools have generated rich opportunities for HR and organisations, but they are now also generating a variety of risks. While more than half of our global survey respondents are actively managing the risk of employee perceptions of personal data use, and a similar proportion are managing the risk of legal liability, only one-quarter are managing the impact on their consumer brand.

Organisations face a tipping point: Develop a set of well-defined policies, security safeguards, transparency measures, and ongoing communication around the use of people data, or risk employee, customer, and societal backlash. (2018 Deloitte Global Human Capital Trends report)

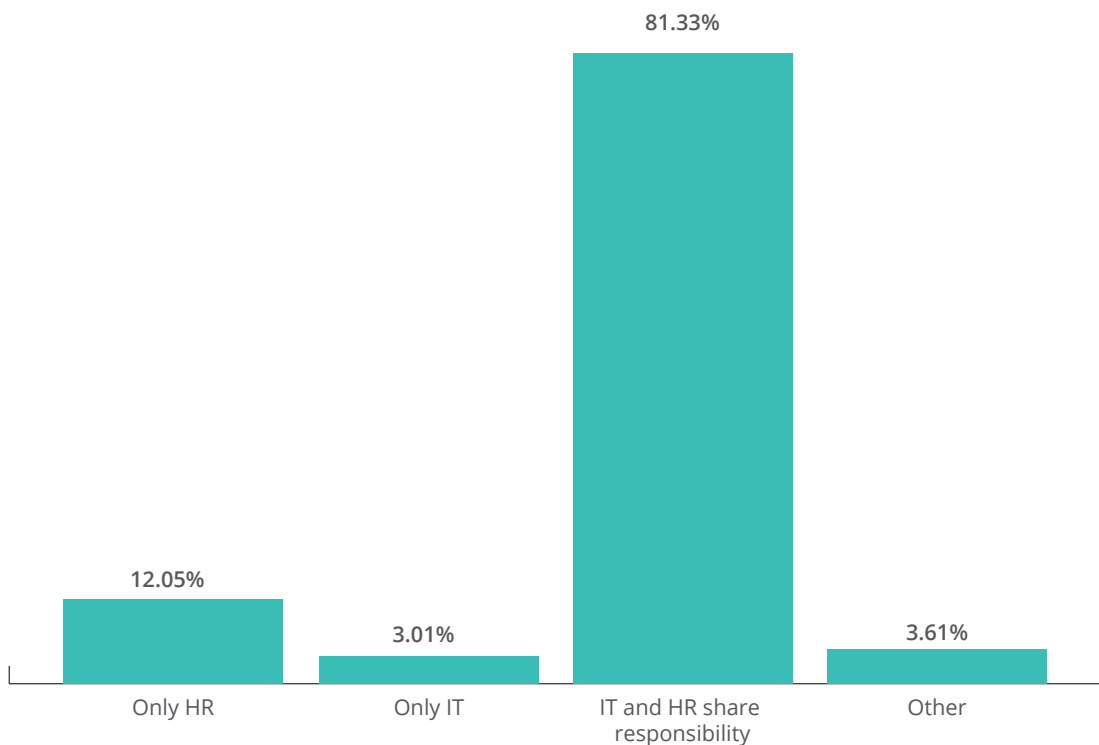
Ranked by Importance	South Africa 2018 Importance Score	South Africa 2018 Readiness (Not Ready) Score
The hyper-connected workplace	90%	59%
People data	90%	65%
Well-being	89%	53%
The symphonic C-suite	89%	58%
Citizenship and social impact	88%	47%

## Analysis of trend

Nearly all South African respondents (90 %) rate this trend as important, while 65 % think that they are not ready for it.

Figure 10. Responsibility role for ensuring privacy and security of HR data shows that 81 % of respondents feel that IT and HR share the responsibility of ensuring the privacy and security of HR data.

**Figure 10. Responsibility role for ensuring privacy and security of HR data**



Just over one-quarter of respondents noted that data and people analytics are not considered to be drivers of value and that there are no strong data governance structures in their organisation, see *Figure 11. Description of organisation’s use of people data.*

However, 46 percent report that data and metrics are playing an increasingly important role in organisational decisions and that moderate to strong governance policies enhance data security, privacy, and accuracy in their organisation’s use of people analytics. Most organisations use data for operational purposes and not for more advanced

analytics, as can be seen in *Figure 12. Capabilities in measuring and analysing talent data.*

“We predict explosive growth in the coming year for smart products that leverage employee data. The spectrum of risks associated with the collection, storage and use of this data can and should be effectively managed. Strategies such as anonymisation and encryption can allow organisations to make effective use of people data while managing the risks associated with storing and processing various kinds of personal information.”  
*(2018 Deloitte Global Human Capital Trends report)*

Figure 11. Description of your organisation's use of people data

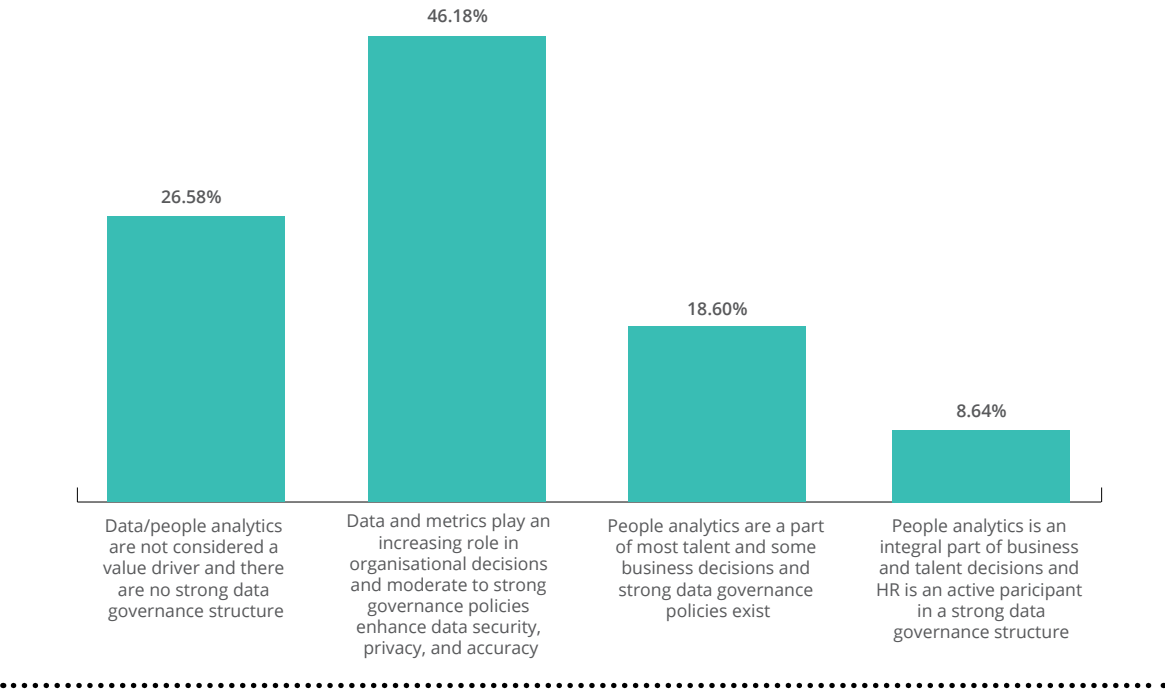
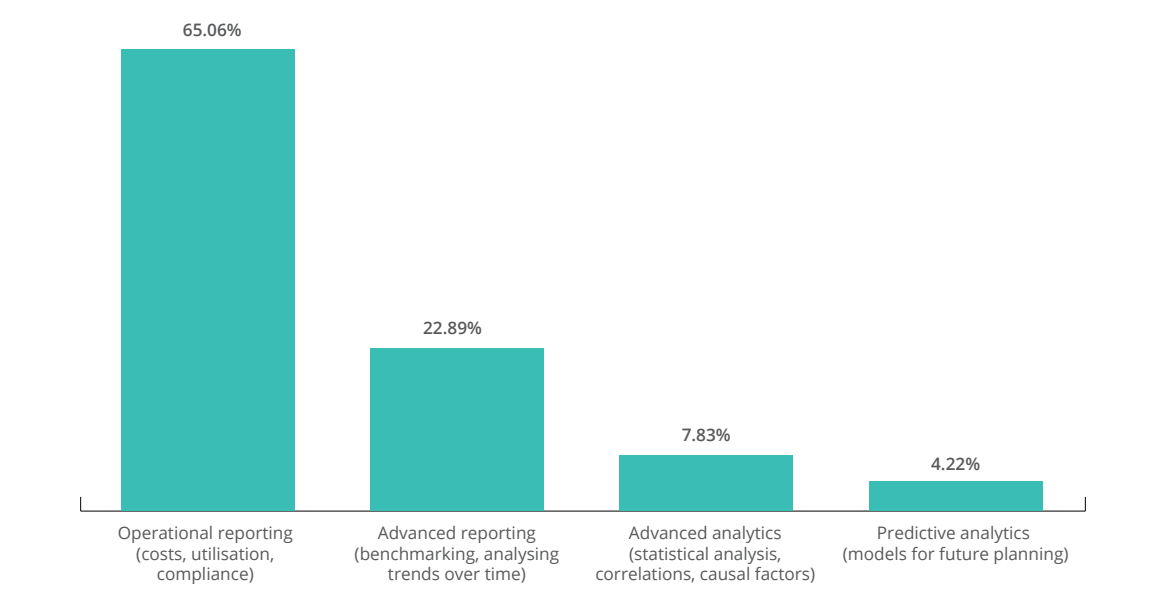


Figure 12. Capabilities in measuring and analysing talent data





## The South African context

All businesses rely on accurate and timely data to make decisions and take advantage of opportunities. Driven by the increasing adoption of cloud HR systems, local companies are now investing heavily in digital programs that use data for all aspects of workforce planning, talent management and operational improvement.

Digital people data collection and availability brings inherent risks now governed increasingly by law. Businesses will have to consider the following elements and implement strategies to minimise or curb the risks associated with each:

- The strategic risk of HR and IT data.
- Data management risk.
- Technology vendor and third-party risks.
- Regulatory requirements relating to the protection of information.

Economic downturns and low economic growth all put pressure on executives and employees, sometimes increasing the likelihood that poor decisions or illegal actions could be taken. It is clear that data protection as well as managing risks associated with fraud and corruption have become increasingly critical in informing business decisions.

## The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Deliberate use of data for value extraction**
  - Just gathering increasing amount of people data to report on is no longer enough. Organisations need to prioritise the extraction of insights and business value from this data. This will require strong commitment from leaders as well as the right types of analytical skills.
- **Strong focus on data governance and management**
  - As the volume of people data grows, data governance needs to have a dedicated focus and not just be an element of a broader governance portfolio. This dedicated focus will also provide the impetus to drive the entrenchment of data governance into the ways of working.



With technology enabling virtually every activity in an organisation, the evolving digital landscape requires South African executives to formulate strategies on which technologies to adopt, which to avoid, and why.

# Well-being



# Well-being

## A strategy and a responsibility

### Introduction to trend

As the line between work and life blurs further, employees are demanding that organisations expand their benefits offerings to include a wide range of programmes for physical, mental, financial, and spiritual health. In response, employers are investing in well-being programmes as both a societal responsibility and a talent strategy. Over 50 percent of global survey respondents view a variety of such programmes as “valuable” or “highly valuable” to employees, but big gaps remain between what employees value and what companies are delivering. (2018 Deloitte Global Human Capital Trends report)

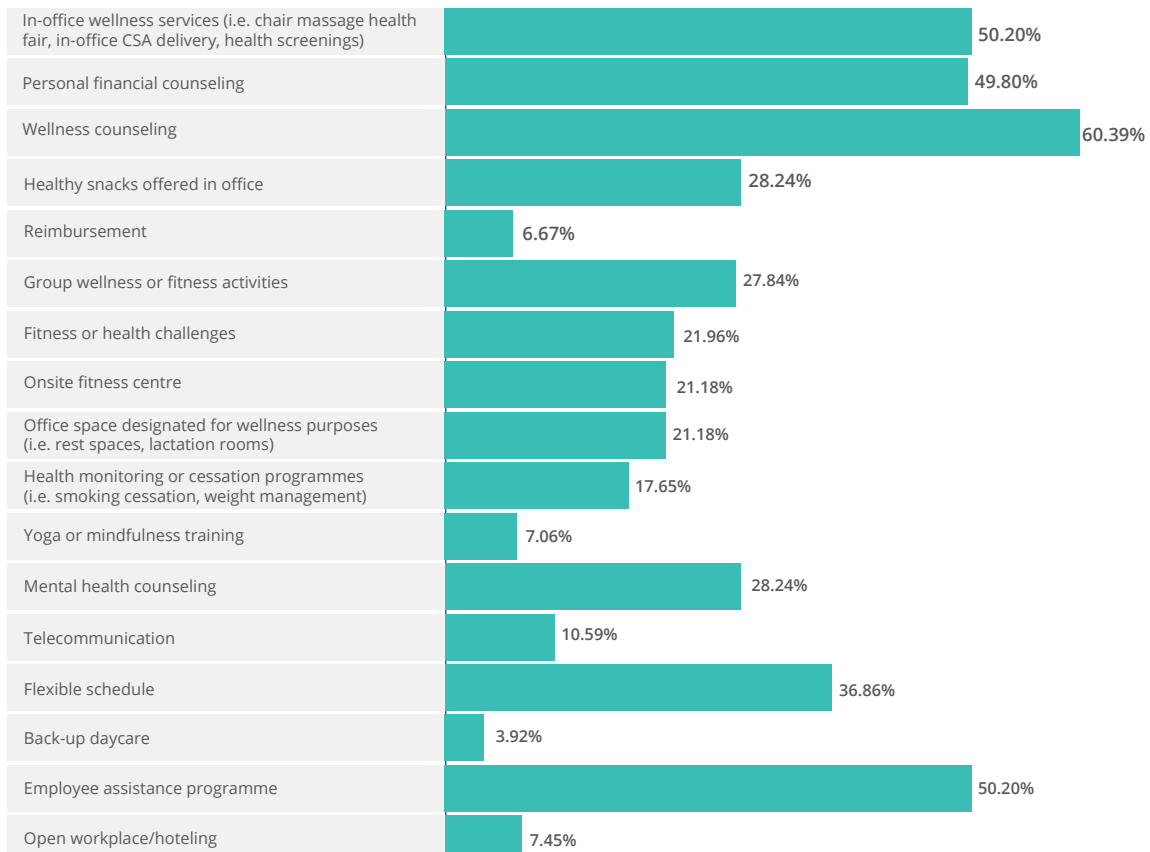
### Analysis of trend

Eighty-nine percent of South African respondents rate well-being as important, while 53 % say that they are not ready for this trend.

Ranked by Importance	South Africa 2018 Importance Score	South Africa 2018 Readiness (Not Ready) Score
The hyper-connected workplace	90%	59%
People data	90%	65%
Well-being	89%	53%
The symphonic C-suite	89%	58%
Citizenship and social impact	88%	47%

The majority of respondents state that the employee wellness/work-life programmes currently in place in their organisation include wellness counselling, in-office wellness services (such as chair massages, health fairs and health screenings), employee assistance programmes, mental health counselling, flexible work schedules, group wellness, or fitness activities. See Figure 13. *Employee wellness/work-life balance programmes currently in place in the organisation.*

**Figure 13. Employee wellness/work-life balance programmes currently in place in the organisation**

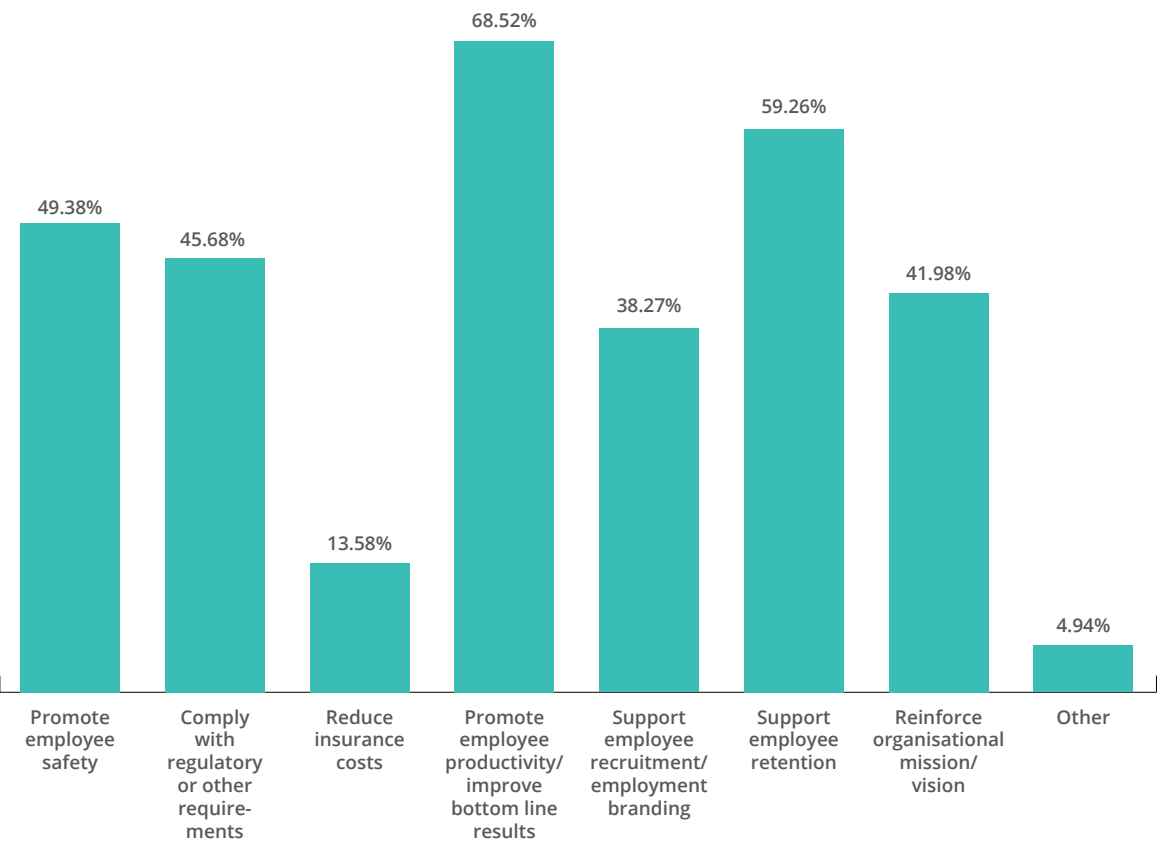




Sixty-eight percent of respondents felt that employee well-being programmes promote employee productivity or improve bottom-line results and 59 % feel that well-being

programmes support employee retention. See *Figure 14. Purpose of employee well-being programmes in the organisation.*

Figure 14. Purpose of employee well-being programmes in the organisation



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Just over half of respondents rate flexible work schedules as a highly valuable employee well-being benefit, followed by employee assistance programmes.

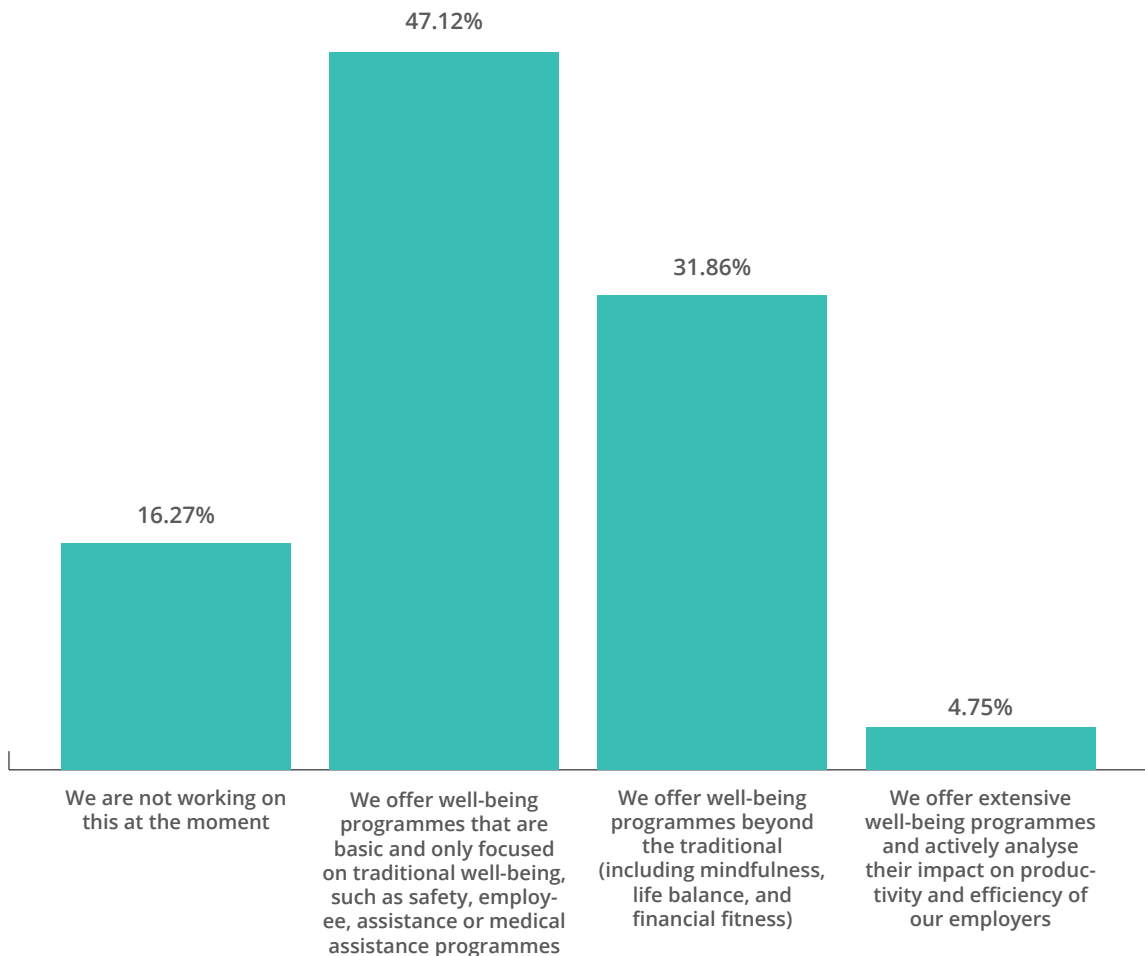


*Figure 15. Description of organisation's current position towards employee well-being* shows that 16 % of respondents' organisations are not working on any well-being programme, while only 4 % offer extensive well-being programmes and actively analyse the impact on productivity and efficiency.

The results indicate that most well-being programmes are isolated in nature and not continuous.

In order to be beneficial and sustainable over the long term, a more holistic strategy and approach is required based on research of successful programmes locally and worldwide. Well designed and executed well-being programmes have the potential of significant improvements in employee engagement and productivity.

**Figure 15. Description of organisation's current position towards employee well-being**



Today, the definition of wellness has expanded dramatically to include a range of programmes aimed at not only protecting employee health, but actively boosting performance as well as social and emotional well-being.





## The South African context

South Africans are becoming increasingly aware of the importance of illness prevention in the maintenance of good health. This gives organisations an opportunity to help people make informed decisions about their well-being. In general, more companies are engaging with their employees and their employees’ communities to meet health and wellness needs; however, the results shown in *Figure 15. Description of organisation’s current position towards employee well-being*, show that well-being programmes tend to be isolated interventions. Just 47 % of South African organisations offer very basic services in this regard, such as safety, employee assistance, and medical aid schemes.

A lack of insight into tracking health and wellness issues could be a hindrance to enhancing employee well-being and benefitting from its impact on productivity. The lack of infrastructure to monitor and measure these programmes also makes it difficult to identify individuals who are at high risk and who might need long-term health and wellness interventions.

There is also a poor evidence base with which to measure the return on investment of well-being strategies, which results in inertia when it comes to implementation.

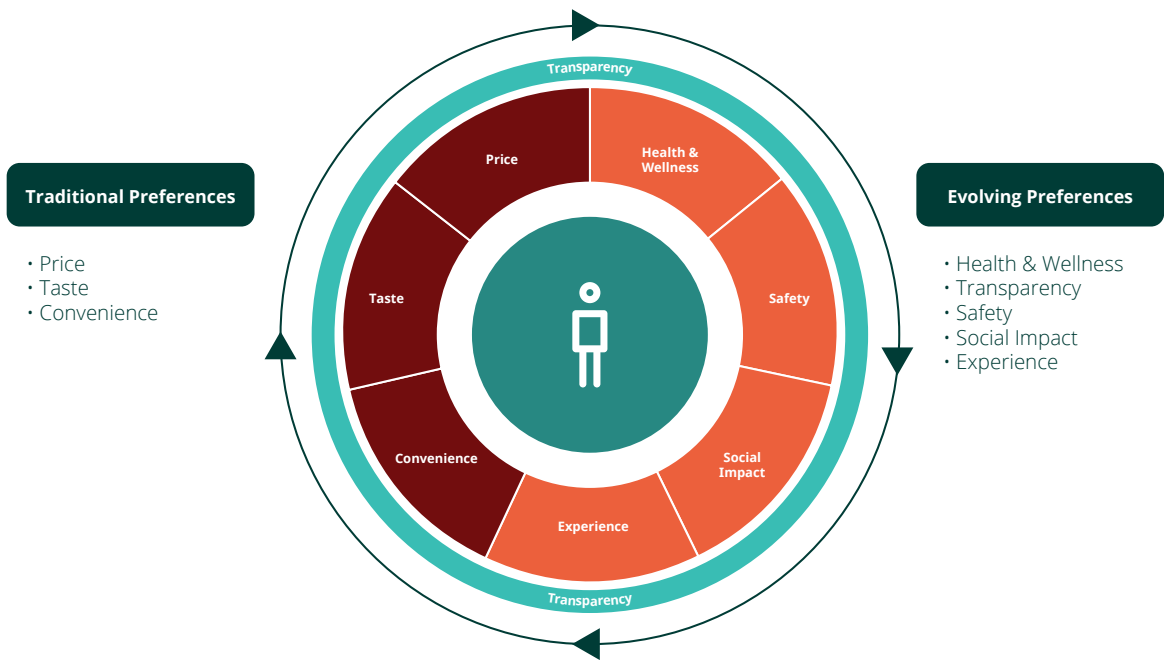
It is interesting to note that our 2018 Deloitte Health and Wellness report shows that consumer demands are moving towards health and wellness, transparency, safety, social impact and experience. All of these factors are driving consumer preferences for goods and services. See *Figure 16. What’s good for consumers is good for business; changing consumer demands are driving preferences for products and services*. (Deloitte 2018 Health and Wellness report).

Despite increased corporate attention and investment in well-being, our research indicates that South African companies must do a better job connecting well-being programmes with employee expectations. Globally and in the South African market, substantial gaps remain in many areas between what employees value and what companies offer to their employees.

**Figure 16. What is good for consumers is good for business; changing consumer demands are driving preferences for products and services**

### What’s good for consumer is good for business

Changing consumer demands are driving preferences for products and services



## The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Implement holistic programmes:**
  - Include mental well-being, physical health, employees' current stage of life and their role in the organisation in wellness policies.
  - Offer more tailored well-being options from which employees can choose.
  - Focus well-being programmes on a holistic approach, integrating factors like mind, an energised body, and a sense of purpose.
- **Evaluate the work environment and leverage technology:**
  - Ensure that employees are supported by a healthy and safe work environment in which to thrive.
  - Use technology applications to support healthier dietary choices, lifestyles and behaviours for employees through real time feedback.
- **Expand into communities:**
  - Expand well-being programmes to include communities and local schools, to provide citizens and learners with information on healthy eating, good hygiene and the importance of physical activity.

Expand well-being programmes to include communities and local schools, to provide citizens and learners with information on healthy eating, good hygiene and the importance of physical activity.



# The symphonic C-suite





# The symphonic C-suite

## Teams leading teams

### Introduction to trend

Behaving as a social enterprise and managing the external environment's macro trends effectively demands an unprecedented level of cross-functional vision, connectivity, and collaboration from C-suite leaders.

To do this, they must collaborate in what we call the “symphonic C-suite”, in which an organisation's top executives play together interdependently as a team while also leading their own functional teams. This approach enables the C-suite to understand the many impacts that external forces have on and within the organisation – not just on single functions – and plot co-ordinated, agile responses.

The symphonic C-suite is the next stage in the ongoing evolution of leadership models. This new model allows leaders to understand, manage, and respond to the complex social capital issues that organisations face. What's more, the symphonic leadership model is vital for growth: Our survey finds that global respondents who indicate their C-suite executives “regularly collaborate on long-term interdependent work” are one-third more likely to say their companies are growing at 10 percent and above than respondents whose CXOs operate independently.

“The C-suite must lead an organisation's response to the other trends highlighted in this report. The pace and complexity of the changes involved, and the high stakes of success or failure, elevate these as C-level issues, which cannot be delegated or approached in silos. Only a symphonic C-suite team is sufficient for the scale and speed of the trends.” (2018 Deloitte Global Human Capital Trends report)

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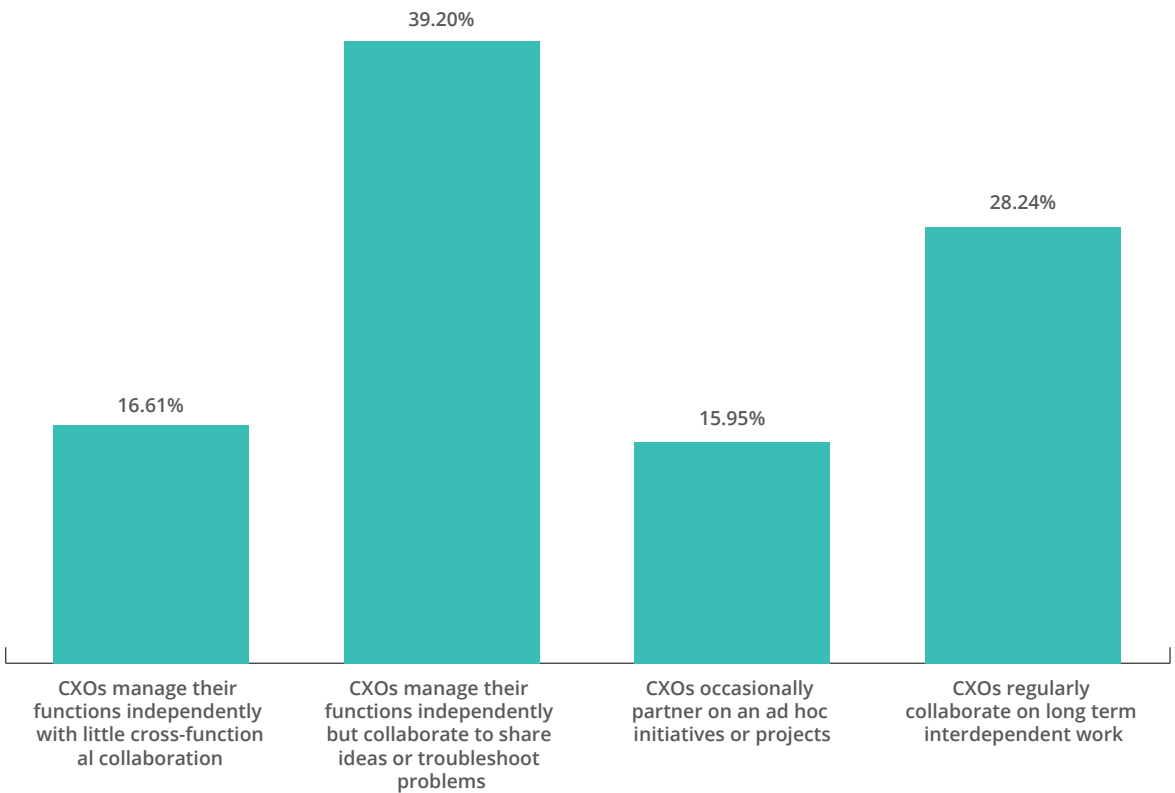
### Analysis of trend

Most South African respondents (89 %) rate this trend as important, while 58 % report that they are not ready for it.

The majority of respondents state that pressure from and changes in their industry, the digital workplace or the future of work, regulatory pressure, shifting labour markets, and AI or cognitive computing are the key drivers of business transformation.

Thirty-nine percent of respondents report that their CXOs manage their functions independently but collaborate to share ideas or troubleshoot problems as part of their organisation's C-suite leadership. See *Figure 17. Description of your organisation's C-suite leadership*.

Figure 17. Description of your organisation's C-suite leadership





Forty one percent of respondents feel that C-suite leaders are becoming increasingly **interdependent**. Although the results indicate that there exists frequent collaboration between C-suite leaders, there is still room for improvement. See *Figure 18. Description of how your C-suite leaders work together*.

The competencies needed to work collaboratively include:

- Emotional intelligence, but more specifically understanding how cultures and individual people differ in terms of what motivates them on a deeper level, or their “psychological capital”.
- Knowing how to adjust communication style to suit different audiences and influence them.
- Understanding different techniques to build strong relationships and synergies throughout the organisation.
- Dealing with complexity.
- Being comfortable with ambiguity.

“Senior leaders must get out of their silos and work with each other more. To navigate today’s constantly changing business environment and address cross-disciplinary challenges, a company’s top leaders must act as one.” (2018 Deloitte Human Capital Trends report)

## Where can C-Suites start?

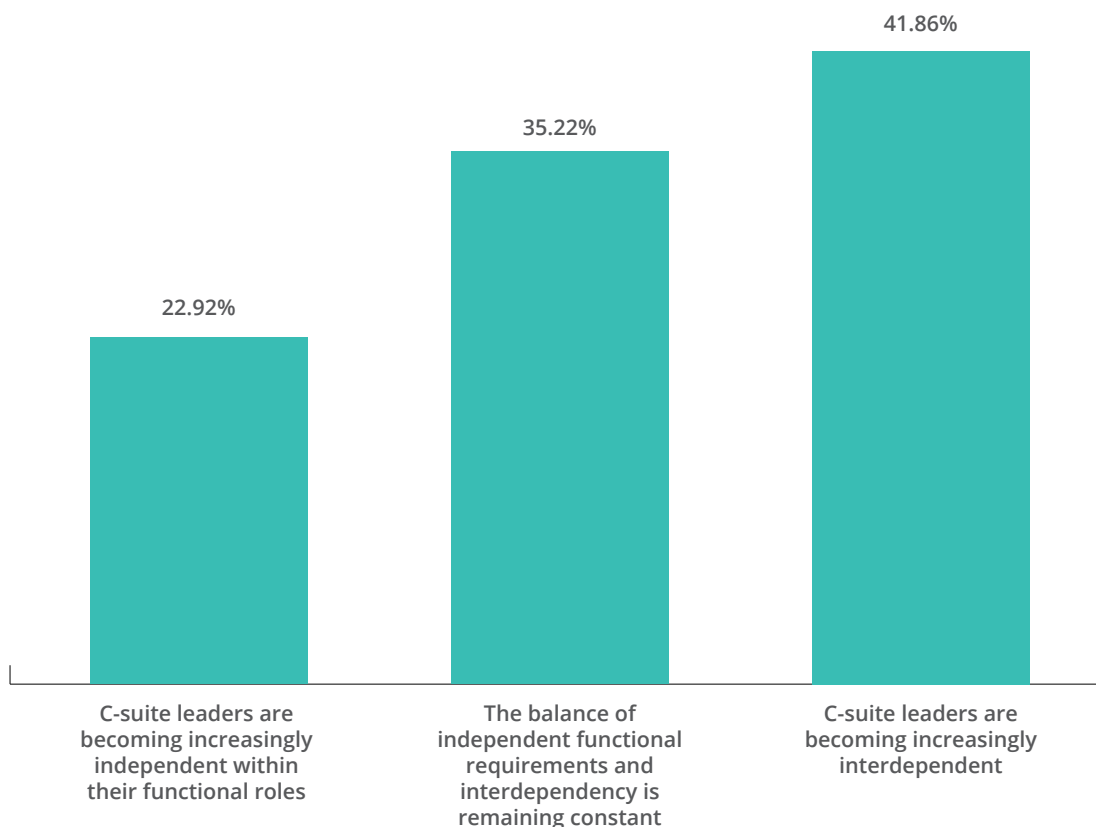
A first step is for the CEO to review priorities for each C-suite leader and determine how each can have an impact more broadly across the organisation.

Next, cross-disciplinary projects should be prioritised so that the CxOs can form specific alliances and align their efforts to drive success.

Last, executive teams need to put those cross disciplinary projects on the agenda, not only for themselves but for the organisation as a whole to increase the visibility of their collaboration for the rest of the workforce as a model to follow. (2018 Deloitte Human Capital Trends report)



**Figure 18. Description of how your C-suite leaders work together**



## The South African context

Many South African C-suite leaders operate with very traditional mind-sets in respect of organisational boundaries. As companies transform and digital organisational models emerge, C-suite leaders need to evolve as well. Organisations are looking for more agile, diverse and younger leaders, along with new C-suite models that capture the “digital way” to run businesses. C-suite leaders today need cross-functional skills and expertise to effectively manage across organisational boundaries. Achieving a symphonic C-suite in South Africa relies on overcoming several challenges and focusing on key aspects that facilitate collaboration.

A new generation of leaders will need to emerge that can manage across cultural, demographic and organisational dynamics. At C-suite level, functional and operational responsibilities are becoming fewer while managing internal and external stakeholders is becoming critical to executive roles.

Leaders also need to draw collective strengths when solving complex business problems. With organisational structures becoming flatter, cross-functional collaboration between leaders is now essential for success.

As efficient and more frequent communication between departments and C-suite leaders becomes critical for information to flow more freely, virtual interaction will become the norm. Collaboration technologies will need to be in place to enhance C-suite effectiveness in this interdependent model.

In challenging economic and political times, strong leaders who are comfortable with complexity and ambiguity are needed to provide direction and solve complex problems. New leadership models are required to find, place and develop leaders to operate in this new reality.

## The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Rethink the executive model:**
  - Rethink the organisation’s C-suite model to embrace the digital age, the future of work and networked organisational models.
- **Empower the new generation of leaders:**
  - Develop a leadership strategy incorporating identification processes to inform succession, planning and skills requirement and development.
  - Assess all leaders to identify their ability to operate in the digital world.
  - Ensure that leadership pipelines are effective by providing assessment and development programmes and exposure from junior level upwards.
  - Develop a new generation of C-suite leaders through empowering learning and development programmes, coaching and rotations to develop digital and cross-functional skills.
  - Treat diversity as an important element of business success at C-suite level.
- **Integrate collaboration in management and governance practices:**
  - Identify and implement key enablers for an integrated symphonic C-suite.
  - Change business management processes and governance to include collaboration and interdependent decision making and performance management processes.







# Citizenship and social impact





# Citizenship and social impact

## Society holds the mirror

### Introduction to trend

An organisation's track record of corporate citizenship and social impact now has a direct bearing on its core identity and strategy.

Engagement with other stakeholders on topics such as diversity, gender pay equity, income inequality, and climate change can lift financial performance and brand value, while failure to engage can destroy reputation and alienate key audiences. Many organisations are still catching up. Seventy seven percent of our global respondents say that citizenship is important, but only 18 % say this issue is a top priority reflected in corporate strategy. (2018 Deloitte Global Human Capital Trends report)

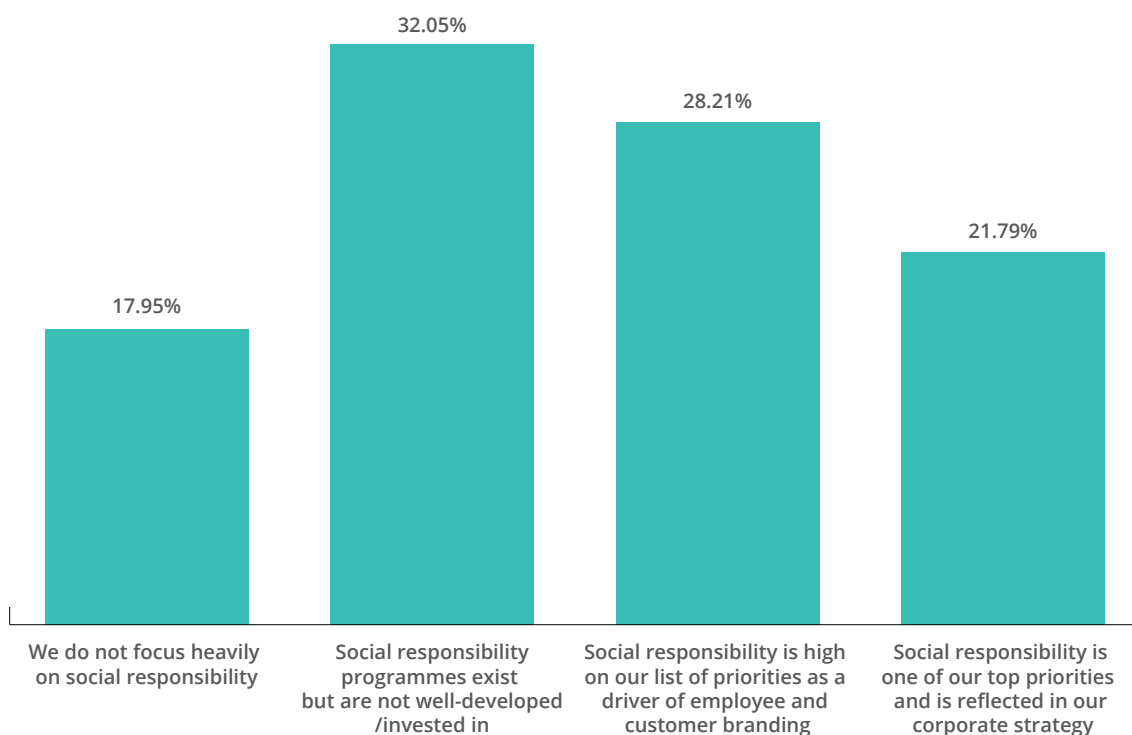
### Analysis of trend

Eighty-eight percent of South African respondents rate citizenship and social impact as important, with 47 % stating that they are not ready for this trend.

Ranked by Importance	South Africa 2018 Importance Score	South Africa 2018 Readiness (Not Ready) Score
The hyper-connected workplace	90%	59%
People data	90%	65%
Well-being	89%	53%
The symphonic C-suite	89%	58%
Citizenship and social impact	88%	47%

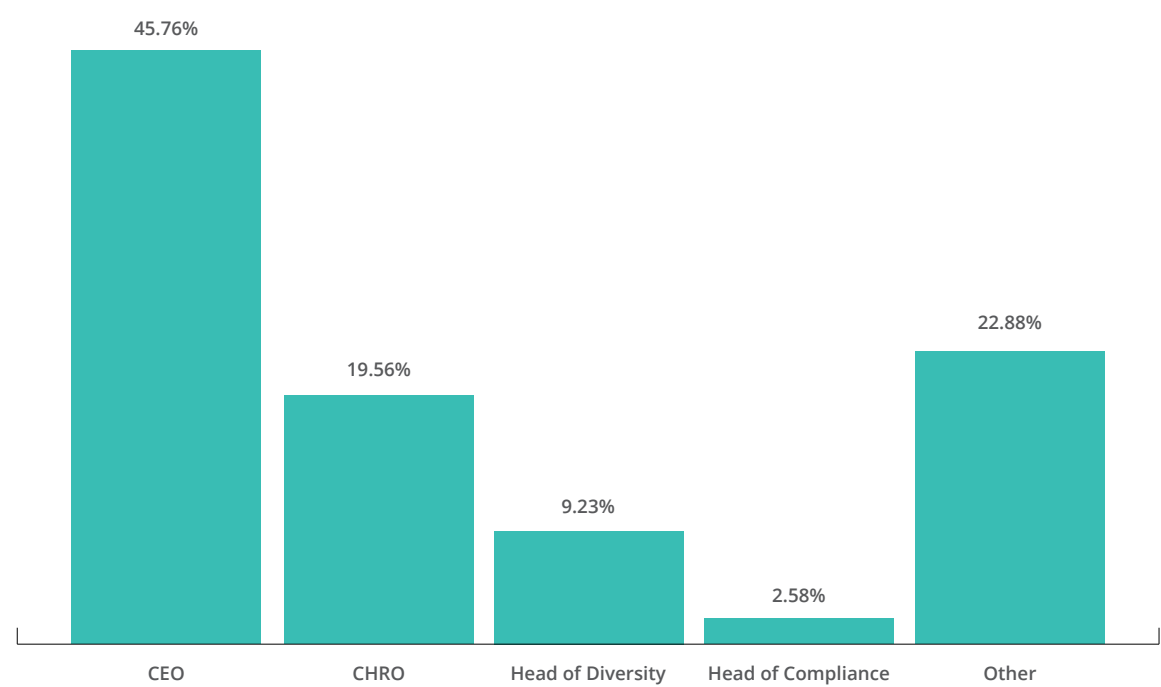
Figure 19. Description of your organisation's corporate social responsibility programmes shows that 32 % of respondents state that social responsibility programmes exist in their organisation but are not well-developed or invested in. Only 28 % responded that social responsibility is high on their list of priorities as a driver of employee and customer branding.

**Figure 19. Description of your organisation's corporate social responsibility programmes**



Forty-five percent rate the CEO as the primary driver of social impact efforts in their organisation.

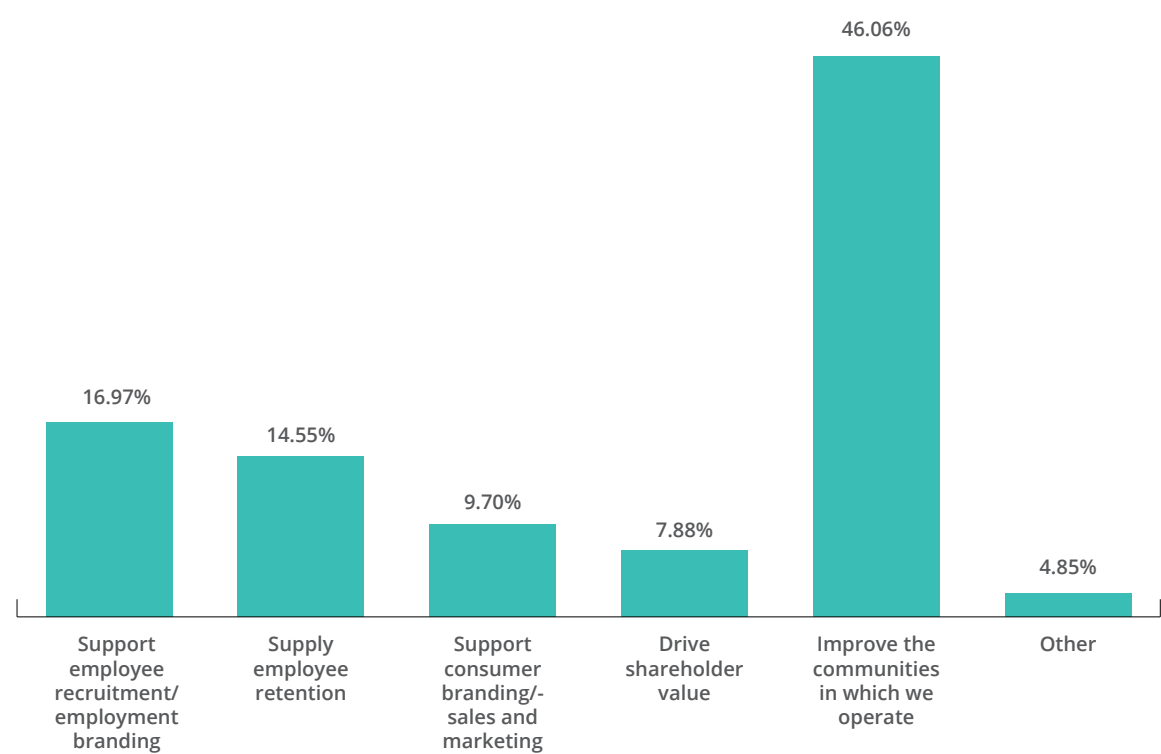
Figure 20. Primary driver of the social impact efforts in your organisation



The primary purpose of social impact programmes in 46 % of respondents’ organisations is to improve the communities in which they operate. Most social impact programmes include matching donations to qualified charities, in-kind donations or pro-bono

services to charitable organisations, team-based volunteer days, and paid time off for qualified volunteer opportunities. See *Figure 21. Primary purpose of social impact in your organisation.*

Figure 21. Primary purpose of social impact in your organisation



## The South African context

The fact that organisations have social impact programmes in place represents positive progress towards improving the communities in which they operate. This is especially important in the South African context, where communities still require financial investment and involvement from the private sector to assist with progress. However, 23 % of respondents are not aware of their organisation's tracking and reporting of corporate social impact programmes.

“Organisations could embody the concept of the social enterprise – people today have less trust in their political and social institutions than they have had in previous years, with many expecting business leaders to fill in the gap.” (2018 Deloitte Global Human Capital Trends report)

Our survey shows that there is a definite need to develop innovative ideas and solutions that have a positive impact on society as a whole. South African organisations should adopt social impact programmes and policies that result in community upliftment and improvement in, for example, the education and health care sectors that go beyond traditional CSI initiatives.

## The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Have more focused Social impact programmes:**
  - Develop and invest in more focused and efficient social impact programmes that benefit local communities rather than dispersed CSI initiatives.
- **Form partnerships and aim for quantifiable results:**
  - Visit community members to determine what they need and what would solve the challenges they face. Work with these communities, in partnership, to have a bigger social impact.
  - Stay involved in implementation of programmes and monitor tangible outcomes for the community.
- **Remember that education is the future:**
  - Invest in further education and training services that upskill and uplift communities in areas where your company operates.



“Our survey shows that there is a definite need to develop innovative ideas and solutions that have a positive impact on society as a whole.”

# Other notable trends for South Africa

## 6. New rewards

### Introduction to trend

Leveraging their power as individuals, employees are asking for more personalised, flexible and holistic rewards, including a focus on fair and open pay. While companies recognise this overall shift, early experiments are exploring how to develop a holistic variety of rewards and match them to individual preferences, across diverse talent segments and on a continuous basis. *(2018 Deloitte Global Human Capital Trends report)*

### Analysis of trend

Eighty-five percent of South African respondents rate this trend as important, with 69 % of respondents rating themselves as not ready for it.

Sixty-one percent of respondents state that their organisation currently gives an annual bonus or offers incentives to employees as its rewards strategy.

Forty-five percent of respondents say that their organisation's rewards strategy is best described as a typical rewards programme for the industry in which it operates, while 34 % rate the current rewards programme as out of date and needing attention. In our 2017 Human Capital trends report for South Africa, 19 % of South African respondents stated that they had no plans to evolve their performance management system and only 9 % were conducting performance management on a continuous basis, compared to 17 % globally.

There seems to be a feeling among employees that rewards are not adequately linked to performance and not tailored to be effective in aspiring personal performance, especially amongst non-C-suite employees.

## The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Introducing greater flexibility into reward models:**
  - As Gen Z starts to enter the workplace organisations will have to consider the impact of meeting the expectations of four generations at any one time.
  - Approaches to Total Reward will have to consider the unique requirements of each generation be it, retirement funding, risk benefits, greater access to learning opportunities or reward models that introduce differentiated levels of risk and reward.
- **Placing a greater emphasis on ethical reward practices:**
  - Legalisation and governance codes locally and internationally are forcing organisations to pay greater heed to ethical reward practices, be it the publishing of gender pay gaps or pay gaps between the top and bottom of the organisation.
  - South African organisations have to pay special attention to ensure that their reward practices do not discriminate by race or gender.
  - Careful consideration also has to be given as to what an appropriate gap is between the top and bottom of the organisation and how this gap can be reduced.
- **Real time performance feedback:**
  - Performance management tools and systems have to ensure that employees are receiving real time feedback to enable continuous improvement.





## 7. From careers to experiences

### Introduction to trend

In a 21st-century career, the individual and their experiences take centre stage. Instead of a steady progression along a job-based pathway, leading organisations are shifting towards a model that empowers individuals to acquire valuable experiences, explore new roles, and continually reinvent themselves. Improvement in this area is essential to attract critical talent, especially as technology shifts the skills landscape. (2018 Deloitte Global Human Capital Trends report)

### Analysis of trend

A mere 12 % of South African respondents state that their organisation gives employees exposure to high-performing peers, offers internal coaching, or provides mentoring and the facilitation of external coaches/mentors in career development programmes.

It is clear that most organisations still focus on a traditional talent sourcing structure.

Only 31 % of respondents feel that their organisation is effective in empowering them to manage their career.

### The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Support lifelong learning, re-skilling and up-skilling:**
  - Encourage lifelong learning programmes so that employees can adapt quickly to changing careers in a dynamic labour market.

- Implement reskilling and upskilling strategies, to build talent from within and to contribute to socially responsible approaches to the future of work. (*World Economic Forum – Towards a reskilling revolution*)
- **Give practical learning and experience:**
  - Offer on-the-job, experiential training to help employees progress along their career path and to assist them with any required skills or knowledge.
  - Address lack of experience through immersion programmes in different jobs and roles to build organisational “bench strength” for future requirements.



## 8. AI, robotics, and automation

### Introduction to trend

The introduction of AI, robotics, and automation into the workplace has dramatically accelerated in the last year, transforming in-demand roles and skills inside and outside organisations. Perhaps surprisingly, those roles and skills focus on the “uniquely human” rather than the purely technical. To maximise the potential value of these technologies today and minimise the potential adverse impacts on the workforce tomorrow, organisations must put humans in the loop – reconstructing work, retraining people, and rearranging the organisation. The greatest opportunity is not just to redesign jobs or automate routine work, but to fundamentally rethink “work architecture” to benefit organisations, teams, and individuals. (2018 Deloitte Global Human Capital Trends report)

### Analysis of trend

Seventy-four percent of South African respondents state that this trend is important, with 76 % not being ready for it.

Organisations are often divided on the recognition and acceptance of AI and robotics. While executives and management by and large embrace the idea as a way to minimise unnecessary costs and maximise workforce efficiency (the speed and accuracy of data and actions), the general workforce has interpreted this trend to infer increased job losses and an unwillingness by leadership to consider socio-economic nuances.

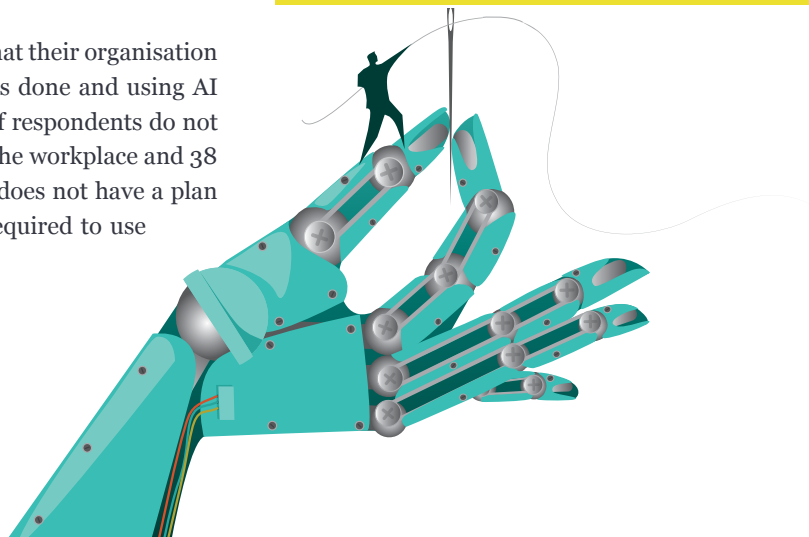
Only 7 % of respondents state that their organisation is restructuring the way work is done and using AI or robotics. Fifty-one percent of respondents do not currently use AI or robotics in the workplace and 38 % state that their organisation does not have a plan to cultivate the human skills required to use AI or robotics.

### The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Design a comprehensive future work architecture:**
  - Plan for automation and robotics within a future work organisation model.
  - Redesign jobs and work to optimise the human element alongside automation, AI and robotics.
  - Retrain existing employees for higher skilled work.
- **Consider the human element:**
  - View innovation and restructuring exercises from a people-impact point of view.
  - Be proactive in answering the challenges and opportunities of the future, particularly in the composition of your workforce, optimal sizing and operating models, training and consistent reskilling of employees.
  - Consultation with affected stakeholders, particularly labour, is important in the South African context.

Organisations are often divided on the recognition and acceptance of AI and robotics.



## 9. The longevity dividend

### Introduction to trend

Forward-looking organisations see extended longevity and population ageing as an opportunity. This longevity dividend enables companies to both address a pressing societal issue and tap into a proven, committed, and diverse set of workers. However, doing this requires innovative practices and policies to support extended careers, as well as collaboration between business leaders and workers, to tackle shared challenges such as age bias and pension shortfalls. (2018 Deloitte Global Human Capital Trends report)

### Analysis of trend

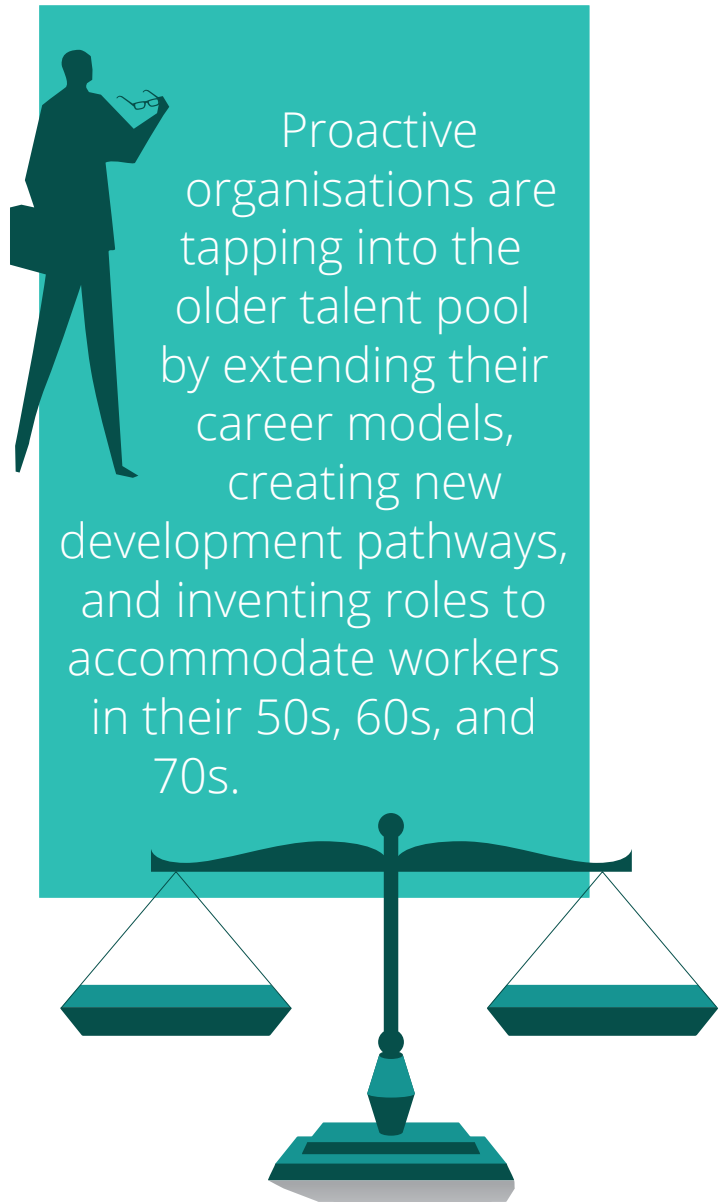
Fifty-four percent of South African respondents state that age has no impact on their organisation's cultural perception of workers over the age of 55.

While 43 % of respondents claim that their organisation's strategy in response to the ageing workforce is to modify and create flexible job roles, 77 % state that their organisation has a mandatory retirement age.

### The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Understand the digital influence on careers:**
  - Understand the role that technology will play in redefining how people work, manage and structure their jobs and careers and begin transforming as appropriate.
  - Build organisational models that include extended careers and the inclusion of older contingency workers.
- **Rethink development of individuals over a longer term career span:**
  - Assess the critical and ongoing role of personal and career development on a regular basis.
- Design and redesign for longevity: Aim for consistent learning opportunities that reinvent employees and their careers.
- **Embrace the global ecosystem:**
  - Manage talent beyond corporate and national boundaries by recognising that business ecosystems and global talent markets are replacing local talent markets.



## 10. The workforce ecosystem

### Introduction to trend

Business leaders and chief human resource officers (CHROs) recognise the need to actively and strategically manage relationships with workforce segments beyond the enterprise, which increasingly affect how an organisation delivers services and interacts with customers. Organisations are finding ways to align their culture and management practices with these external talent segments – engaging the workforce ecosystem for mutual benefit. (2018 Deloitte Global Human Capital Trends report)

### Analysis of trend

Seventy percent of South African respondents state that this trend is important, with 77 % rating themselves as not ready for it. Nearly half of respondents, 44 % of respondents describe their organisation as having a primarily traditional salaried and hourly workforce. Thirty-one percent say that their organisation does not assess or manage the performance of non-traditional employees, such as contract workers, part-time employees, and freelancers.

The majority of respondents state that compliance risk and loss of confidential information are risks that South African organisations face when it comes to non-traditional employees. The 2015 amendments to South African labour law regarding the use of fixed-term employees and labour brokered staff have resulted in decreased usage of non-traditional employees. There is a clear indication of the fear of non-compliance with these relatively new and complex regulatory changes.

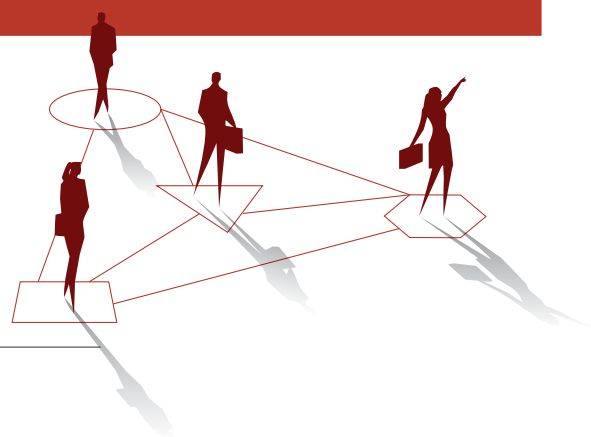
Failure to comply can result in scenarios where organisations are saddled with indefinite employees when they believed that employment would be for a limited duration. Likewise, the use of labour brokers poses a risk that the employees of a labour broker can be “deemed” to be the direct (and permanent) employees of the client organisation. These risks come with major cost implications.

## The bottom line

We recommend the following actions that organisations can take to address the opportunities and challenges of this trend:

- **Develop a clear workforce strategy for the future:**
  - Incorporate hybrid workforce models.
  - Analyse talent trends and plan talent mix, physical location and levels of automation.
  - Consider new organisational models to maximise hybrid workforces as well as physical workplace requirements.
- **Consult with stakeholders before making workforce changes:**
  - Plan organisational change efforts in accordance with legislation and in consultation with key stakeholders. Consult with affected parties at the time of design, where change can be owned and embraced, and not during implementation where co-operation is needed.
  - Structure their jobs and careers and begin transforming as appropriate.
- **Ensure regulatory compliance:**
  - Make sure that all South African labour legislation is understood and complied with when engaging in new workforce models.
  - Be clear on the nature and extent of the use of non-permanent employees and contract within the law.

To drive real value through the new workforce ecosystem, organisations need to understand how to appeal to and engage with workers of all kinds.





# Summary of Global industry results

The survey also canvassed responses by industry groupings and the global picture in terms of the relative importance of these trends, as shown in the chart below. Clear similarities and differences between these groups can be seen, highlighting the industries where a lot of disruption is occurring versus those that are more stable.

Figure 22. Trend importance by industry - Global

	All industries	Consumer business	Energy & resources	Financial services	Life sciences	Manufacturing	Professional services	Public sector	Real estate	Tech, media & telecommunications
The symphonic C-suite	85.0%	86.4%	83.6%	85.6%	85.6%	84.9%	86.3%	77.1%	82.6%	87.4%
People data	84.8%	85.8%	83.9%	89.2%	85.0%	81.2%	84.0%	78.6%	79.1%	89.8%
From careers to experiences	84.1%	83.9%	83.3%	86.1%	82.8%	81.2%	84.5%	78.6%	86.1%	88.9%
Well-being	84.0%	83.4%	85.3%	84.4%	85.3%	82.6%	83.5%	79.7%	88.1%	86.5%
The hyper-connected workplace	82.1%	79.1%	79.9%	85.0%	80.4%	74.4%	86.2%	77.0%	81.1%	90.0%
New rewards	77.4%	79.7%	75.3%	79.2%	74.4%	77.7%	79.3%	65.8%	81.6%	80.2%
Citizenship and social impact	76.7%	76.6%	80.5%	78.9%	80.7%	73.1%	74.8%	77.7%	70.1%	75.9%
AI, robotics, and automation	72.4%	69.2%	75.7%	80.7%	73.1%	75.7%	71.0%	55.9%	65.2%	77.0%
The longevity dividend	69.1%	67.7%	73.9%	67.8%	70.0%	71.0%	67.0%	69.7%	76.1%	65.7%
The workforce ecosystem	65.4%	65.0%	66.7%	63.4%	58.5%	60.9%	73.0%	58.9%	66.2%	69.3%

n = 11,070

Note: Figures represent the percentage of respondents rating each trend "important" or "very important."

Source: Deloitte Global Human Capital Trends survey, 2018.

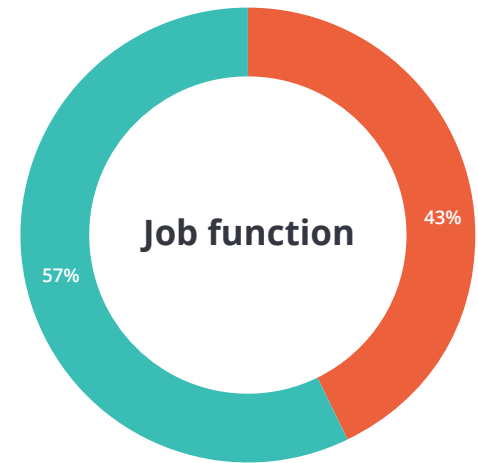
# Appendix: Survey demographics

South African respondents:

Total: 354

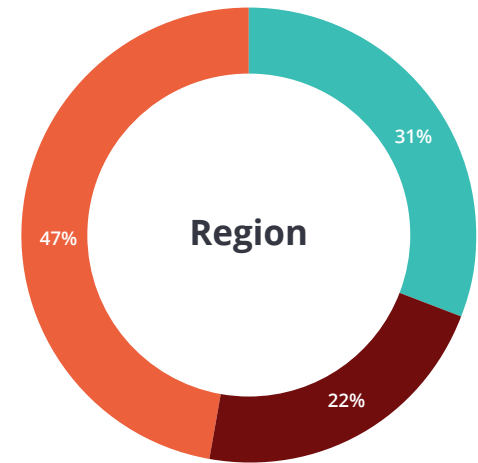
Respondent demographic:

Total: 11 070



South Africa Respondents

- Non-HR
- HR



- Americas (3 399)
- APAC (2 428)
- EMEA (5 243)

**Americas includes:**

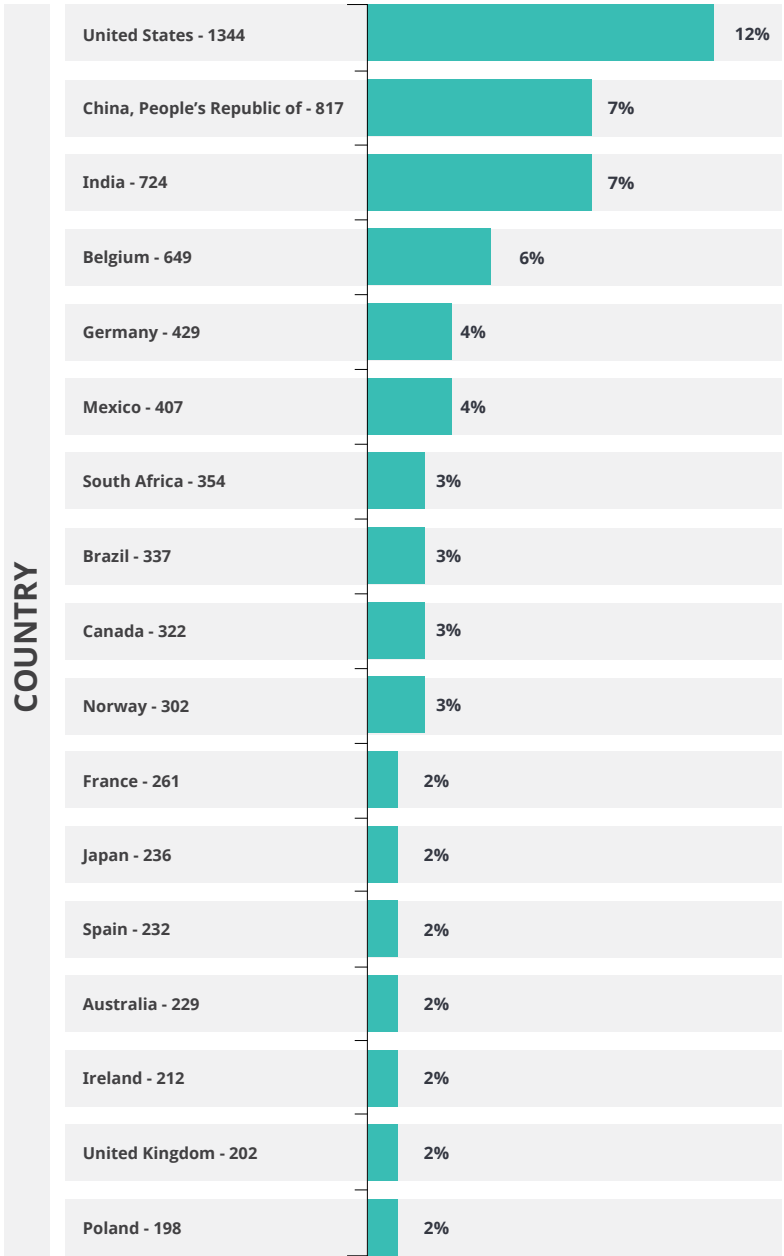
United States, Mexico, Brazil, Canada, Colombia, Ecuador, Costa Rica, Uruguay, Dominican Republic, Peru, Argentina, Guatemala, El Salvador, Chile, Panama, Venezuela, Trinidad and Tobago, The Bahamas, Barbados, Belize, Bermuda, Jamaica, British Virgin Islands, Cayman Islands, Nicaragua

**APAC includes:**

China, India, Japan, Australia, New Zealand, Hong Kong, Singapore, Korea, Malaysia, Indonesia, Thailand, Philippines, Vietnam, Bangladesh, Pakistan, Taiwan, Kazakhstan, Sri Lanka, Afghanistan, Macao, Nepal, Mongolia

**EMEA includes:**

Belgium, Germany, South Africa, Norway, France, Spain, Ireland, United Kingdom, Poland, Turkey, Ukraine, Russian Federation, Finland, Netherlands, Greece, United Arab Emirates, Italy, Nigeria, Switzerland, Romania, Austria, Czechia, Portugal, Serbia, Senegal, Tunisia, Cyprus, Estonia, Lebanon, Luxembourg, Saudi Arabia, Denmark, Namibia, Angola, Kenya, Sweden, Botswana, Israel, Ivory Coast, Oman, Togo, Qatar, Slovakia, Belarus, Zimbabwe, Ghana, Benin, Uganda, Algeria, Latvia, Bahrain, Egypt, Ethiopia, Morocco, Albania, Bulgaria, Hungary, Croatia, Kuwait, Slovenia, Tanzania, Andorra, Armenia, Azerbaijan, Cameroon, Iraq, Jordan, Mauritius, Mozambique, Sudan, DRC, Guinea, Malawi, São Tomé and Príncipe, Swaziland, Zambia.



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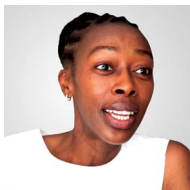
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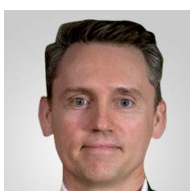
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