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The social enterprise at work: Paradox as a path forward

2020 Deloitte South Africa Human Capital Trends

Contents

Foreword

THE SOCIAL ENTERPRISE, as defined in our 2018 Global human capital trends report, embodies a "new social contract" that proposes a more human-centred rewiring of the relationships between the individual and the organisation and the organisation and society. Since 2018, we have seen the speed and scale of change continue to accelerate, with technological advances bringing bigger and bolder changes in shorter windows of time. But as new technologies and digital transformations dominated conversations in boardrooms, human concerns were considered separate from, if not directly in conflict with technological advances.

In this year's report, we challenge organisations to re-examine whether humanity and technology were truly in conflict and to consider how it is possible to resolve the seeming paradox of finding ways to remain distinctly human in a technology-driven world. In each chapter, we show how organisations that embrace a new set of attributes anchored in purpose, potential and perspective can create lasting value for themselves, their workforce, and society at large.

As we deal with the impact of COVID-19, lessons that are coming through from our respond strategies reinforce our conviction that human concerns are not separate from technological advances at all, but integral for organisations looking to capture the full value of the technologies they've put in place. As organisations looked to adapt their ways of working in response to the crisis, they found that, where technologies have been available, one of the biggest barriers was the difficulty of building models to integrate humans with those technologies: to create new habits and management practices for how people adapt,

behave, and work in partnership with the technology available to them; to fulfill distinctly human needs such as the desire for meaning, connection, and well-being at work; to maximise worker potential through the cultivation of capabilities; and to safeguard ethical values.

This crisis presents a unique opportunity for organisations that can overcome the instinct of treating humans and machines on parallel paths to instead build connections that can pave a path forward, one that can nurture growth and innovation in the weeks, months and years to come. It also serves as a window into what can happen if the intersection of humanity and technology and the opportunity to operate as a true social enterprise are not fully embraced. In light of COVID-19, the opportunity (and risk) may never be greater for organisations to transcend this paradox and see possibility in what lies ahead.

I hope that our readers find our 2020 South Africa Human Capital Trends Report titled: The social enterprise at work: Paradox as a path forward useful and insightful as we all move to recover and thrive amidst COVID-19.
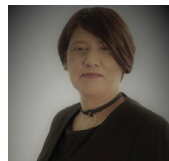
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Prologue
How did we get here?

THE WORLD TODAY looks remarkably different from the one in which we launched the first Global Human Capital Trends report in 2011. The past decade has been marked by radical change, by a "newness" that has evolved at a pace that can only be described as exponential. And as the workforce evolved, so did worker expectations—with calls for organisations to do more to help improve individuals' lives, address societal problems, mitigate technology's unintended consequences, and act equitably and ethically.

Throughout these significant changes, our annual Global Human Capital Trends report has offered readers an opportunity to understand each moment in history, viewing the current economic, cultural, and technological landscape through the perspective of people and business.

A decade of Human Capital Trends

	2011 Revolution/ evolution	2012 Leap ahead	2013 Resetting horizons	2014 Engaging the 21st-century workforce	2015 Leading in the new world of work	2016 The new organisation: Different by design	2017 Rewriting the rules for the digital age	2018 The rise of the social enterprise	2019 Leading the social enterprise: Reinvent with a human focus	2020 The social enterprise at work: Paradox as a path forward
Diversity and inclusion	Diversity and inclusion: Driving business performance		Global diversity dividend	From diversity to inclusion			Diversity and inclusion: The reality gap	Citizenship and social impact		Belonging: From comfort to connection to contribution
Culture, engagement, experience			Branding the workplace/ Organisation acceleration	The overwhelmed employee	Culture: The naked organisation	Shape culture: Drive strategy/ Engagement: Always on/Crafting employee experience	The employee experience	Well-being: A strategy and a responsibility/Hyper-connected workplace	Employee experience to human experience	Designing work for well-being: Living and performing at your best
Talent	Talent in the upturn		Aging workforce/ Leading talent from BRIC	Talent acquisition revisited/Beyond retention	Workforce on demand		Talent acquisition: Cognitive recruiter	The longevity dividend	Accessing talent/ talent mobility	The post-generational workforce: From millennials to perennials
Future of work	Contingent workforce	#Social #Mobile @Work	Open talent economy/ Workplaces of the future		Simplification of Work/ Machines as talent	The gig economy/ Org design: Rise of teams	Future of work/ Org of the future	Workforce ecosystem/ AI, robotics, automation	From jobs to superjobs/ Alternative workforce/ Org performance	Superteams: Putting AI in the group
Learning/ careers	Ladder to lattice		War to develop talent	Corporate learning redefined/ Quest for workforce capability	Learning and development: Into the spotlight	Learning: Employees take charge	Careers and learning: Real time, all the time	From careers to experiences	Learning in the flow of life	Knowledge management: Creating context for a connected world — Beyond reskilling: Investing in resilience for uncertain futures
Performance management and rewards			Performance management puzzle	Performance management is broken	Performance management: Secret ingredient		Performance management: Winning hand	New rewards: Personalized, agile, and holistic	Rewards: Closing the gap	The compensation conundrum: Principles for a more human approach
People analytics	Workforce analytics	Seeing around corners/ People risk	Thinking like an economist	Talent analytics in practice	HR and people analytics/ People data everywhere	People analytics: Gaining speed	People analytics: Recalculating the route	People data: How far is too far?		Measuring workforce strategies: New questions for better results
Leadership	Next-generation leaders/ Collective leadership/ Leading in a regulated world	Fast track to the top/ Growth is job #1/ Operation globalization	Leadership next	Leaders at all levels	Leadership: A perennial issue	Leadership awakened	Leadership disrupted	The symphonic C-suite	Leadership for the 21st century	Ethics and the future of work: From "could we" to "how should we"
Evolving HR	HR in the cloud/ COOs for HR / Employer health care reform / Emerging markets	Clouds in the forecast	Transforming HR/Boards changing the HR game	Reskilled HR team/ Global and local HR/ Race to cloud	Reinventing HR	HR: New mandate/ Digital HR: revolution	Digital HR		HR cloud: A launch pad	A memo to HR: Expand focus and extend influence

Purpose: Belonging and individuality

Potential: Security through reinvention

Perspective: Boldness into uncertainty

Introduction

The social enterprise at work: Paradox as a path forward

THE POWER OF THE SOCIAL ENTERPRISE LIES IN ITS ABILITY TO BRING A HUMAN FOCUS TO EVERYTHING IT TOUCHES, EMPOWERING PEOPLE TO WORK PRODUCTIVELY WITH TECHNOLOGY TO CREATE LASTING VALUE FOR THEMSELVES, THEIR ORGANISATIONS, AND SOCIETY AT LARGE.

I N JUST A few short years, the concept of the social enterprise—an organisation whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network—has grown from an intriguing new idea into a concrete business reality.

Driving the social enterprise's accelerating momentum has been a continuing societal shift toward individual empowerment and advocacy in workers' relationships with their employers. These mounting societal expectations have put human concerns front and centre for organisations and society.

At the same time as these human concerns were playing out, another equally powerful phenomenon was underway: an intense focus on technology as a primary driver, if not the primary driver, of enterprise value. It's time to challenge the view that technology and humanity are distinct domains.

A view that fuses the human and the technological—one that calls us to work with a world shaped by technology—can enable people and organisations to transcend the most challenging conflicts that exist in organisations today by making three bold shifts:

- **Fostering belonging amid a desire for individuality.** Our survey results reinforce that belonging is a concern: 84 percent of our South African respondents said that "fostering a sense of belonging in the workforce" was important or very important to their organisation's success in the next 12 to 18 months.

- **Creating security in a world of reinvention.** This year's survey results highlight the need for reinvention: 56 percent of our South African respondents said that between half and all of their workforce will need to change their skills and capabilities in the next three years.

- **Taking bold action in an age of uncertainty**. 96 percent of our South African respondents said that the accelerating need for organisations to change at scale and speed was important to their success over the next 10 years, yet only 49 percent felt that their organisations were ready to change at the scale and speed required.

These three shifts represent a new set of attributes that characterise what it means to truly become a social enterprise at work (Figure 1):

FIGURE 1

The social enterprise at work embodies a new set of attributes: purpose, potential, and perspective

Attributes of a social enterprise	An organisation that doesn't just talk about purpose, but embeds meaning into every aspect of work every day	An organisation that is designed and organised to maximise what humans are capable of thinking, creating, and doing in a world of machines	An organisation that encourages and embraces a future orientation, asking not just how to optimize for today, but how to create value tomorrow
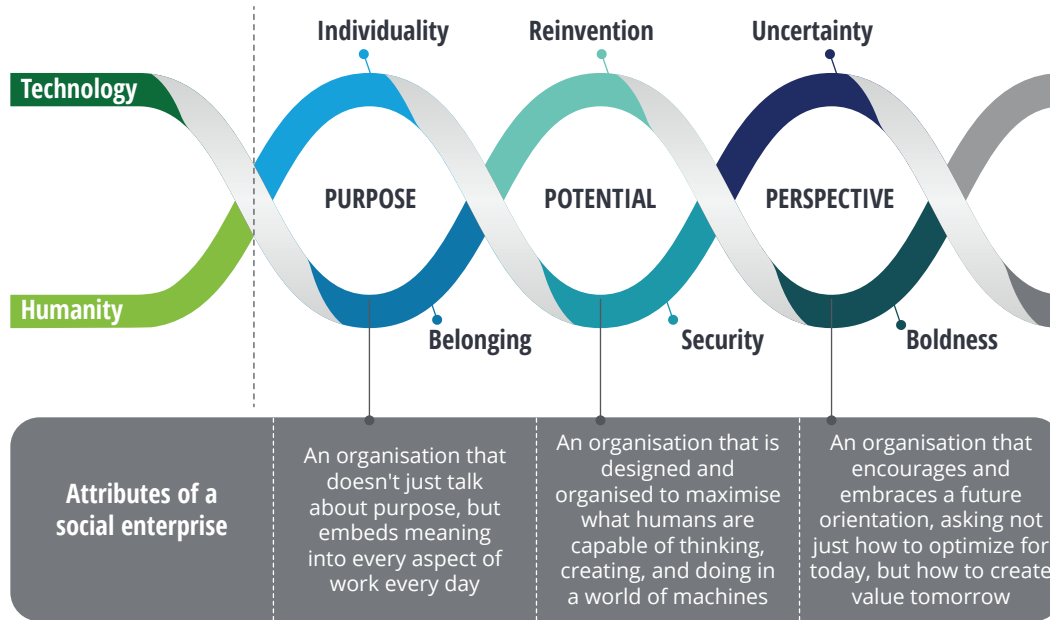
Source: Deloitte analysis.

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We have used the framework of purpose, potential, and perspective to organise our discussion of this year's human capital trends.

FIGURE 2

HR outcomes: Shifting from today to tomorrow

Framework	Trends		
Purpose: Belonging and individuality	Belonging: From comfort to connection to contribution	Designing work for well-being: Living and performing at your best	The post-generational workforce: From millennials to perennials
Potential: Security through reinvention	Superteams: Putting AI in the group	Knowledge management: Creating context for a connected world	Beyond reskilling: Investing in resilience for uncertain futures
Perspetive: Boldness into uncertainty	The compensation conundrum: Principles for a more human approach	Measuring workforce strategies: New questions for better results	Ethics and the future of work: From "could we" to "how should we"
	A memo to HR: Expand focus and extend influence		

Source: Deloitte analysis.

FIGURE 3

2020's top 10 human capital trends for South Africa: Importance and respondent readiness. (Ranked by importance)

■ Readiness ■ Importance

Ethics and the future of work
87%
53%

Fostering a sense of belongimng in the workforce
84%
44%

Worker well-being and its importance to the business
83%
48%

Creating and preserving knowledge across evolving workforces
79%
37%

Leading multi-generational workforces
77%
40%

Reskilling
74%
40%

The evolving role of HR
74%
39%

Governing changing workforce strategies
74%
36%

The changing nature of compensation expectations and strategies
68%
32%

The redesignign of jobs to integrate AI technology
66%
21%

Source: Deloitte South African Human Capital Trends survey, 2020.

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In each of the following chapters, we show how organisations can work within an environment shaped by the fusion of technology and people to embed purpose, potential, and perspective into the DNA of how they operate.

Belonging
From comfort to connection to contribution

SOUTH AFRICA'S HISTORICAL CONTEXT HAS ALWAYS PLACED "BELONGING" ALBEIT IMPLICITLY, AS A KEY AGENDA TOPIC TO MAKE EVERY INDIVIDUAL FEEL RESPECTED AND THAT THEY ARE TREATED FAIRLY, REGARDLESS OF THEIR PREVIOUS CIRCUMSTANCES. THEREFORE, SOUTH AFRICAN ORGANISATIONS NEED TO ESTABLISH MORE INCLUSIVE CULTURES WHICH DRIVE BELONGING AND THEREFORE IMPROVED ORGANISATIONAL PERFORMANCE.

Current drivers

Belonging, along with well-being, is at the top of this year's Global Human Capital Trends survey as one of the most important human capital issues.

The South African statistics follow a similar trend. However, while eighty-four percent of the South African survey respondents acknowledge that fostering a sense of belonging was important for their success, and seventy-eight percent agree that creating a sense of belonging greatly supports and drives organisational performance, only 44 percent say that they are ready to address this trend.

Belonging at work has become a top organisational priority for a number of reasons. Many people feel the world is becoming less stable, more polarized, and more volatile. These divisions may be leading some individuals to turn to the workplace to find a sense of meaning and solidarity.

Shifts in workforce composition against the backdrop of people working longer hours is also another factor that highlights the important role that belonging is playing in the workplace. When working long hours, people are increasingly looking

THE READINESS GAP

Eighty four percent of South African organisations say that fostering a sense of belonging in the workforce is important for their success, but only 44 percent say they are ready to address this trend.

to work for personal fulfilment and satisfaction. With alternative work arrangements on the rise, coupled with technological advances of working virtually and remotely, many employees may not formally "belong" to the organisation they work for—which can make it harder for them to feel a sense of belonging at work and contributes to increased feelings of isolation and loneliness.

Our 2020 perspective

Creating a sense of belonging at work is the outcome of three mutually reinforcing attributes. Employees should feel comfortable at work. They should feel connected to the people they work with and the teams they are part of. Finally, they should

feel that they contribute to meaningful work outcomes.

Nineteen percent of South African respondents identified fostering an environment where workers feel they are treated fairly and can bring their authentic selves to work— comfort—as the biggest driver of belonging.

Twenty-two percent said that having a sense of community and identifying with a defined team— connection—was the biggest driver.

In building inclusive organisational cultures, the progression from comfort to connection to contribution is an additive one, with each step building on the one before. While many organisations have already made great progress around comfort, more effort is required with supporting employees to feel connected with the organisation's purpose and goals and as well as where employees feel a sense of contribution,

where their efforts make a meaningful difference in advancing team and organisational outcomes.

Organisations that establish this kind of inclusive culture are twice as likely to meet or exceed financial targets, three times as likely to be high-performing, six times as likely to be innovative and agile, and eight times more likely to achieve better business outcomes.

Our South African respondents suggest that two factors mostly influence an organisation's ability to navigate the evolution from comfort to connection to contribution: organisational culture and leadership behaviours (figure 2).

Forty-six percent of our South African survey respondents stated that the top barrier to creating a sense of belonging in organisations is that leaders do not see it as a leadership priority. Ultimately, it is leaders that drive and shape organisational culture and when they role model inclusive

FIGURE 1

Contribution and connection drive belonging more than comfort alone

Which of the following is the biggest driver of creating belonging in your organisation?

- ■ Workers who can bring their full, authentic selves to the workplace
- ■ Workers who are treated fairly
- ■ Workers who can identify with a defined team (e.g., function, department, geography, etc.)
- ■ Wokers have a sense of community and feel connected to others in the organisation
- ■ Workers who are valued for their individual contributions
- ■ Workers who feel aligned with the organisation's purpose, mission, and values
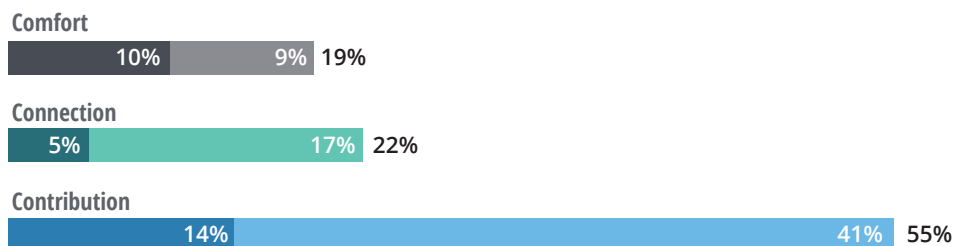
Comfort
| 10% | 9% | **19%** |

Connection
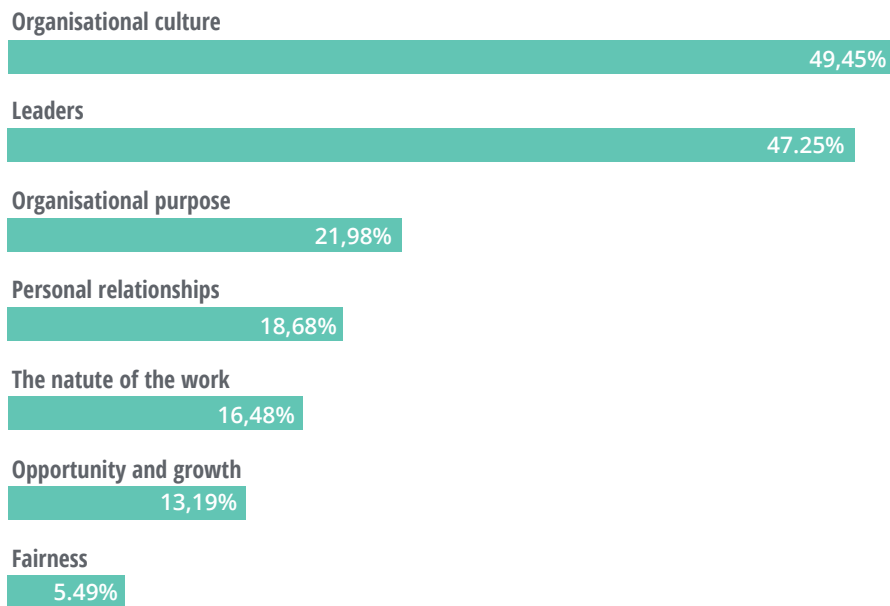| 5% | 17% | **22%** |

Contribution
| 14% | 41% | **55%** |

Source: Deloitte South African Human Capital Trends survey, 2020.

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FIGURE 2

Our South African respondents suggest that two factors mostly influence an organisation's ability to navigate the evolution from comfort to connection to contribution: organisational culture and leadership behaviours.

What factors most influence your organisation's ability to create a sense of belonging? Select up to two.

Organisational culture

49,45%

Leaders

47.25%

Organisational purpose

21,98%

Personal relationships

18,68%

The natute of the work

16,48%

Opportunity and growth

13,19%

Fairness

5.49%

Source: Deloitte South African Human Capital Trends survey, 2020.

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leadership behaviours, they reinforce fairness, respect and psychological safety, thus inspiring employees and teams to work to their full potential and bring their views to the table.

Steps South African companies could consider in supporting a culture of belonging and inclusivity

- Organisations need to be clear about the perceived benefit and compelling business case in building a culture of belonging in inclusivity in their organisations. Specifically, how will embracing the diversity of ideas, talent, markets

and customers support them in thriving in a diverse world.

- It is important that senior leaders understand their diversity and inclusion maturity and recognise the importance of driving belonging and inclusivity beyond compliance towards adopting an authentic culture reset instead of a tickick-box programme.

- Leaders at all levels drive and shape an inclusive culture of belonging, respect and feeling valued. As such, it is imperative that leaders not only arrive at a consensus on their diversity and inclusion strategy and position statements, but also that they build their capability and role model inclusive leadership traits including that of commitment, courage,

cognisance of bias, curiosity, cultural intelligence and collaboration (Juliet Bourke and Bernadette Dillon, The Six Signature Traits of Inclusive Leadership, Thriving in a diverse new world).

- Sustaining and reinforcing an inclusive culture where employees feel that they belong, are valued and respected, requires reviewing all systems, practices, processes and rituals across various touchpoints of the employee's experience to ensure that these are fair, equitable and free of bias, stereotyping and discrimination.

Pivoting ahead

When employees experience respect, fairness and equity and empowerment they see and appreciate how their individual work contributes to advancing goals they support and find meaningful. They are then more likely to invest their discretionary effort, be more inspired and motivated, thus contributing towards improved organisational performance.

South African organisations will have to consider how to transcend the transformation narrative beyond compliance and towards establishing an authentic inclusive culture where all people, irrespective of their race, gender, disability or any other dimensions of diversity can experience comfort, connection and contribution thus translating into improved organisational performance.

Designing work for well-being
Living and performing at your best

AROUND THE GLOBE, EMPLOYERS ARE INCREASINGLY WORRIED ABOUT WELL-BEING ISSUES PRESENTED BY THE COVID-19 PANDEMIC. THE CRISIS BRINGS PHYSICAL HEALTH CONSEQUENCES FOR OUR WORKFORCES, AND ITS MENTAL HEALTH IMPLICATIONS – STRESS, FEAR AND UNCERTAINTY – CAN BE EQUALLY DEVASTATING. WORKER WELL-BEING IS A TOP PRIORITY TODAY AND ORGANISATIONS HAVE THE JOB TO IMPROVE THE WELLBEING STAMINA OF THE WORKFORCE AS THEY NAVIGATE A COURSE THROUGH THIS EXTRAORDINARY GLOBAL CHALLENGE AND BEYOND.

YET OVERALL, MANY ORGANISATIONS ARE MISSING THE BIGGEST OPPORTUNITY FOR WELL-BEING TO DRIVE PERFORMANCE: INTEGRATING WELL-BEING INTO THE DESIGN OF WORK ITSELF. BUILDING WELL-BEING INTO WORK TAKES AN ORGANISATION'S FOCUS BEYOND INTERVENTIONS TO SUPPORT INDIVIDUAL WELL-BEING, TO ADDRESS WELL-BEING FOR THE BROADER TEAM AND FOR THE ORGANISATION AT LARGE. BY DOING SO, ORGANISATIONS CAN RESTRUCTURE WORK IN WAYS THAT HELP WORKERS NOT ONLY FEEL THEIR BEST BUT PERFORM AT THEIR BEST, STRENGTHENING THE TIE BETWEEN WELL-BEING AND ORGANISATIONAL OUTCOMES AND FOSTERING A GREATER SENSE OF BELONGING OVERALL.

93 PERCENT OF our South African respondents agreed that well-being drives organisational performance to some extent. However, a closer look at our survey findings reveals that the return on investment (ROI) in worker well-being may not be as strong as it could be. Only 35 percent of South African survey respondents said that their organisations are measuring the impact of well-being on organisational performance at all. Fewer than half believed that their well-being strategy was positively affecting other business outcomes, such as the organisation's customer experience, financial outcomes, reputation, and innovation and adaptability, identifying a missed opportunity. (Figure 1)

THE READINESS GAP

Well-being had a significant gap between importance and readiness across this year's trends, with 83 percent of global respondents saying worker well-being is important or very important for their success over the next 12–18 months, but only 11 percent saying they are very ready to address this issue.

Why this gap in ROI? Addressing well-being effectively isn't a simple undertaking. Modern well-being strategies have evolved to encompass a wide set of programs around workers' physical, financial, and emotional health, some even extending to workers immediate families and financial dependents.

FIGURE 1

Which of the following are most (positively) impacted by your well-being strategy? Select all that apply.
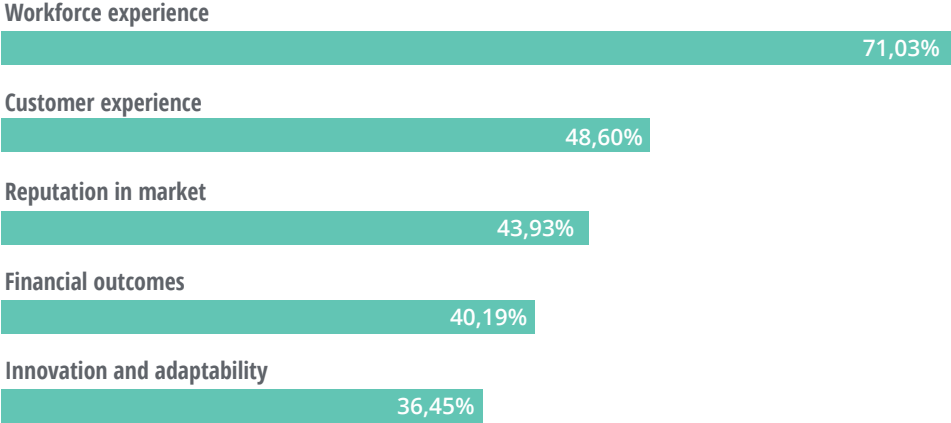
Workforce experience
71,03%

Customer experience
48,60%

Reputation in market
43,93%

Financial outcomes
40,19%

Innovation and adaptability
36,45%

Source: Deloitte South African Human Capital Trends survey, 2020.

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The good news is that our South African survey respondents have recognised this shift, with the majority of respondents indicating that their well-being strategies focus, at a minimum, on the physical, mental, and financial health of their employees (Figure 2).

FIGURE 2

Which statement best describes your organisation's well-being strategy?
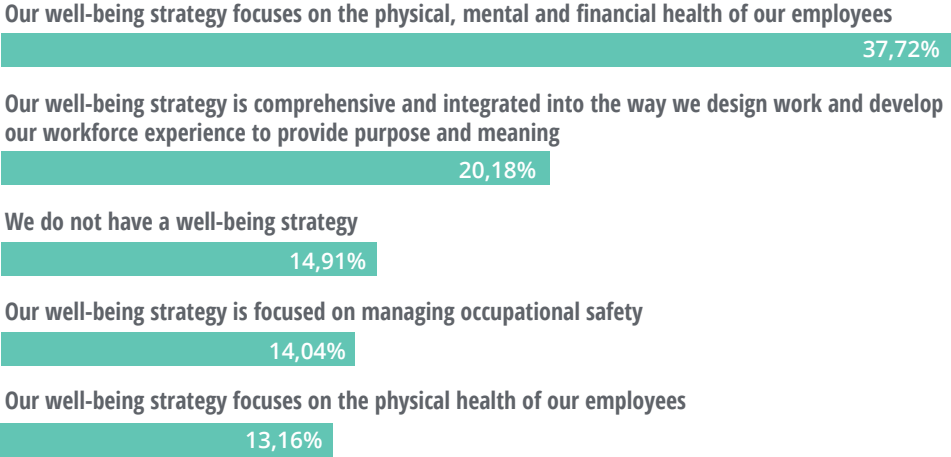
Our well-being strategy focuses on the physical, mental and financial health of our employees
37,72%

Our well-being strategy is comprehensive and integrated into the way we design work and develop our workforce experience to provide purpose and meaning
20,18%

We do not have a well-being strategy
14,91%

Our well-being strategy is focused on managing occupational safety
14,04%

Our well-being strategy focuses on the physical health of our employees
13,16%

Source: Deloitte South African Human Capital Trends survey, 2020.

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Our 2020 perspective

Unlike in prior years of Global Human Capital Trends, this year, two trends - well-being and belonging, rose to the top with almost identical importance scores. We believe these topics are top of the survey because they point to a real challenge that many organisations are grappling with in the age of the social enterprise: how can they take something so personal and translate it into something that can have a broader impact beyond the individual?

Redesigning work around well-being can yield impressive results.

Our research shows that a focus on well-being can be achieved by making thoughtful adjustments to how, when, where, and by whom the work is done. It could mean structuring work so that performance does not depend on any single individual, making it possible for all workers and leaders to take meaningful leaves of absence. It can mean giving workers more control over when and
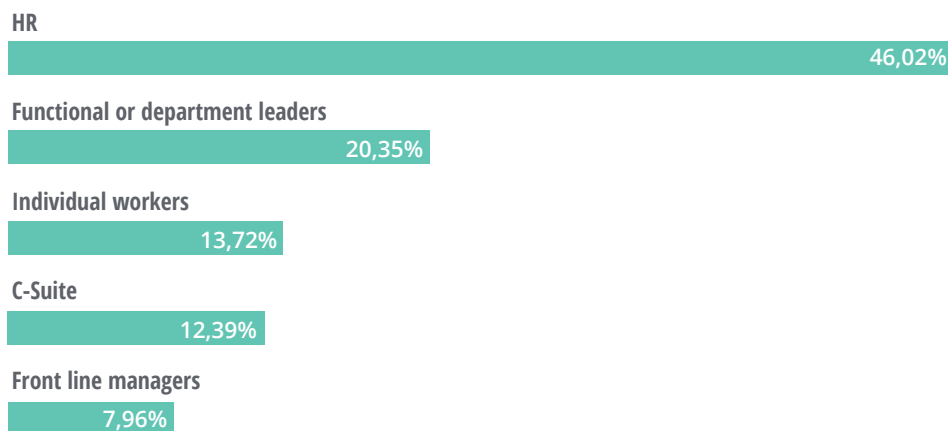
where they work so that they can work at the times and places that they feel most productive. And it could mean giving workers access to additional human or material resources in situations where stressors, whether physical or mental, could compromise individual or team performance.

Steps South African companies can take to address this trend

- Organisations should establish the right level of ownership for well-being—ownership by the group that has the greatest ability to influence the design of work. Our survey responses revealed a clear indication of HR as the most often-cited owner in organisations.

- While there will never be a one-size-fits-all approach to ownership, our survey results show that ownership of well-being by HR is a solid strategy. As indicated in our closing chapter—"A memo to HR"— the ownership of work is a huge opportunity for HR to expand their impact and

FIGURE 3

Who is primarily responsible for driving well-being within your organisation?

HR
46,02%

Functional or department leaders
20,35%

Individual workers
13,72%

C-Suite
12,39%

Front line managers
7,96%

Source: Deloitte South African Human Capital Trends survey, 2020.

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shift from a focus on cultivating the talent of today to imagining the work of tomorrow.

- Organisations should spend the time to understand their workforce's well-being needs. With all of the data available today, there is a great opportunity to gain insights into workers' needs related to well-being and to build those needs into the design of work.

- Organisations should put processes in place to engage employees in work design deliberations—recognising that the more that individuals are involved in the design process, the greater the chance that the changes made will have a positive, long-lasting impact. Worker input is critical to understand what changes to work practices may have the greatest impact on well-being.

Pivoting ahead

Given the immense pressure on organisations to promote worker well-being, it's no surprise that organisations have grasped at a large number of levers to do so.

But to date, almost all of these efforts have focused on the health and well-being of individuals, rather than the well-being of the entire worker population through the redesign of work.

Organisations that integrate well-being into work may find that it reduces the need for remediation of works negative effects, freeing up resources to invest in other areas and increasing individual and team contributions to organisational outcomes. In this way, building well-being into the work becomes an effort that can yield immediate benefits in productivity while paying ongoing dividends by driving meaningful work, greater worker resilience, and higher organisational performance, setting the stage for long-term success.

The postgenerational workforce

From millennials to perennials

As with most countries, organisations in South Africa have leaned heavily on workers' age and generation to segment employees. In an environment where there are 5 generations in the workplace, it is therefore important to consider other elements/attributes for segmentation.

Current drivers

For many years, age and generation have been popular lenses through which many organisations have viewed their workforce. In South Africa 48 percent of this year's survey respondents consider generational differences to some or a great extent when designing and delivering workforce programs. But as the workforce grows more complex, generational differences may not be the right anchor point.

Only 5 percent of our South African survey respondents strongly agree that their leaders are equipped to lead a multigenerational workforce effectively. This raises the question of whether traditional workforce segmentation approaches, anchored in generation, should remain the focus of future workforce strategies.

The readiness gap

Seventy-seven percent of organisations surveyed in South Africa say leading multigeneration workforces are important or very important for their success over the next 12 – 18 months. With

THE READINESS GAP

Seventy-seven percent of organisations surveyed in South Africa say leading multigeneration workforces are important or very important for their success over the next 12 – 18 months. With 40 percent saying that they are very ready to address this trend.

40 percent saying that they are very ready to address this trend.

The concept of "perennials," first articulated by Gina Pell, captures the increasing importance of moving beyond broad demographic categories to understand people on a more meaningful level.

Why is generation becoming less relevant as a way to understand the workforce? The starting point is that careers have become more dynamic and complex, loosening the historic correlation between age and career progression. Rapid technological and organisational change means that workers must now reinvent themselves multiple times throughout their working lives; at the same time, the broader business culture has shifted to make it

acceptable, sometimes even desirable, to promote younger individuals into leadership positions. The upshot is that 65-year-old interns can today be found working side by side with 25-year-old managers, calling into question the assumption that age is a reasonable proxy for understanding people's workplace challenges and needs.
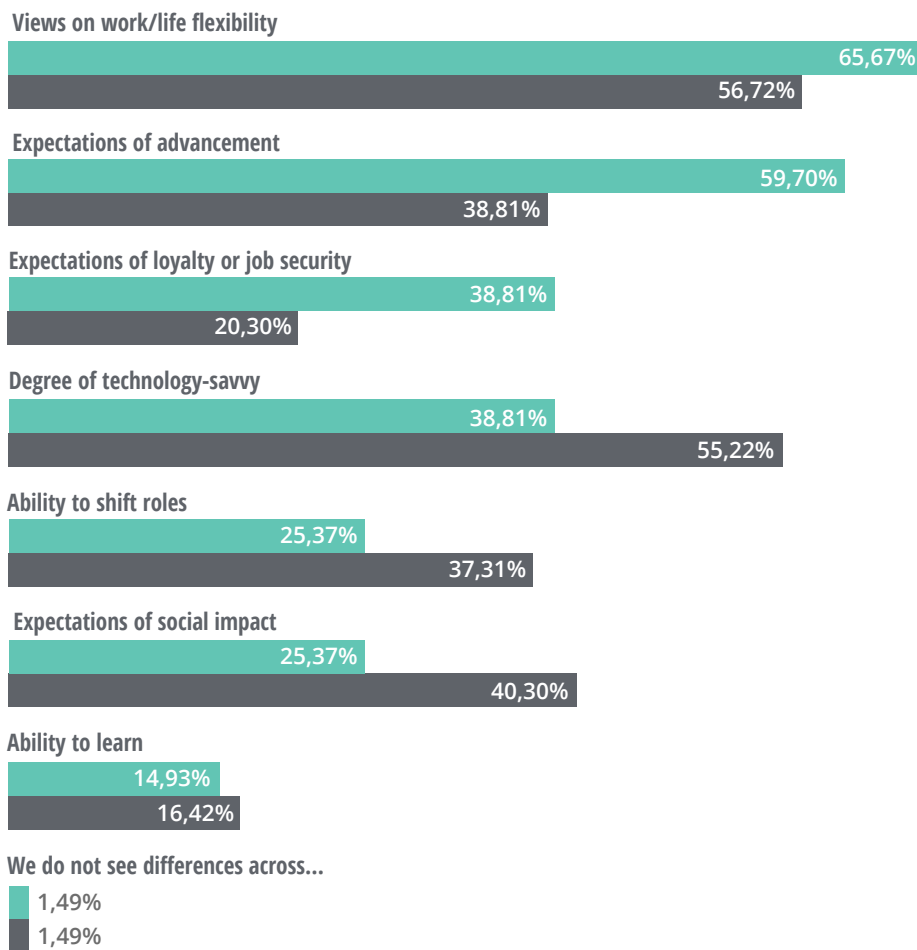
In fact, the deeper we dug into generational differences in our research, the more they

disappeared. Despite the fact that 76 percent of our 2020 survey respondents agreed with the general statement that generational differences were expanding, when we dug deeper on attributes that relate to careers, we found the exact opposite in areas such as work-life flexibility, expectations of loyalty and job security, and expectations of advancement (figure 1).

FIGURE 1

South African respondents indicate a shrinking gap in generational differences related to work and careers.

■ What do you see as the biggest differences across generations *today*?
■ What do you think will be the biggest differences in *three years*?

Views on work/life flexibility
65,67%
56,72%

Expectations of advancement
59,70%
38,81%

Expectations of loyalty or job security
38,81%
20,30%

Degree of technology-savvy
38,81%
55,22%

Ability to shift roles
25,37%
37,31%

Expectations of social impact
25,37%
40,30%

Ability to learn
14,93%
16,42%

We do not see differences across…
1,49%
1,49%

Source: Deloitte South African Human Capital Trends survey, 2020.

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Compounding the diminishing relevance of generation is the fact that the generation that has been the greatest beneficiary of a generational focus—millennials—is often not happy at work. The external Deloitte Global Millennial Survey 2019 found that 53 percent of millennials in South Africa surveyed say they would quit their current job in the next two years if given the choice—the highest share in the survey's history. Their reasons for wanting to quit ran the gamut of human capital focus areas: pay/ financial rewards (43 percent), lack of opportunities to advance (35 percent), lack of learning and development opportunities (28 percent), not feeing appreciated (23 percent), work-life balance (22 percent), boredom (21 percent), and culture (15 percent).

The evidence suggests that there has never been a greater opportunity to look beyond generation to reimagine how to segment the workforce for the future.
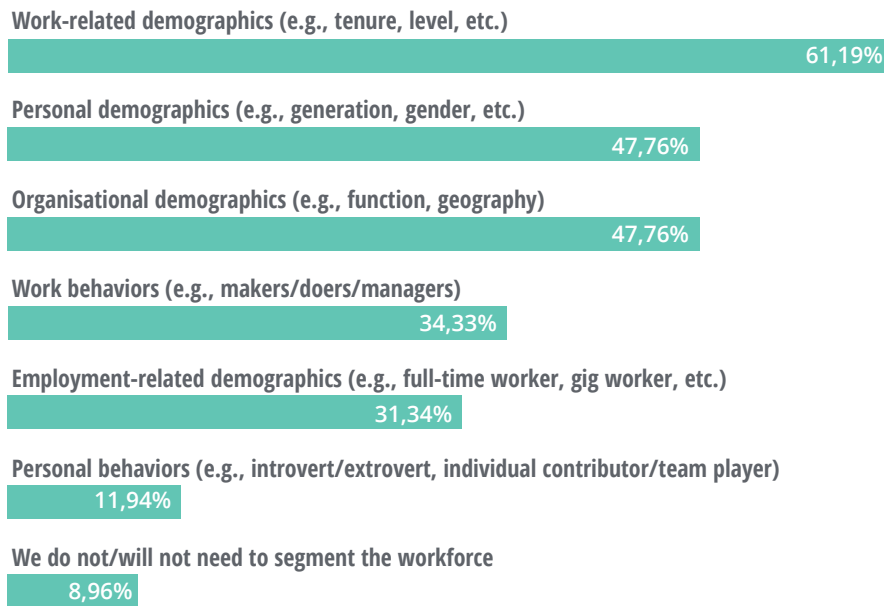
Developing talent strategies to suit workers' needs will involve more deeply understanding workers' individual expectations. This entails gaining complex insights into the workforce on matters such as their interests, values, preferences, and opinions.

Taking a value- or attitude-based approach to understanding the workforce will be a shift for organisational leaders, many of which, according to our respondents, still rely largely on demographic indicators to inform their talent strategies.

Besides generation, 61 percent of South African respondents said that they consider tenure and level in designing workforce strategies; 48 percent said they consider personal demographics such as gender, and 48 percent said they consider organisational demographics such as function and geography.

FIGURE 2

Which attributes are being used to segment the workforce today?

Work-related demographics (e.g., tenure, level, etc.)
61,19%

Personal demographics (e.g., generation, gender, etc.)
47,76%

Organisational demographics (e.g., function, geography)
47,76%

Work behaviors (e.g., makers/doers/managers)
34,33%

Employment-related demographics (e.g., full-time worker, gig worker, etc.)
31,34%

Personal behaviors (e.g., introvert/extrovert, individual contributor/team player)
11,94%

We do not/will not need to segment the workforce
8,96%

Source: Deloitte South African Human Capital Trends survey, 2020.

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Far fewer are collecting and using data that reflects individual behaviours and characteristics, even though many believe that such data would be valuable. For instance, 48 percent of South African respondents believed that work behaviours such as whether a person is a maker, a doer, or a manager will be most important for segmenting the workforce in three years—but just 34 percent said their organisations are currently segmenting the workforce this way. Similarly, 28 percent of respondents said that personal attributes such as introversion, extroversion, or propensity to be an individual contributor or a team player will be most important in three years—but just 12 percent of organisations are currently taking this approach (figure 2).

Steps South African companies can take to address this trend

- Design career programs around work behaviours, enabling people who might be "makers" or "doers" (rather than managers) to still have robust career paths ahead of them.

- Create learning programs centered around workers' learning styles and preferences, such as whether they learn best by experience, in the classroom, on their own, or in teams. This would enable them to develop in ways suited to their preferences—helping them to reskill and upskill faster to meet business needs.

- Recruit people based on their capabilities and attitudes toward work-life balance and where they are in their careers. This would help broaden their talent pool by bringing in people at different ages and stages for different business and skill priorities, which is becoming increasingly important in today's tight talent market.

- Organise leadership programs around evolving individual capabilities, needs, and expectations,

enabling more fluid movement across roles. This would help create the type of adaptable, team-oriented organisation that aligns leaders to the way that work gets done, helping improve organisational outcomes.

Pivoting ahead

The millennial generation's views and expectations were what originally pushed organisations to focus on generation as a way of understanding the workforce. Ironically, that understanding is now leading many organisations to the conclusion that segmenting by generation— or by any single demographic attribute—is an oversimplification.

Organisations today have the opportunity to apply consumer marketing insights and data analytics to design workforce management practices based on a deep understanding of individual behaviours, values, and attitudes, as well as demographics and career and life stages.

This post generational approach holds the potential for organisations to meet workers' needs and expectations in ways that are more meaningful to them and more beneficial to the enterprise, paying ongoing dividends in enhanced engagement and performance.

Superteams

Putting AI in the group

WITH THE UNEMPLOYMENT RATE IN SOUTH AFRICA REACHING 29 PERCENT IN 2019* AND THE CHAMBER OF COMMERCE PREDICTING THAT THE JOBLESS RATE COULD RISE TO 50 PERCENT AS A RESULT OF THE PLUMMETING ECONOMY AMID THE COVID-19 PANDEMIC**, SOUTH AFRICAN ORGANISATIONS NEED A DELIBERATE STRATEGY AND APPROACH TOWARDS ADOPTING AI TO LEVERAGE THE BENEFITS PROMISED BY AI WITHOUT ADDING TO THE UNEMPLOYMENT RATE.

Current Drivers

In our Global Human Capital Trends survey, 70 percent of the global respondents said that their organisations were exploring or using AI at some level, with 62 percent of South African respondents saying the same.

With the ever-growing immersion of AI in our organisations, it is not a question of whether it will affect jobs, but rather how. Organisations face a fundamental choice: whether to use AI solely to automate tasks formerly performed by people, or to use it to assist workers as well.

The good news is that our survey respondents are leaning toward the latter. Only 12 percent of the global respondents said their organisations are primarily using AI to replace workers, while 60 percent said their organisation was using AI to assist rather than to replace workers. In the South African context, high unemployment rates always remain a challenge. It is enlightening to see that from the 339 South African respondents across industries, only 9.5 percent believe that their

organisations are introducing AI to replace the workforce, and 72 percent said that AI is used to assist their workforce (Figure 1).

FIGURE 1

What is the primary reason your organisation uses AI? (Q39a)

- To assist workers
- My organisation does not use AI
- To replace workers ■ To oversee workers
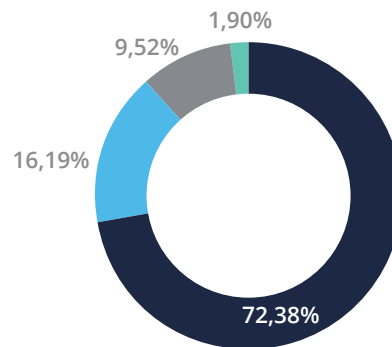
1,90%
9,52%
16,19%
72,38%

Source: Deloitte South African Human Capital Trends survey, 2020.

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Respondents in South Africa are not ready for AI

Contradictory to the 62 percent of South African respondents who said their organisations are exploring or using AI at some level, only 18 percent of respondents felt ready to redesign jobs to integrate AI technology (Figure 2).
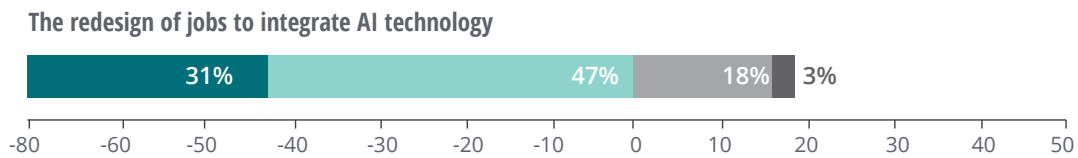
THE READINESS GAP

66 percent of organisations in South Africa say the redesign of jobs to integrate AI technology is important or very important for their success, but only 21 percent say they are ready to address this trend. This gap is significant and may point to South African companies not investing enough in AI or if they are, not making it readily available to the broader organisation.

FIGURE 2

SA respondents' readiness for Artificial intelligence

■ Not ready ■ Somewhat ready ■ Ready ■ Very ready

The redesign of jobs to integrate AI technology

| 31% | 47% | 18% | 3% |

-80 -60 -50 -40 -30 -20 -10 0 10 20 30 40 50

Source: Deloitte South African Human Capital Trends survey, 2020.

Deloitte Insights | deloitte.com/ins
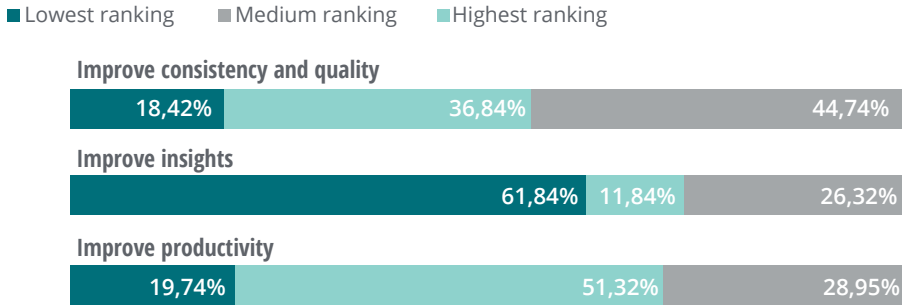
Our 2020 perspective

It is no question that artificial intelligence and automation are trending concepts – as evident by 62 percent of South African respondents' organisations exploring or piloting it. The truly value-adding AI implementations, however, are still lagging. We can partially attribute this to common AI and automation design misconceptions. Not surprisingly, many businesses believe that AI and automation will serve as a "plug and play" to future-proof and optimise their organisations. Where we see real value is where the exponential technologies are developed, built and interwoven as part of the work design, i.e. where these technologies aren't solely an enabler, but rather an assimilation of the work that drives value, the people doing the work as well as the workplace where the work is being done.

Respondents aren't using AI to the fullest of its potential

Our data is showing some gaps in how organisations are using AI to assist and augment their workforce, for example the way organisations report using AI to assist workers is limited, focusing more on increasing consistency and productivity than on increasing value. Almost half of the South African respondents in our survey indicated that their organisations are using AI mainly to help improve consistency and quality, and about a third (29 percent) are using it primarily to boost productivity. Only 26 percent of South African respondents say that their organisations are using AI primarily to assist workers in developing insights. (Figure 3)

FIGURE 3

How is AI used to assist workers in your organisation?

■ Lowest ranking　■ Medium ranking　■ Highest ranking

Improve consistency and quality

| 18,42% | 36,84% | 44,74% |

Improve insights

| 61,84% | 11,84% | 26,32% |

Improve productivity

| 19,74% | 51,32% | 28,95% |

How is robotics used to assist workers in your organisation?
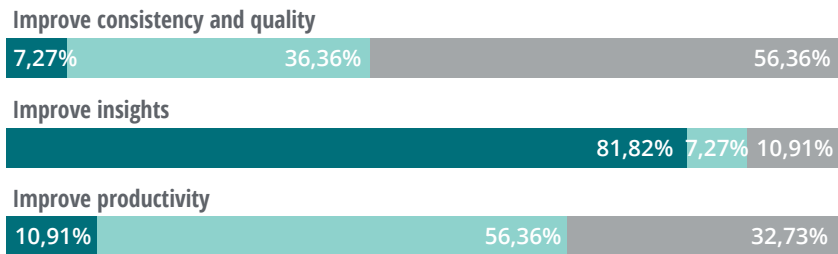
Improve consistency and quality

| 7,27% | 36,36% | 56,36% |

Improve insights

| 81,82% | 7,27% | 10,91% |

Improve productivity

| 10,91% | 56,36% | 32,73% |

Source: Deloitte South African Human Capital Trends survey, 2020.

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The blossoming organisation

When the question arises whether particular industries are taking the lead with AI success stories, we see that responses across industries (bar professional services) are fairly aligned with regards to their business's readiness for AI - with readiness ranging from 13 percent in Government and Public Services to 22 percent in Technology, Media and Telecommunications (Figure 4).

Should AI and automation replace certain (low cognitive) tasks within a role, it will provide the opportunity to proactively start redesigning these roles, as well as consider how the work that is performed will change and where best value can be achieved with the capacity freed up through technology. This forward-looking lens will assist in compressing, optimising and enhancing work to drive efficiency, productivity and value creation through seamless partnering of humans with

FIGURE 4

The redesigning of jobs to integrate AI technology broken down by Industry

■ Not ready ■ Somewhat ready ■ Ready ■ Very ready

Professional services (65)
29% | 42% | 25% | 5%

Not specified (52)
31% | 46% | 19% | 4%

Technology, media and telecommunication (18)
28% | 50% | 22%

Financial services (50)
34% | 46% | 16% | 4%

Life science and health care (16)
31% | 50% | 19%

Energy, resources and Industrials (28)
43% | 39% | 11% | 7%

Government and public services (8)
63% | 25% | 13%

Consumer (40)
20% | 68% | 10% | 3%

-90 -80 -70 -60 -50 -40 -30 20 10 0 10 20 20
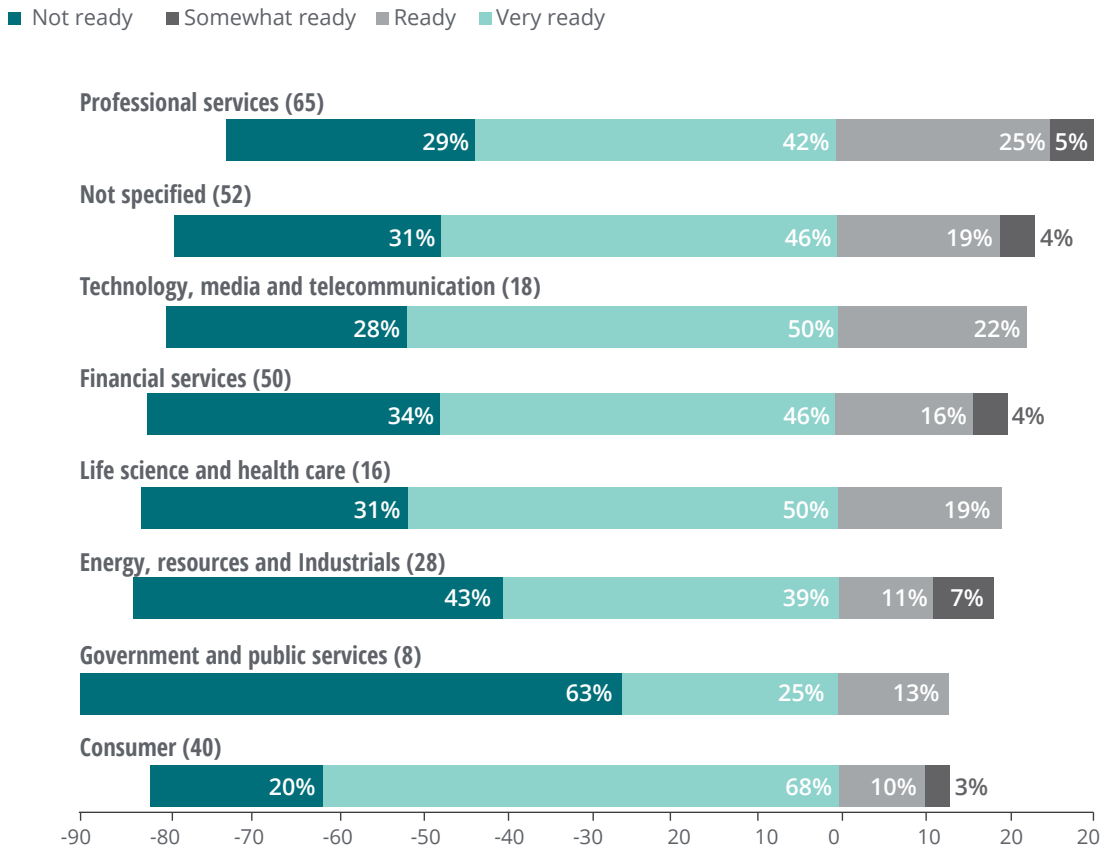
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technology and the creation of what we call superteams (Figure 5).

Organisations can unlock AI's potential to transform work and jobs in ways that generate value and net new jobs by finding ways to thoroughly integrate AI into workplace teams. "Superteams" are combinations of people and machines leveraging their complementary capabilities to solve problems, gain insights, and create value.

These teams illustrate how the relationship between technology and people is evolving from a focus on automating work to replace workers, to augmenting workers with technology to create

superjobs, to collaborating with technology to form superteams at the group level.

As organisations progress further along this spectrum, the degree to which technology can transform organisational outputs increases. At the first stage, substitution, the new outputs allow for reduced costs and improved efficiency. At the second stage, augmentation, a greater degree of transformation drives greater value and expanded opportunities, as well as reducing costs and improving efficiency. At the third stage, collaboration, a still greater degree of transformation enables the work and the outputs to take on more meaning for workers and customers— as well as driving greater gains in costs, efficiency, and value. Organisations that choose to integrate

FIGURE 5

Putting AI on teams can allow organisations to both transform the nature of the outputs and free up capacity among the workforce

Source: Deloitte analysis.

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- Have an organisational strategy for AI

- Allocate budget to AI strategy

- Have executive sponsorship

- Identify the primary driver(s) for implementing AI, i.e. substitution, augmentation or collaboration

- Use AI to not only assist the workforce, but transform the work, workforce and workplace to achieve the ultimate value for your organisation
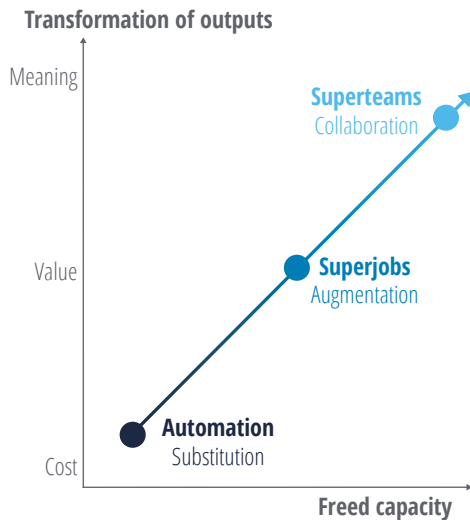
humans and AI into superteams can realise much greater value by redesigning work in transformative ways to drive enterprise value and create meaningful jobs.

Steps SA Companies can take to address this trend

MIT Technology Review stated in 2019 that the "The future of AI is in Africa" and the University of Pretoria in South Africa pointed out in their report "Artificial Intelligence for Africa: An opportunity for growth, development and democratisation" that AI can be an accelerator for growth and development if properly implemented.***

In order to grow and develop superteams and superjobs, South African organisations need to:

In addition, from our observations of South African implementations of AI and robotics, South African organisations can start practically by:

- Identifying where a small change through the introduction of AI or automation can have a big impact (start small, then grow exponentially)

- Identifying which teams need a pair of extra "hands" to reduce strain

- Identifying where you can unlock value using your teams for their uniquely human capabilities rather than computing or repetitive capabilities

- Continuously interacting with AI that has been implemented to train it and enhance its overall performance

Pivoting ahead

Organisations that have identified company-wide imperatives for digitisation and optimisation, allocated budget to these imperatives and have senior-level influencers; have proved to accelerate the exploration and adoption of AI. These

*** https://theconversation.com/new-technologies-can-be-a-force-for-good-in-africa-if-theyre-developed-from-the-ground-121916

imperatives can either be natural (such as a culture of innovation) or forced (such as the forced remote working instituted as a result of COVID-19).

Dynamic and forward-thinking leadership can furthermore drive a culture of innovation and thus the adoption of new ways of working aided by new technologies. Another integral aspect of the acceptance of this new "team member" is nurturing a culture of trust among the human team members. The humans must trust the algorithm and the AI components to support them – even if there are

occasional mistakes in the solution. It will learn and it will improve, and people need to be equipped with the necessary tools and trust to oversee the learning and improving of AI solutions.

AI is here to stay and those companies that harness the collective intelligence of artificial intelligence along with human intelligence, will gain significant competitive advantage ahead of the curve.

Knowledge management
Creating context for a connected world

IN SOUTH AFRICA, THE NEED TO PRESERVE INSTITUTIONAL KNOWLEDGE TO DRIVE ORGANISATIONAL PERFORMANCE IS EXACERBATED BY THE FACT THAT SKILLED AND EXPERIENCED SOUTH AFRICANS ARE LEAVING THE COUNTRY AT A RAPIDLY INCREASING RATE. STATISTICS FROM THE DEPARTMENT OF HOME AFFAIRS SHOWED THAT IN 2017, EIGHT SOUTH AFRICAN PROFESSIONALS LEFT FOR EVERY SKILLED FOREIGNER WHO ENTERED THE COUNTRY AND FURTHER SHOWING A YEAR ON YEAR INCREASE.

Current drivers

Technology is undoubtedly a big part of the growing need for more effective knowledge management. In the digital, hyper-connected era, organisations are collecting and generating a "tsunami of data" but few are able to capitalise on its full potential.

With the explosion of workforce conversations on digital collaboration tools, knowledge no longer sits in databases waiting to be accessed - but flows dynamically across the digital communications channels that now define working relationships. As a case in point, Microsoft Teams and Slack, two digital communications tools used in many workplaces today, report 44 million and 12 million daily active users respectively, increasing significantly with the rise of COVID-19 across the globe.

THE READINESS GAP

Seventy-eight percent of South African organisations surveyed say creating and preserving knowledge across evolving workforces is important or very important for their success over the next 12–18 months, but only 4 percent say they are very ready to address this trend; this represents the second largest gap between importance and readiness across this year's trends.

New ways of working have increased worker mobility. Workers in both traditional and alternative work arrangements are moving across jobs, projects, teams, geographies, and organisations more than ever before, taking critical knowledge with them. With the rise of remote work and worker mobility, knowledge management will become an increasing business imperative.

In this year's South African Human Capital Trends survey, 48 percent of respondents said that both workforce movement and the need to promote organisational cross-collaboration is driving them to proactively develop their knowledge management strategies aligning with the Global Trend of 52 percent of respondents. Further, 44% of respondents said a desired need to increase innovation was driving urgency of knowledge management strategies. And 68 percent said that their organisations were somewhat effective at deriving value from knowledge.

Despite an acknowledgment that the new ways of work have shifted, many organisations' approaches to knowledge management have not kept pace.

Our survey shows that more than forty percent of South African respondents do not provide members of the alternative workforce with access to knowledge-sharing tools and platforms, slightly lower than the Global Trend of almost half. Further, only 8 percent of South African respondents see integrating knowledge management across off- and on-balance-sheet workers as a key factor to consider in proactively developing their knowledge management

strategies, well below the Global trend of 16 percent. In a world where the use of the gig economy continues to expand, this could become a significant barrier to creating knowledge and keeping skills in the future.

Our 2020 perspective

Our research this year shows that many organisations remain focused on—and struggle with—the basics of knowledge management. More than half of the respondents to this year's South African Human Capital Trends survey (57 percent) still define knowledge management as the simple documenting and disseminating of knowledge. And a further 72 percent of respondents believing their organisations to be somewhat to not effective at all in delivering on knowledge sharing. Less than 5 percent of respondents surveyed believed their organisation to be effective at deriving value from knowledge within their organisation (figure 1).

The overwhelming majority of organisations understand they are falling short. Ninety percent of our respondents said their organisations need to do a better job of preserving knowledge and tying

FIGURE 1

How effective is your organisation at the following, within your complete organisation?
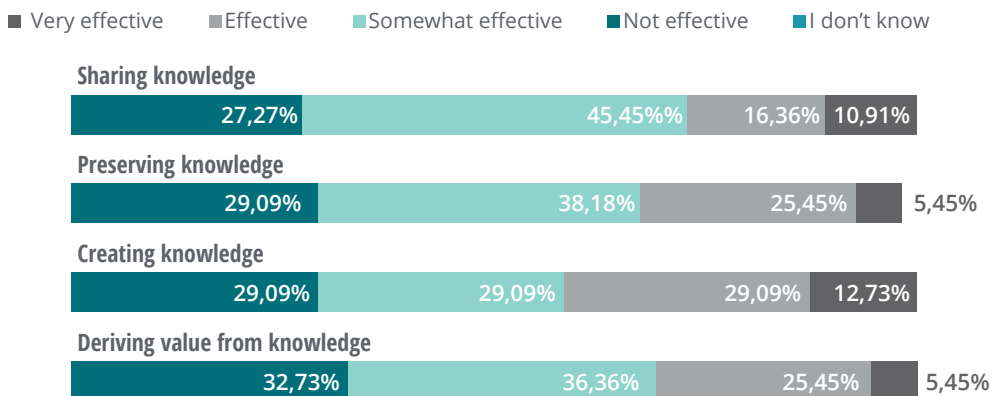
■ Very effective ■ Effective ■ Somewhat effective ■ Not effective ■ I don't know

Sharing knowledge

| 27,27% | 45,45%% | 16,36% | 10,91% |

Preserving knowledge

| 29,09% | 38,18% | 25,45% | 5,45% |

Creating knowledge

| 29,09% | 29,09% | 29,09% | 12,73% |

Deriving value from knowledge

| 32,73% | 36,36% | 25,45% | 5,45% |

Source: Deloitte South African Human Capital Trends survey, 2020.

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knowledge to action, while 87 percent admitted that they must be more effective at creating knowledge to jump-start innovations and launch new products and services.

For organisations that are struggling, the good news is that technology is offering up helpful solutions. Emerging Artificial Intelligence (AI) capabilities such as natural language processing and natural language generation can automatically index and combine content across disparate platforms. These same technologies can also tag and organise information, automatically generating contextual metadata without human intervention and eliminating a major barrier to actually using the knowledge that an organisation's people and networks create. And in the most advanced applications, AI technologies can take that contextualised information and push it to organisation's teams and systems, allowing it to flow through networks of people as they work to uncover insights and solve problems in real time.

As a key application of what Deloitte calls "superteams", knowledge management is evolving far beyond an internal database that workers occasionally visit to look for information. Instead, it connects an organisation's different teams, systems, and networks, elevating and honing everything the organisation does. It proactively pushes the right information to the right person at the right time, and it accelerates learning by automatically delivering the expertise that people need.

South African organisations have a long journey ahead of them but can make a significant impact by driving a new technological approach to Knowledge Management.

70 percent of our South African respondents have yet to incorporate AI into their knowledge management strategy beyond a limited extent, emphasising the shift South African Organisations need to make in harnessing the benefits of AI.

Whilst the lack of technology infrastructure was noted as a constraint, it was only considered third along with frequent shifting of people in the organisation (35 percent).The top barriers identified in our 2020 survey focused not on the technological, but instead on the human side of the knowledge management equation (figure 2). Barriers such as organisational silos (75 percent), and lack of an organisational mandate (41 percent) point to the fact that many organisations need to do more than provide the infrastructure to share and create knowledge; they need to redefine the value associated with it as well.

An effective knowledge management approach can give employees a larger platform to build on each other's knowledge and expertise, helping to increase an employee's value to the organisation and ultimately offering them a greater sense of security at work. In a world where innovation and growth depend on synthesising information and finding patterns that no single human eye can see, job security and organisational status come from one's contributions to personal and organisational reinvention—not from keeping information siloed for individual use only.

Steps South African Companies can take to address this trend

South African organisations should look to including knowledge management as a part of their digital ecosystems. Organisations who understand this trend as a strategic driver will reap the benefits above their peers.

1. Organisations need to gear their culture toward cross functional teams in driving business value. Breaking down silos unlocks organisational artefacts which often hold the key to business opportunities.

FIGURE 2

What do you identify as the barriers to effective knowledge management in your organisation?
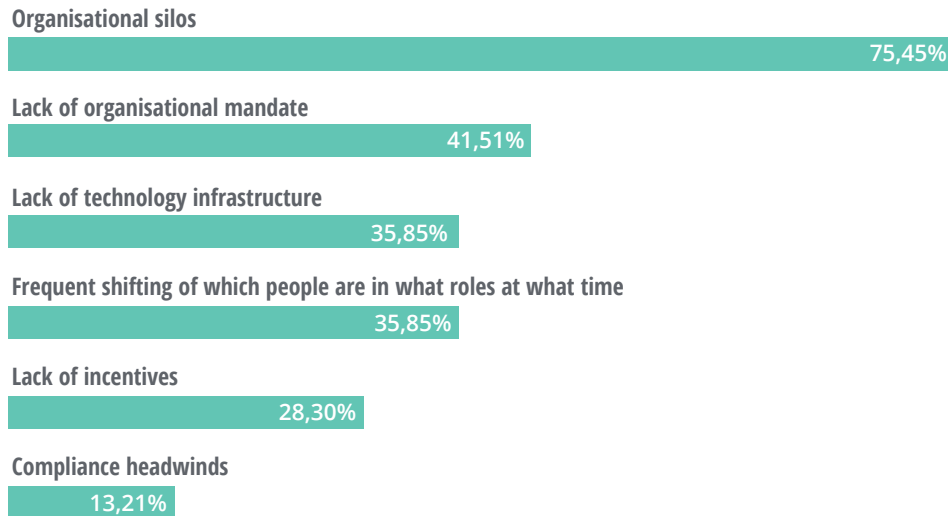
Organisational silos

75,45%

Lack of organisational mandate

41,51%

Lack of technology infrastructure

35,85%

Frequent shifting of which people are in what roles at what time

35,85%

Lack of incentives

28,30%

Compliance headwinds

13,21%

Source: Deloitte South African Human Capital Trends survey, 2020.

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2. Organisations need to change the narrative of knowledge management from static information to fluid functional knowledge which can be harnessed. Codification, personalisation of information and data will be a key differentiator in a time when there is a conundrum of information flowing between teams.

3. Organisations must partner and collaborate with their digital teams to reconceptualise the design principles of knowledge management, unpacking where knowledge is housed and how technologies can be leveraged to extrapolate knowledge assets toward a fourth industrialised way of working.

Pivoting ahead

Rapid technological advances have poised knowledge management to evolve from a static, back-office activity focused on documenting and warehousing information to a dynamic, AI-powered platform that enables organisations to create, understand, and act on knowledge more effectively than ever before.

To be able to take advantage of these emerging technologies, organisations need to marry two critical elements: the physical systems and infrastructures to support the technology, and the processes, incentives, and culture that encourage people to use it. Organisations that succeed on both fronts will be well positioned to create and act on knowledge in ways that drive tangible results.

Beyond reskilling
Investing in resilience for uncertain futures

ALTHOUGH RENEWING WORKERS' SKILLS IS A TACTICAL NECESSITY, RESKILLING ALONE MAY BE A STRATEGIC DEAD END. THE SKILL SHORTAGE IS TOO GREAT AND THE INVESTMENTS OF COMPANIES TOWARDS RESKILLING ARE TOO SMALL. THE PACE OF CHANGE IS TOO RAPID, QUICKLY RENDERING EVEN "SUCCESSFUL" RESKILLING EFFORTS OBSOLETE. WHAT IS NEEDED IS A WORKFORCE DEVELOPMENT APPROACH THAT CONSIDERS BOTH THE DYNAMIC NATURE OF JOBS AND THE EQUALLY DYNAMIC POTENTIAL OF PEOPLE TO REINVENT THEMSELVES. TO DO THIS EFFECTIVELY, ORGANISATIONS NEED TO FOCUS ON BUILDING WORKERS' RESILIENCE FOR BOTH THE SHORT AND THE LONG TERM—A FOCUS THAT CAN ALLOW ORGANISATIONS TO INCREASE THEIR OWN RESILIENCE IN THE FACE OF CONSTANT CHANGE AND UNCERTAINTY.

The South African context

Going into 2020, the South African economy has faced slow growth and credit downgrades - as well as the unprecedented burden of the COVID-19 outbreak. Unsurprisingly, the labour market has felt the pressures and we are reminded how crucial reskilling is in addressing our near future needs and also in surviving the unforeseen circumstances we may encounter in the long term. Not only should South African organisations reskill their workers, but they also need to build their resilience by equipping them with tools and strategies to embrace and adapt to a range of uncertain futures.

Current Drivers

Globally, organisations are finding it challenging to navigate through the fast-changing skills landscape, and this is not any different for South African organisations. According to this year's

THE READINESS GAP

Seventy-four percent of South African organisations say reskilling the workforce is important or very important for their success over the next 12–18 months, but only 6 percent say they are very ready to address this trend.

Human Capital trends survey, 56 percent of South African respondents state that between half and all of their workforce will need to change their skills and capabilities in the next three years (Figure 1).

The need for reskilling is unsurprising as the influx of the fourth industrial revolution technologies in South Africa continue to rapidly change and shape the way in which jobs are done today, causing a constant shift in and demand of new skills and capabilities.

FIGURE 1

Approximately what percentage of your workforce needs to change their skills and capabilities in the next three years?
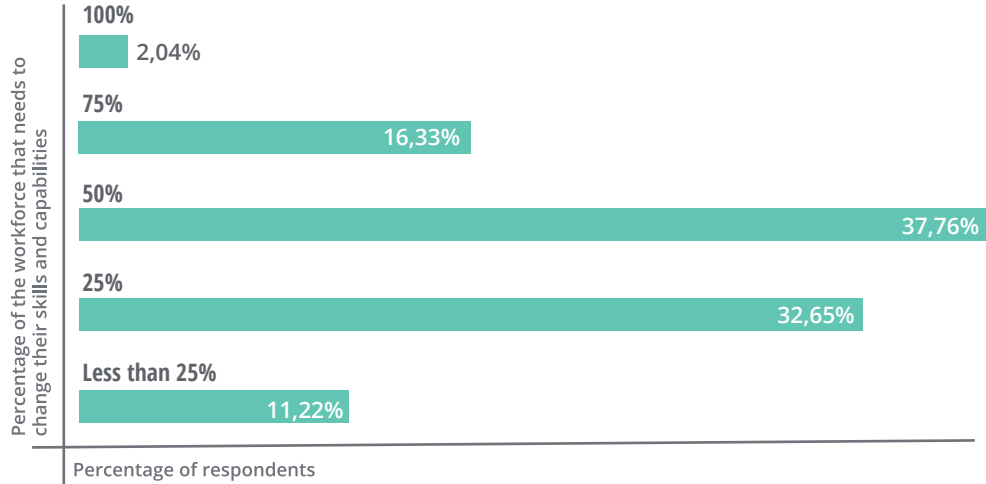
Percentage of the workforce that needs to change their skills and capabilities

100%
2,04%

75%
16,33%

50%
37,76%

25%
32,65%

Less than 25%
11,22%

Percentage of respondents

Source: Deloitte South African Human Capital Trends survey, 2020.

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Employees today are expecting their organisations to help them keep their skills and capabilities up to date. Seventy-nine percent of South African respondents believed that their organisations are primarily responsible for workforce development.

Organisations were identified over all other entities such as educational institutions, governments or unions as well as individual workers themselves (Figure 2).

FIGURE 2

Which entities in society do you think are primarily responsible for workforce development?
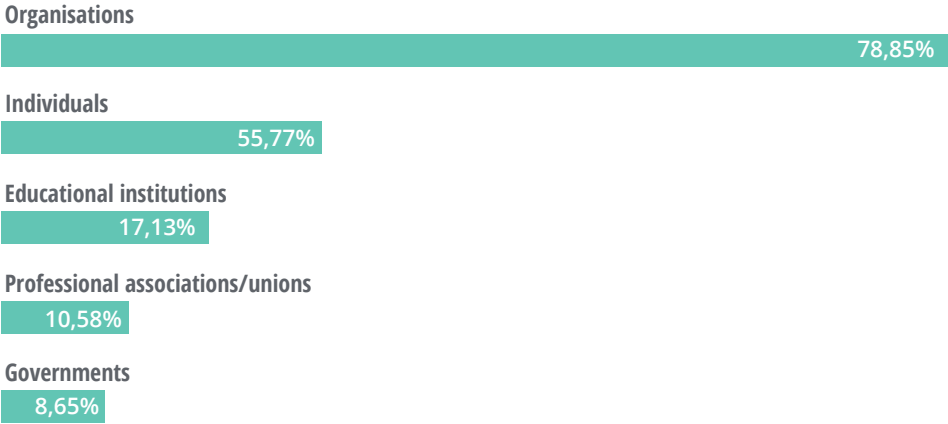
Organisations
78,85%

Individuals
55,77%

Educational institutions
17,13%

Professional associations/unions
10,58%

Governments
8,65%

Source: Deloitte South African Human Capital Trends survey, 2020.

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Although many training departments struggle to keep up with the swift change in reskilling needs, they should not expect their employees to be responsible for reskilling themselves. South African organisations need to take accountability for workforce development. This is in accordance with the view of the South African government, which states that it is the organisations' responsibility to build capabilities of their employees for the future growth of the South African economy and its competitiveness. Developing skills and capabilities can enhance workers' long-term employability and thereby plays a role in decreasing unemployment in South Africa.

As South African organisations experience growing pressures to develop their workforce, they are also confronted by barriers that may hinder their ability to successfully build skills and capabilities. Thirty-seven percent of South African respondents have difficulty in identifying their workforce development needs and priorities (Figure 3).

FIGURE 3

What do you see as your organisation's greatest barriers to workforce development?

The lack of investment
42,57%

The difficulty in identifying development needs and priorities
36,63%

There is no clear accountability within the organisation
30,69%

There are no processes and infrastructure to support it
20,79%

It is not a leadership priority
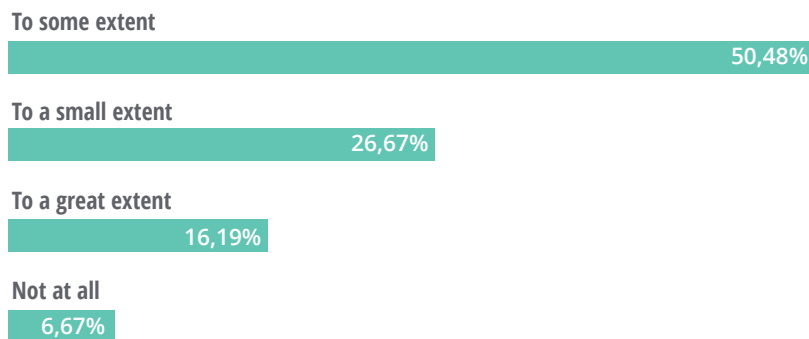17,82%

The lack of workforce interest
15,84%

Source: Deloitte South African Human Capital Trends survey, 2020.

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FIGURE 4

Have you been successful in anticipating skills and capabilities to-date?

To some extent

50,48%

To a small extent

26,67%

To a great extent

16,19%

Not at all

6,67%

Source: Deloitte South African Human Capital Trends survey, 2020.

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In conjunction, only sixteen percent of South African respondents have to a great extent been successful in anticipating the skills and capabilities they needed to-date (Figure 4).

With this in mind, how can organisations build skills and capabilities when they may not be proficient in identifying what skills and capabilities will be needed? Does this mean that a significant number of South African organisations still adopt a reactive approach rather than a proactive approach to reskilling? Unlike other nations, South Africa's economy may not be able to handle a reactive strategy to deal with our skills shortage. This calls for a robust, predictive workforce planning model going forward for South African organisations.

Forty-three percent of South African respondents listed a lack of investment in reskilling and development as another key barrier to workforce development (Figure 3). This result is eleven percent higher than that of the global report, reflecting that South African organisations in particular may be battling with obtaining and allocating the necessary funds required to reskill.

Overall, South African respondents have stated that workforce development is important and believe that their investment in workforce development will have incremental, moderate or significant increase over the next three years. However, with

the lack of investment currently being the number one barrier to workforce development, do organisations actually have the funds to increase investments in reskilling? This brings us back to our readiness gap- yes, reskilling is important, but are organisations prepared to take action to reskill?

In line with the global findings, seventy-six percent of South African respondents expect to source the new skills and capabilities their organisation needs primarily by reskilling their current workforce. However, considering the above, this may not play out due to the barriers South African organisations are currently facing.

Our 2020 perspective

What kinds of qualities should workers – and organisations – cultivate to survive and thrive in this radically changing business and skills environment? In the past, business success relied mainly on deploying precisely calibrated skills to efficiently construct products or deliver services at scale. Today, success increasingly depends on innovation, entrepreneurship, and other forms of creativity that rely not just on skills, but also on less quantifiable capabilities such as critical thinking, emotional intelligence, and collaboration (Source: Deloitte Global Human Capital Trends report, 2020).

Based on this year's Global Human Capital Trends survey, we see five areas where organisations can challenge their thinking to build resilience (Figure 5).

FIGURE 5

Five shifts that can help organisations build resilience

From	To	Survey says …	Our perspective
Building skills	**Cultivating capabilities first, skills second**	84 percent of South African respondents said that building innate capabilities that are relevant across multiple areas (e.g. problem solving, communication, creativity and empathy) is important or very important.	These capabilities can enable the South African workforce to negotiate changing job market needs as technology advances, automating some jobs and changing the technical skills requirements of others.
Developing specific workforce skills to meet short-term needs	**Leveraging workers' "passion of the explorer" to engage them in solving unseen and future problems**	Our survey highlights workers' desire to learn and grow. In fact, lack of workforce interest was the least commonly cited barrier to reskilling, with only 16 percent of our South African respondents identifying it as an issue.	Research shows that the workforce often senses disruptive external shifts sooner than senior leaders and will take steps to identify the gaps and reinvent themselves to fill them without a top-down mandate. By creating a space for this reinvention, organisations can encourage their workforce to continue to take active steps to stay adaptable.
Focusing on formal training and traditional education methods	**Supporting learning in the flow of work**	This year, 74 percent of South African respondents rated learning and reskilling the workforce as important, but only 40 percent of respondents felt ready to address this need. We believe this readiness gap can be attributed to organisations not making a space for reskilling and learning within the workplace and in the flow of work.	Research shows that learning through experience and practical application yields better learning gains than traditional classroom methods.
Rewarding based on work output	**Rewarding based on capability development**	Workforce development investments and rewards are not usually structured to support long-term organisational goals. 63 percent of South African respondents said that their organisations are not rewarding workers for developing skills and capabilities. Only 24 percent are rewarding leaders for developing skills and capabilities on their teams.	Recognising the importance of reinvention, organisations need to create incentives to motivate teams and individuals to continuously learn, adapt and improve.
Preparing the workforce with an internal focus	**Preparing the workforce with an eye toward what benefits both the organisation and society**	62 percent of South African respondents agree that the purpose of the organisation is expanding extensively to include all stakeholders, including the communities that organisations serve and society at large.	Workforce capability building should not only focus on business needs but also the needs of the workers, customers, and communities in which they operate. As the workforce compositions continue to shift, organisations will need to rely more on the health of their overall ecosystem.

Sources: Joseph B. Fuller et al., "Your workforce is more adaptable than you think," *Harvard Business Review*, May–June 2019: pp. 118–26; Caitlin Anderson, "New research shows students learn better when interacting with classmates," *Minnesota Daily*, November 14, 2018; John G. Richardson, "Learning best through experience," *Journal of Extension* 32, no. 2 (August 1994); John Hagel, John Seely Brown, and Maggie Wooll, *Skills change, but capabilities endure*, Deloitte Insights, August 30, 2019.

Steps South African companies can take to address this trend

While not every organisation can be expected to implement all five shifts at once, there are steps South African companies can take to build the resilience of their workforce.

- Switching the focus from technical upskilling to honing workers' soft skills and capabilities, such as communication and innovation, can prepare workers for longevity in their field. Organisations should invest in leadership training with a focus on identifying problems and collaboratively developing solutions to address current and future issues they encounter in their daily jobs.

- Experiential learning, or learning in the flow of work, can be highly successful in building on existing skills or developing particular skills or capabilities in specific areas. Organisations should demonstrate their commitment to continuous learning by investing in an internal skills repository and providing workers with learning time during the working day.

- Organisations must perform a guiding role in mapping out and developing their workers' careers and rewarding them for developing new skills and capabilities. Leveraging workers' "passion of the explorer", organisations can reward them by partnering with educational institutions such as universities, colleges and training academies to provide workers with subsidised further education and training.

- Taking this a step further, organisations should consider offering career and educational support to their community and society as a whole, expanding their focus beyond internal concerns and benefitting the external ecosystem.

Pivoting ahead

South African organisations need a system that invests not just in workers' near-term skill needs but also in workers' long-term resilience, developing their capabilities as part of work. Embracing the five shifts which build resilience can steer our organisations and our country in the right direction towards putting the social enterprise at work. Additionally, along with investing in workforce development, South African organisations also need to adopt a proactive approach to identifying the skills and capabilities needed in the years ahead.

Organisations that understand and action reskilling will not only have a skilled workforce but also the organisational motivation, innovation and adaptability to thrive. In a world where the only constant is change, supporting workers in reinventing themselves offers organisations a sustainable path forward as they aim to equip their workforces to do the work of today—and the future.

The compensation conundrum
Principles for a more human approach

RAPID CHANGES IN THE NATURE OF WORK ARE ADDING NEW DEMANDS AND PRESSURES ON COMPENSATION STRATEGIES AND PROGRAMS. AS A CONSEQUENCE, MANY ORGANISATIONS ARE STUCK IN A SEEMINGLY ENDLESS CYCLE OF COMPENSATION REVIEWS, REFORMS, AND ROLLOUTS. TO TAKE BOLD ACTION IN THE FACE OF UNCERTAINTY, ORGANISATIONS SHOULD LOOK BEYOND COMPENSATION AS A "SPOT MARKET"—FOCUSED ON REWARDS TO DRIVE TALENT ACQUISITION AND RETENTION—TO VIEWING IT AS A LEVER TO MANAGE THE BIGGEST SHIFTS HAPPENING IN TODAY'S WORK ENVIRONMENT, INCLUDING CHANGES IN THE WAY WORK HAPPENS, THE EVOLVING EXPECTATIONS OF THE WORKFORCE, AND THE EXPANDED ROLE OF ORGANISATIONS AS THEY BECOME SOCIAL ENTERPRISES. TO DO THIS EFFECTIVELY, ORGANISATIONS MUST FOCUS ON A CORE SET OF HUMAN PRINCIPLES THAT WILL ENABLE THEM TO CRAFT COMPENSATION STRATEGIES DESIGNED TO STAND THE TEST OF TIME IN THE NEW WORLD OF WORK.

Current drivers

South African organisations have been hit hard by the reality of the COVID-19 pandemic where preserving jobs and business cash flow are top priority, with a strong focus to ensure the safety of all stakeholders. In the face of this ambiguous period, employees are asking tough questions around their compensation, pay and promotion practices. It is now more relevant than ever, to revisit organisations' compensation strategies for a sustainable way forward, as well as to navigate these unprecedented times for the greater good of stakeholders and the organisation.

Compensation—salary and wages—is the largest component of an organisation's total labour costs, accounting for up to 70 percent of an organisation's total costs. Many organisations however, seem

THE READINESS GAP

In the South African context, 68% of organisations say that the changing nature of compensation expectations and strategies is important or very important for their success over the next 12–18 months, with only 27.77% of organisations indicated that they are ready or very ready to address this trend.

curiously uncertain about how to approach this significant area of spend. Interestingly, a study was conducted in South Africa on five insurance firms where the findings suggested that, employer branding can be strategically used to reduce compensation and therefore direct costs. The results confirmed that when employees have higher perceptions of employer branding, retention and engagement levels increase.

In our 2020 South African Human Capital Trends survey, respondents said that their organisations had redesigned their compensations strategies in the last year (figure 1) . Furthermore, 23 percent of respondents in South Africa indicated that they are currently redesigning their compensation strategies.

South African organisations have identified the need to redesign their compensation strategies and have acted upon that to drive change and impact. Despite these continual efforts, it remains important to understand that employee motivation and retention are a serious challenge in South Africa where a one-size-fits-all approach to compensation and reward will not be effective.

Efficient redesign of compensation strategies calls for a thorough understanding of employee preferences and needs to develop an equitable mix in compensation strategy, in order to ultimately enhance performance, realise employee engagement and reach organisational objectives. This is confirmed by the Deloitte Human Capital Trends report of 2019, where they indicated how

difficult organisations are finding it to keep up with the needs of employees form multi generations.

Most respondents in South Africa have redesigned their compensations strategies in the last year.

When did you last redesign your compensation strategy?

The uncertainty about how best to approach compensation and the lack of positive results is not surprising, given the rapidly evolving environment that compensation strategies need to address. To start is the change in radical shift in work and jobs. Not only is the "half-life" of individual skills diminishing, but *entire roles* are also changing as work is being redesigned to integrate human workers with robotics and AI. The World Economic Forum estimates that 42 percent of the skills required from the global workforce will change between 2018 and 2022, and that by 2022, no less than 54 percent of all employees will require significant reskilling and upskilling.[4]

As the inequality gap widens, external stakeholders are zeroing in on compensation, taking some

FIGURE 1

Most respondents are currently redesigning or have redesigned their compensation strategies within the last three years

When did you last redesign your compensation strategy?

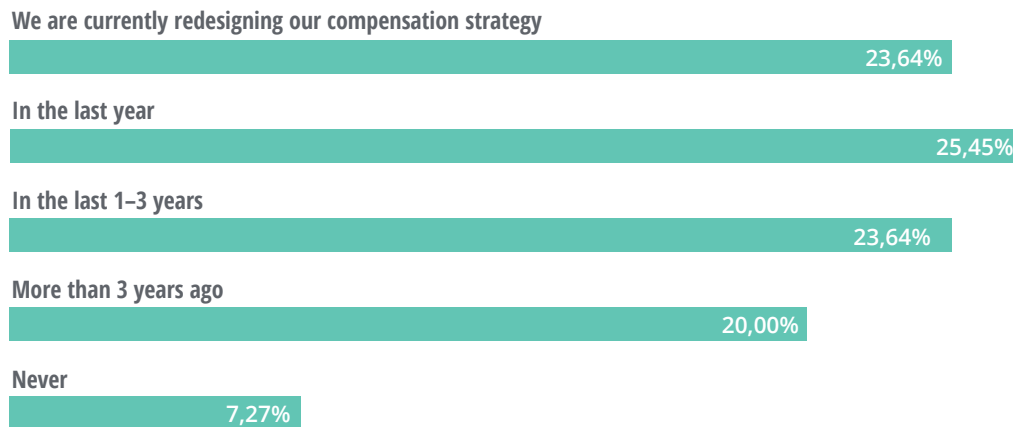**We are currently redesigning our compensation strategy**
23,64%

In the last year
25,45%

In the last 1–3 years
23,64%

More than 3 years ago
20,00%

Never
7,27%

Source: Deloitte South African Human Capital Trends survey, 2020.

organisations to task for failing to pay a living wage. Compensation also remains a focus point to help address potential workplace bias and improve diversity-related outcomes. New research draws a direct connection between perceptions of compensation fairness and employer brand, employee engagement, and workforce well-being. To navigate these challenges effectively, organisations need a new path forward that is anchored not only on data and benchmarks, but also on a set of principles that reflects the fact that compensation is more than a set of numbers—it's a reflection of how organisations value individuals and how individuals value organisations.

Considering how much time and money organisations spend on compensation strategies, processes, and programs—and the total cost of wages and salaries—any change to compensation practices represents a significant decision that needs to put the human element front and centre to have the desired impact.

Our 2020 perspective

To move beyond the compensation conundrum— the continual reconfiguring and tinkering with rewards packages of compensation, incentive pay,

and benefits—in 2020 and beyond, business leaders and workers have the opportunity to reinvent compensation for a world of changing jobs, work, skills, and expectations and values. As a starting point for compensation's reinvention, we return to the five principles for human design we introduced in last year's Global Human Capital Trends: Purpose and meaning; transparency and openness; ethics and fairness; growth and passion; and collaboration and personal relationships. We used this year's survey data to evaluate organisations' approaches to compensation against these principles.

What we found was a series of gaps between how compensation is designed and executed today— gaps that we believe hinder an organisation's ability to align compensation to the new world of work. To help organisations address them, we have proposed actions aligned with each of the five principles that we believe are mutually beneficial, enabling organisations to reward their workers in meaningful ways and transform that meaning into quantifiable value (figure 2). These actions offer organisations an enduring foundation in which to ground their compensation strategies to break the endless cycle of compensation redesigns as changes in jobs and work continue to emerge.

COMPENSATION THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

Issues around compensation, rewards, and performance management—and the relationship among the three—appear to be a perennial challenge for HR and organisational leaders. 2014's "Performance management is broken" and 2015's "Performance management: The "secret ingredient" suggested that organisations decouple performance management from compensation, focusing performance management on coaching and improvement while basing compensation on a worker's skills, their value to customers, and real-world market conditions. In spite of this suggestion, organisations' rewards practices generally remained "stuck in the past," as we wrote in 2018's "New rewards: Personalised, agile, and holistic." In 2019, we highlighted the continuing gap between current rewards practices and internal and external expectations in "Rewards: Closing the gap," encouraging leaders to view compensation and rewards in the context of cultivating lasting relationships with workers. This view of compensation as an essentially human activity continues to inform this year's discussion, as we examine how viewing compensation from the perspective of the social enterprise's five human-focused design principles can help organisations meet emerging challenges in this area.

FIGURE 2

Organisations can apply human-focused design principles to help align compensation with evolving organisational objectives

Actions	Survey says...	Our perspective
Purpose and meaning		
Value individual contributions	Sixty-two percent of our respondents reported that valuing workers' individual contributions is important or very important, yet only 22 percent said that their organisations were effective or very effective at it. This was one of the biggest gaps identified as it relates to driving belonging in an organisation.	With belonging rising to the top as one of this year's most important trends, it's critical that a compensation strategy be effective at valuing individual contributions. Contribution—along with comfort and connection—is integral to establishing belonging and, ultimately, to aligning an individual to an organisation's purpose.
Transparency and openness		
Enable two-way input	Seventy-four percent of respondents reported that the expectations of the workforce will become a very important driver for change in compensation strategy. This is an important finding as this may give an indication of how much input the workforce may have on the compensation strategy.	In a world that has seen continued growth in the power of the individual to affect organisations' reputation and brand and a rise in individuals sharing information traditionally kept private, it is important to establish processes that not only enable transparency in the distribution of information, but also allow for an open feedback loop from the impacted individuals.
Ethics and fairness		
Reward for expanded and changing responsibilities	Forty-one percent of our respondents reported that changes in jobs were not aligned with changes in compensation, and only twenty-eight percent said that the increased use of automation and AI was one of the top three factors affecting their compensation strategy.	With automation and AI rapidly changing the nature of jobs, fairness can be determined based on how those shifts in role and responsibility are reflected in an individual's pay. This will demand a more agile process for evaluating job changes and rewards in tandem and with increased frequency.
Apply procedural and distributive fairness	Our respondents identified fairness of pay as the fourth most common ethical concern related to the future of work, of which the maintenance of privacy and control of workers' data was considered as the top ethical concern to the future of work.	Technology has brought an increased focus on ethics at work; as the topic of ethics continues to permeate discussions of future of work, it is important for organisations to have a consistent approach for how compensation is applied (procedural fairness) as well as a process for ensuring that work outcomes are rewarded consistently (distributive fairness) across all workforce segments.
Support a living wage	Only eleven percent of our respondents believe that fairness of compensation related to a living wage is a top priority for the workforce. This reveals a critical gap between what our respondents believe and what the broader stakeholder community is calling for.	As the social enterprise takes hold, organisations may be measured on shareholder value, as well as on their impact on society as a whole. A broader set of stakeholders—including, but not limited to, employees—will likely have an increased focus on whether all workers are provided with compensation that maintains socially acceptable living standards.

FIGURE 2

Organisations can apply human-focused design principles to help align compensation with evolving organisational objectives, cont.

Actions	Survey says...	Our perspective
Growth and passion		
Pay for skills acquisition and development	Forty-nine percent of our survey respondents view and evaluate compensation, benefits, and skill development separately; whilst forty-one percent of our survey respondents reward workers for the development of new skills.	At least half of the workforce is likely to require reskilling and upskilling. Organisations are missing huge opportunity if they don't not partner with workers to incentivise skill development – a significant issue and potential barrier in achieving future business strategies.
Incent entrepreneurial behaviour	Only 43 percent of our respondents reward workers for entrepreneurial behaviour	When employees have the freedom and incentive to provide entrepreneurial and innovative ideas, new value and meaning can be derived.
Collaboration and personal relationships		
Reward at the team level	Only 39 percent consider team-based work in their compensation strategies. Only 41 percent of our respondents reward leaders for developing skills for their teams.	With a growing percentage of work being done in teams, the ability to set goals, motivate, develop, and reward at the team level is paramount to incentivising behaviours that align with how work actually gets done.

Source: Deloitte analysis.

By considering these principles, an organisation can evaluate its compensation practices for its fit with worker needs, its efficacy in supporting goals such as worker development and marketplace competitiveness, and its sustainability with respect to broader social norms and expectations. The desired end result: a compensation strategy that improves an organisation's ability to accomplish its objectives while meeting stakeholder needs and expectations in a more transparent world.

Steps South African Companies can take to address this trend

- Consider what your organisation can do differently to effectively and best design and implement a compensation system in order to engage, develop, retain and motivate your talent.

- Consider ways to improve your employer brand for employees to stay engaged to mitigate and contain your resource costs.

- Take the impact of the future of work into account to reskill and upskill your workforce. Simultaneously, consider how this new workforce should be compensated and rewarded.

- Consider the varying preferences in compensation packages for differing demographics such as gender.

Pivoting Ahead

Organisations are engaged in a constant cycle of adjusting and readjusting their compensation strategies in efforts to align compensation with changing talent and business challenges. We believe that this is because many are redesigning compensation in a reactive manner without basing their strategies on enduring principles that speak to the challenges organisations face today. Designing compensation this way can help organisations navigate an uncertain environment and make bold and effective forward-looking choices.

Governing workforce strategies
New questions for better results

IN SOUTH AFRICA'S CURRENT ECONOMIC AND SOCIO-POLITICAL ENVIRONMENT, IT IS INCREASINGLY IMPORTANT FOR SOUTH AFRICAN ORGANISATIONS TO HAVE CONCURRENT VISIBILITY OF BETTER WORKFORCE METRICS AND THE DRIVERS SHAPING THEM — SO AS TO HELP LEADERS MAKE DECISIONS IN THE FACE OF UNCERTAINTY AS A RESULT OF CHRONIC ECONOMIC INSTABILITY, THE IMMINENT IMPACT OF FUTURE OF WORK TRENDS AND MORE RECENTLY, THE COVID-19 PANDEMIC.

The South African context

While South Africa has similar challenges and trends facing their organisations that impact their workforce to other countries across the world, South African organisations also have unique challenges they need to overcome in order to subsist within a turbulent economy whilst being prepared and future-ready. The economic turbulence experienced by the South African economy has an enormous impact on South African organisations and their workforce, exacerbated by protracted disruption in energy supplies that impact many organisations' ability to operate.

The state of the economy compounded by the COVID-19 pandemic has had an even more profound effect on organisations' ability to operate and if or when permitted, the regulated workplace conditions and protocols within which their workforce can do so. Such organisations impacted by these influences are being forced to look at inventive ways of continuing to function

THE READINESS GAP

Seventy-three percent of South African organisations say governing changing workforce strategies is important or very important for their success over the next 12 to 18 months, but only 5 percent say they are very ready to address this trend.

under these tough conditions, such as workforces being forced to work from home, or organisations who traditionally produced products and services core to their produce line - not allowed under the COVID-19 regulations - are reinventing their products and services that will allow them to trade under existing regulations.

This requires South African organisations to be even bolder than before and utilise metrics about their workforce that are forward-thinking, that can help facilitate and drive decisive actions essential for their survival and success.

Current Drivers

South Africa is no different to the rest of the world in that ninety-seven percent of South African respondents acknowledge the importance of new workforce insights and require additional information on their workforce.

Similarly to the Global Human Capital Trends survey, only 56 percent of South African respondents said that their organisations had made moderate or significant progress in this area in the past 10 years. And while 79 percent of respondents said that their organisation produces information on the state of their workforce, only

5 percent of organisations produce the information in real time; 60 percent said they produce it either ad hoc or not at all.

Leaders' attention to workforce data is increasing as 63 percent reported that their leaders' interest in workforce information has increased in the past 18 months. The desire for better workforce metrics spans a diverse set of needs that mostly focus on the preparedness of leaders and managers for AI and digital workforce, readiness of the workforce to meet new demands and the impact of AI / Robotics on the workforce (figure 1).

FIGURE 1

What additional information do you think will be most important to understanding the state of your workforce moving forward?

Preparedness of leaders and managers for AI and digital workforce — 58,54%

Readiness of existing workforce to meet new demands — 53,54%

Impact of AI/robotics on work and the workforce — 41,46%

Availability of additional sources of talent (e.g., new hires and alternative sources) — 36,59%

Financial, cultural, and community impact of job elimination — 26,83%

Progress on developing more inclusive workforces — 21,95%

Awareness of external social or political movements affecting the workforce — 17,07%

Compliance with evolving legislation and regulation — 9,76%

We do not need additional information — 2,44%

Source: Deloitte South African Human Capital Trends survey, 2020.

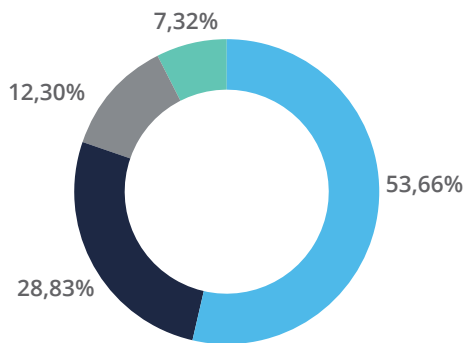Deloitte Insights | deloitte.com/insights

Our 2020 perspective

South African respondents indicated that their organisations were only 34% effective at sensing / anticipating internal changes and trends that will affect their workforce, while only 39% were effective at sensing / anticipating external changes and trends.

How effective is your organisation at sensing/anticipating internal changes and trends that will affect is workforce?

■ Effective ■ Not effective ■ Somewhat effective
■ Very effective

7,32%
12,30%
53,66%
28,83%

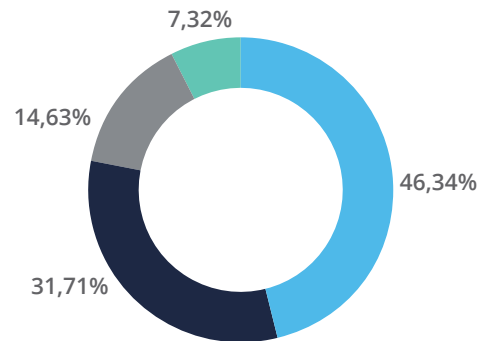Source: Deloitte South African Human Capital Trends survey, 2020.

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The areas in which our South African respondents were likely to collect data pertain to headcount, hiring, and turnover, workforce diversity and salary costs (figure 2). On the other hand, the areas in which respondents were least likely to collect workforce information—employer brand, new workforce initiatives, and the status of reskilling—are areas that are critical to an organisation's success in the future of work. This suggests that similarly to global trends, many South African organisations are also not focusing their workforce data collection efforts where they could be most effective.

How effective is your organisation at sensing/anticipating external changes and trends that will affect is workforce?

■ Effective ■ Not effective ■ Somewhat effective
■ Very effective

7,32%
14,63%
46,34%
31,71%

Source: Deloitte South African Human Capital Trends survey, 2020.

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What is needed to make progress? Many survey respondents believe the biggest barrier is technical: 66 percent said that the lack of systems to produce data prevents them from getting the information they need to understand the workforce moving forward. However, as described in the Global HC Trends survey, access to externally available HR data is becoming more readily available for South African organisations and technology is making the collection of workforce data far easier. Organisations wanting to understand the effectiveness of their network of teams within their organisation can also use organisational network analysis tools such as Adaptable Organisation Network Analysis (AONA).

The challenge in obtaining data for forward-looking insights becomes more about finding the right strategic questions to ask that will navigate workforce strategies and organisations into the future effectively.

FIGURE 4

What information is produced?
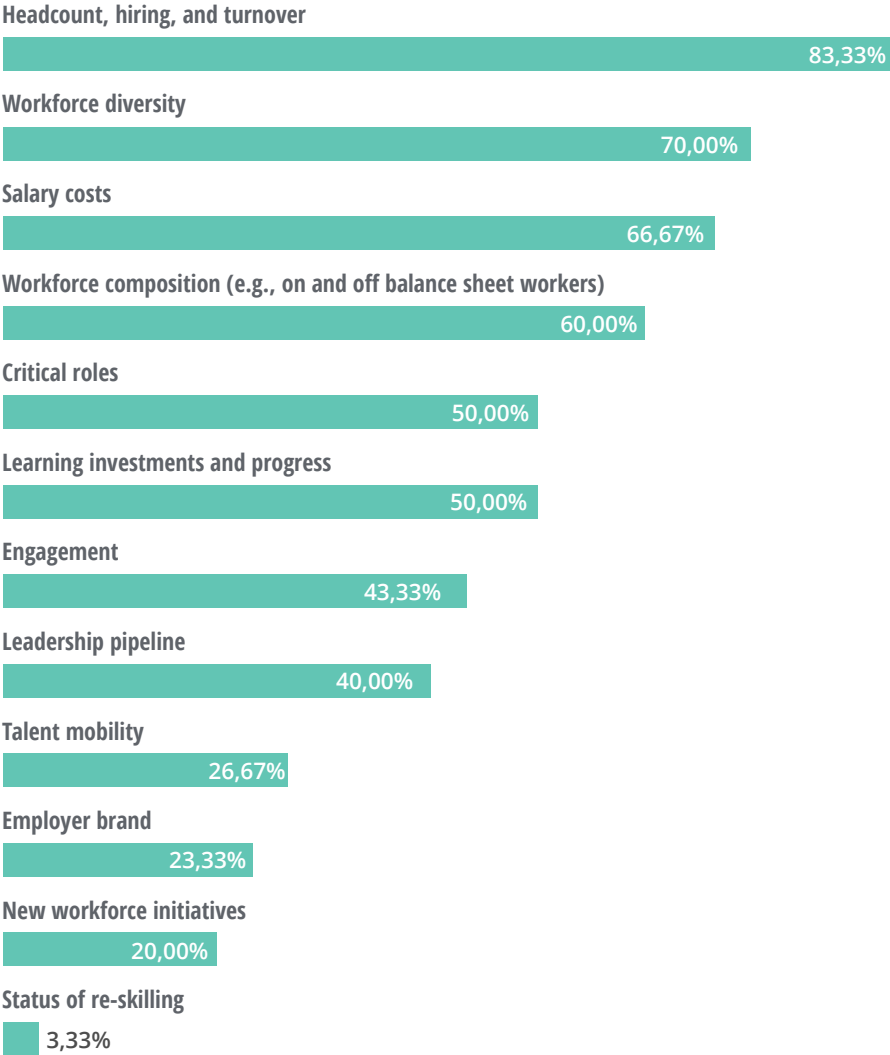
Headcount, hiring, and turnover
83,33%

Workforce diversity
70,00%

Salary costs
66,67%

Workforce composition (e.g., on and off balance sheet workers)
60,00%

Critical roles
50,00%

Learning investments and progress
50,00%

Engagement
43,33%

Leadership pipeline
40,00%

Talent mobility
26,67%

Employer brand
23,33%

New workforce initiatives
20,00%

Status of re-skilling
3,33%

Source: Deloitte South African Human Capital Trends survey, 2020.

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Steps South African companies can take to address this trend

Here are three steps that can help organisations apply forward-thinking metrics:

1. **Ask the right questions that will lead to actions and outcomes**
   Asking questions could potentially in itself be an important trigger that could help lead organisations to the right questions. These questions may trigger additional questions around the workforce, their attitudes, support systems and the relationship to their workplace and work.

2. **Find the right tools that will facilitate insights**
   Finding and implementing tools and technologies that will provide you with the data you need to obtain these answers and insights is the second part of the challenge. Targeted surveys for employees or managers using simple online survey tools can be sufficient to provide some of the data needed, while more intricate tools measuring real time impacts and sentiments may be required to enable strong reporting and analytic capabilities

3. **Take action**
   Once organisations have the right questions and technologies in place, they need to use the insights derived from the data to develop actionable strategies and plans around their workforce and take action in order to realise the benefits.

Pivoting ahead

The road ahead includes a focus on technology as well as an enhanced focus on foresight, creativity, and how organisations manage the use of data to develop future-oriented, actionable workforce insights. For South Africa the imperative is clear: to make bold choices today, leaders need to understand what the future may hold through metrics that can help them anticipate risks, inform strategy, and prepare for the future of work, the workforce, and the workplace.

Ethics and the future of work
From "could we" to "how should we"

Current drivers

A number of ethical concerns are top of mind in today's organisations as the nature of work evolves. Ninety-one percent of this year's South African respondents believe that the future of work raises ethical challenges— but only 31 percent have clear policies in place to manage these challenges. In addition, two thirds of the respondents believe that ethical challenges related to the future of work are one of the top issues facing their organisations today.

When we asked our South African respondents, what is driving the importance of ethics related to

THE READINESS GAP

Seventy-five percent of organisations say ethics related to the future of work are important or very important for their success over the next 12 to 18 months, but only 14 percent say they are very ready to address this trend.

the future of work, four primary factors were identified: legal and regulatory requirements, rapid adoption of AI in the workplace, pressure from external stakeholders, and changes in workforce composition (Figure 1)

FIGURE 1

What is driving the increased importance of managing ethical issues related to the future of work?
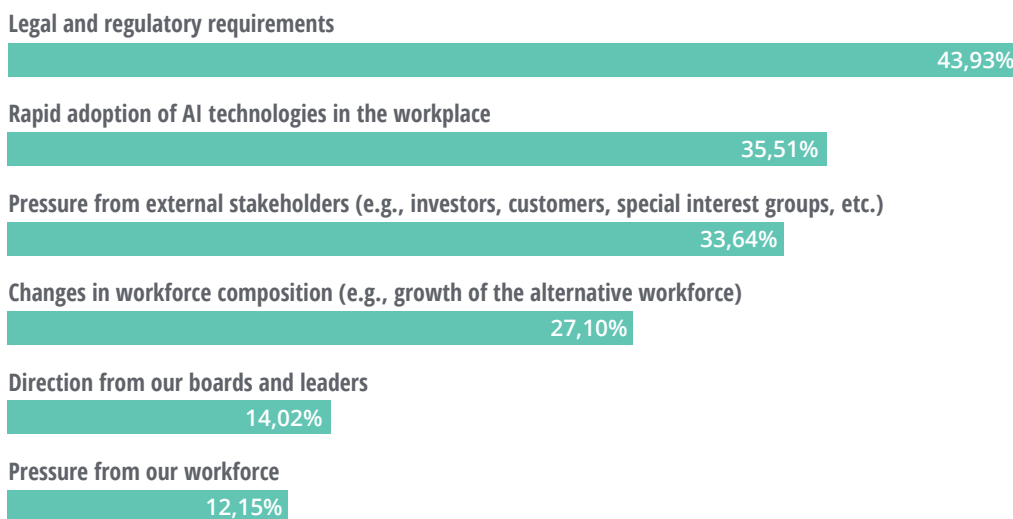
Legal and regulatory requirements
43,93%

Rapid adoption of AI technologies in the workplace
35,51%

Pressure from external stakeholders (e.g., investors, customers, special interest groups, etc.)
33,64%

Changes in workforce composition (e.g., growth of the alternative workforce)
27,10%

Direction from our boards and leaders
14,02%

Pressure from our workforce
12,15%

Source: Deloitte South African Human Capital Trends survey, 2020.

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The leading driver for South African organisations relates to legal and regulatory requirements. This is somewhat surprising as South African legislation often lags the rapid pace of AI technology, leaving a gap in policy formulation. As a result, organisations need to fill this vacuum by proactively providing governance where technology and the workforce intersect. This is evidenced by the creation of the Presidential Commission on the Fourth Industrial Revolution ("4IR Commission"), the task of which is to assist the South African government in identifying and leveraging opportunities presented by the 4IR, as well as identifying relevant policies, implementation strategies and monitoring and evaluation initiatives to position South Africa as a competitive global player.

The second driver relates to the rapid adoption of AI in the workplace. As technology drives a redefinition of the nature work which, work needs to be assessed for both fairness and equity. As a result, South African organisations should consider whether technology decreases or increases discriminatory bias; what procedures should be in place to protect the privacy of worker data; whether technology-made decisions are transparent; and what policies should be in place to hold humans accountable for the outcomes of those decisions. As such, AI and big data will likely play only a supportive function in more effective decision-making, unless otherwise stipulated under the Companies Act 71 of 2008.[18]

The third major driver relates to the fact that organisations are facing increased pressure from customers, investors, and other external stakeholders to act responsibly on ethical issues. In this survey, 90 percent of South African respondents believe that organisations, rather than individuals or government, are mostly responsible for manging ethical challenges.

The last driver relates to the changing nature of the composition of the workforce. This driver raises issues about the evolving social contracts between the individual and the organisation and the organisation and society. The growth of the alternative workforce is a major phenomenon contributing to these concerns. The number of self-employed workers in the United States is projected to hit 42 million this year,[4] and in Britain, the gig economy has more than doubled from 2016 to 2019 to encompass 4.7 million workers. By contrast, in South Africa, gig workers only make up 1 percent of the workforce. However, fair management practices and standards for this workforce segment should be defined.

Our 2020 perspective

These drivers suggest an actionable agenda is needed to address these issues. South African organisations indicated their top ethical concerns relative to the future of work include: (1) The maintenance of privacy and control of worker data; (2) Management of the impact of automation on the workforce; and (3) Fairness of pay (Figure 2).
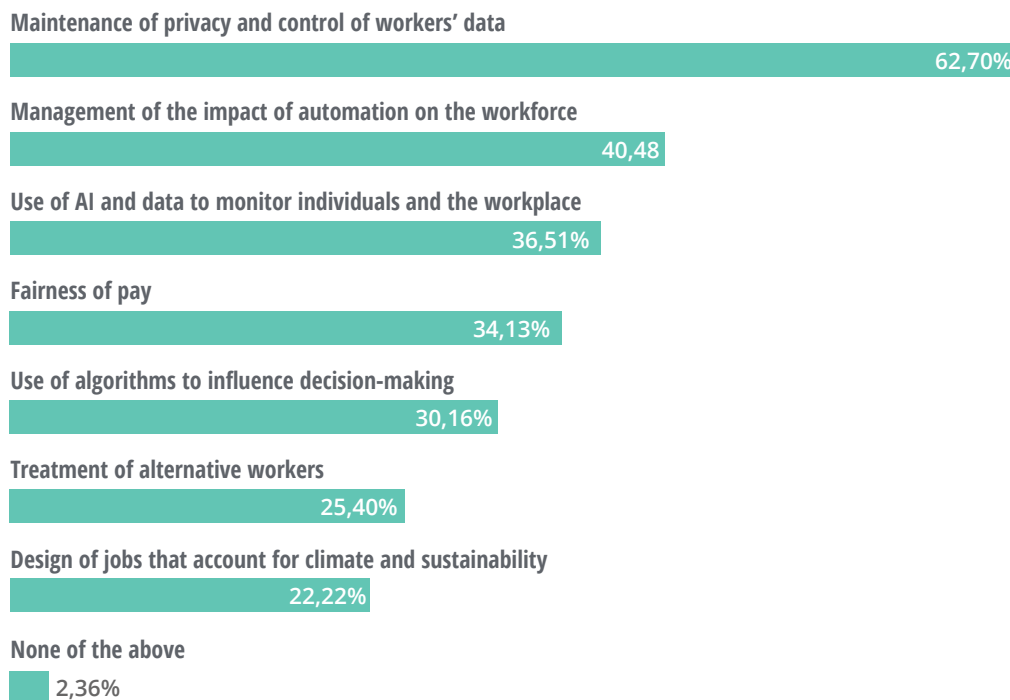
Respondents indicated that their organisations were not sufficiently ready to manage these ethical challenges, with only 5 to 14 percent saying their organisation was "very ready" for any given issue. In general, organisations are the least prepared to handle ethical dilemmas in areas where humans and technology intersect. Most organisations

reported they were prepared to handle the technology-focused issue: maintenance of privacy and control of workers' data. But in matters where humans and technology converge - automation, use of AI, and use of algorithms - many organisations appear woefully unprepared (Figure 3).

In South Africa, organisations report being only 22.23 percent ready to use algorithms to influence decisions making; only 24 percent are ready to manage the impact of automation on the workforce; and only 25.58 percent are ready to use AI and data to monitor individuals and the workplace. 74 percent of organisations report that they are not ready or only somewhat ready to address the ethical issues relating to the design of jobs for climate and sustainability.

FIGURE 2

Top ethical concerns relative to the future of work in your organisation.

Maintenance of privacy and control of workers' data
62,70%

Management of the impact of automation on the workforce
40,48

Use of AI and data to monitor individuals and the workplace
36,51%

Fairness of pay
34,13%

Use of algorithms to influence decision-making
30,16%

Treatment of alternative workers
25,40%

Design of jobs that account for climate and sustainability
22,22%

None of the above
2,36%

Note: Respondents were asked to rate their readiness in only their top three ethical concerns.
Source: Deloitte South African Human Capital Trends survey, 2020.

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In the face of increasing ethical challenges, organisations have the opportunity to make intentional and bold choices. These choices should be framed by a change in perspective from "could we" to "how should we" when approaching ethical questions. By considering the broader implications of, and an expanded focus on, how to integrate people and technology, organisations can evolve an ethical approach to the future of work that goes beyond an assessment of technological feasibility to considering technology's impact on humans and business results.
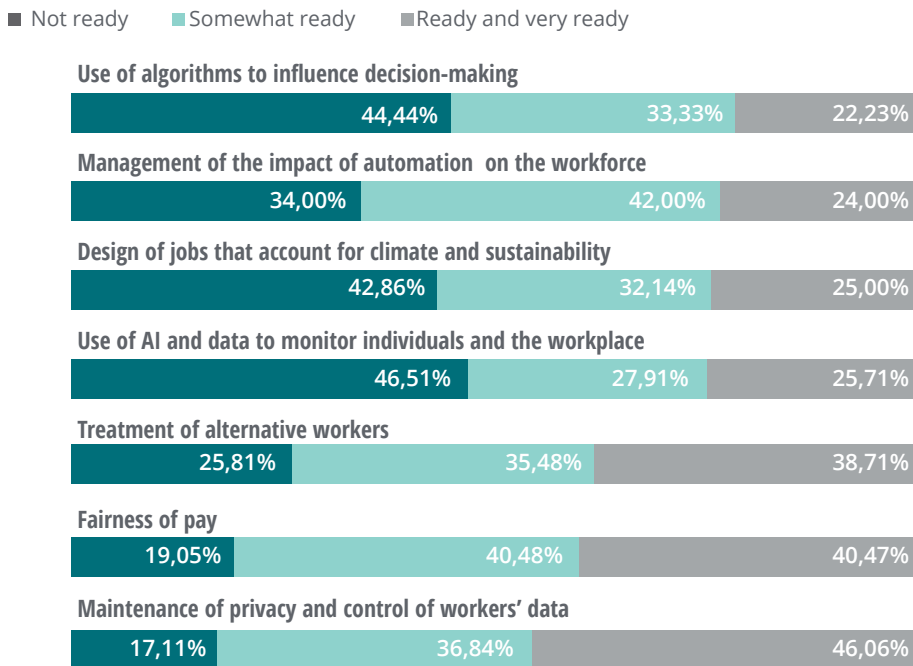
Steps South African Companies can take to address ethics in the future of work

While regulatory requirements and laws both locally and globally, need to catch up with the fast-paced movement of technology, organisations need to take accountability and drive ethics around technology through the following steps:

1. Forecast the anticipated growth in the use of technology within your organisation, and how this will impact current and future jobs, ways of working, stakeholder relationships and society

FIGURE 3

Organisations felt less ready to address ethical challenges involving the intersection of people with technology

■ Not ready　■ Somewhat ready　■ Ready and very ready

Use of algorithms to influence decision-making

| 44,44% | 33,33% | 22,23% |

Management of the impact of automation on the workforce

| 34,00% | 42,00% | 24,00% |

Design of jobs that account for climate and sustainability

| 42,86% | 32,14% | 25,00% |

Use of AI and data to monitor individuals and the workplace

| 46,51% | 27,91% | 25,71% |

Treatment of alternative workers

| 25,81% | 35,48% | 38,71% |

Fairness of pay

| 19,05% | 40,48% | 40,47% |

Maintenance of privacy and control of workers' data

| 17,11% | 36,84% | 46,06% |

Note: Respondents were asked to rate their readiness in only their chop three ethical concerns.
Source: Deloitte South African Human Capital Trends survey, 2020.

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2. Examine current policies, procedures, codes of conduct and ethical frameworks to determine the extent of ethical concerns not governed

3. Adapt and continuously review current policies, procedures, codes of conduct and ethical frameworks to ensure all relevant ethical concerns are governed accordingly and protect the interests of all workers, clients, stakeholders and society

4. Review the current leadership benchstrength to ensure that leaders possess the necessary capabilities to navigate the rapid evolution of work, the workforce and workplace, and associated ethical concerns/challenges

5. As the majority of respondents believe that organisations are mostly responsible for these ethical concerns, Public Policy Leaders within organisations, need to leverage their stakeholder networks and relationships, to influence regulatory and policy makers in developing and gazetting the necessary laws to ethically govern the interface between humans and technology

Pivoting ahead

In an age when more people trust their employers to do what is right than trust governments, nongovernmental organisations, the media, or even business in general,[16] it is incumbent upon South African organisations to address challenging ethical questions in all aspects of the future of work. Rather than reacting to ethical dilemmas as they arise, those who wish to lead on this front will anticipate, plan for, and manage ethics as part of their strategy and mission, focusing on how these issues may affect stakeholders both inside and outside the enterprise. The challenge is to move beyond the view that ethical issues must involve trade-offs and competition, and to focus on how to

operationalise and govern the combination of humans, machines, and algorithms working as a team. This can enable South African organisations to harness the power of humans and technology together to truly operate as a social enterprise.

A memo to HR
Expand focus and extend influence

AFTER 10 YEARS OF WRITING ABOUT HR, WE ASKED OURSELVES: DID IT MAKE A DIFFERENCE? THE ANSWER IS YES. SIXTY-TWO PERCENT OF SOUTH AFRICAN RESPONDENTS IN OUR 2020 SURVEY REPORTED THAT HR HAS MADE PROGRESS OVER THE PAST DECADE. UNPACKING THE SOUTH AFRICAN RESULTS FURTHER, RESPONDENTS REPORTED A GAP OF 35% BETWEEN IMPORTANCE AND READINESS, WITH 74 PERCENT SAYING THE EVOLVING ROLE OF HR WAS IMPORTANT OR VERY IMPORTANT FOR THEIR SUCCESS OVER THE NEXT 12 TO 18 MONTHS, BUT ONLY 10 PERCENT SAYING THERE WERE VERY READY TO ADDRESS THIS TREND.

Current drivers

Data collected from South African respondents indicate that 51 percent believe that HR will remain a distinct function over the next five years. 41 percent of the respondents believe that HR will substantially change within the next 12 to 18 months with a notable difference of 16% between HR and non-HR respondents – a substantial change of 53 percent, belonging to HR respondents. (Figure 1)

Change is coming but it needs to be more than transformation or reinvention – it needs to be foundational. In the new world of work, the foundation for HR needs to be one of expanded focus and extended influence.

South African respondents indicated the top 3 changes that HR could make to maximize their impact across the organisation in the next 12-18 months, these include (Figure 2):

FIGURE 1

In the next five years, will HR remain a distinct function within the organisation?

■ No   ■ Yes
■ Yes, but smaller in scope and scale
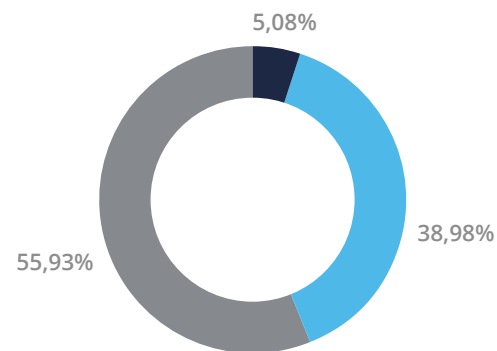
5,08%

38,98%

55,93%

Source: Deloitte South African Human Capital Trends survey, 2020.

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1. Increase in new capabilities. For example: digital fluency and analytics.

2. Change the organisation design to incorporate more agile and team-based work.

3. Increase efficiency through which HR activities occur through automation.

Respondents indicated the introduction of new roles as the least impactful change.

The top 3 changes that HR can make to maximise impact, indicates the need to expand on HR's focus areas and scope. Through this expansion, HR can pivot its focus from employees, to the organisation and broaden its scope of influence to the enterprise and ecosystem as a whole. These shifts by HR beyond the traditional functional lines and from employee to the organisation, ultimately impacts the work and the workforce. This shift is called "exponential HR".
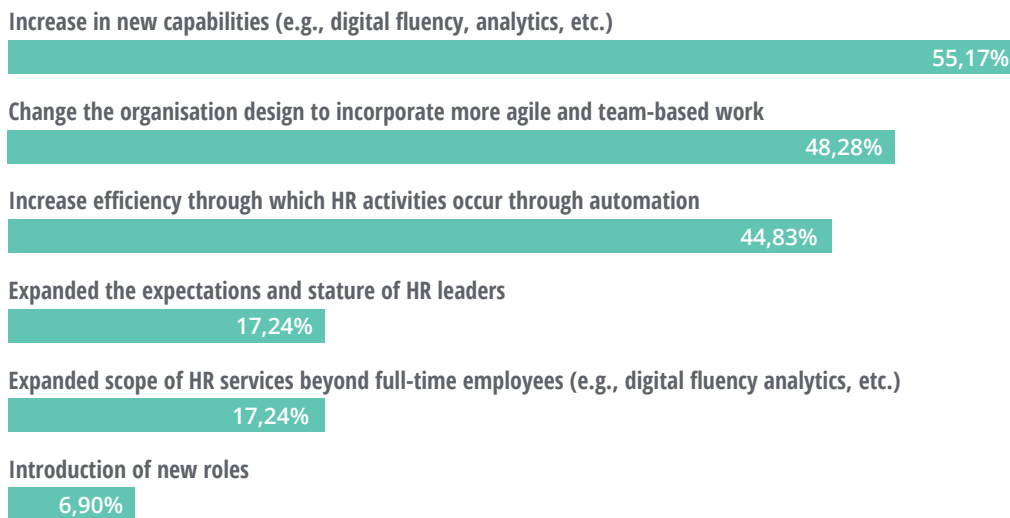
What does the expansion look like? We start by examining the top areas where South African 2020 survey respondents indicated that HR could make the greatest impact.

When South African respondents identified the biggest changes HR should make to maximise its impact, three areas stood out (Figure 3):

1. **Building 21st century leadership skills (60 percent).** HR organisations can do this by exploring new approaches including learning by doing. Take a fresh look at the context in which leaders need to operate today and provide employees with more diverse, developmental assignments; provide leaders with less traditional experience the opportunity to run businesses and initiatives; and honour the ability of employees and leaders at every level, from early to late in their careers, to rethink, challenge and develop the business they're in.

FIGURE 2

Biggest changes HR should make to maximise their impact across the organisation in the next 12-18 months

Increase in new capabilities (e.g., digital fluency, analytics, etc.)
55,17%

Change the organisation design to incorporate more agile and team-based work
48,28%

Increase efficiency through which HR activities occur through automation
44,83%

Expanded the expectations and stature of HR leaders
17,24%

Expanded scope of HR services beyond full-time employees (e.g., digital fluency analytics, etc.)
17,24%

Introduction of new roles
6,90%

Source: Deloitte South African Human Capital Trends survey, 2020.

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2. **Upskilling the workforce (37 percent).** To achieve lifelong learning, it must be embedded into not only the flow of work but the flow of life. HR organisations can do this by creating portfolios of learning and work experiences to support employees working in different disciplines. Technologies like learning experience platforms (LXPs) can be leveraged to offer on-demand learning with learning materials organised in a variety of channels based on skills, topics or learning objectives. Employees share and rate content, provide comments and recommendations using social settings. Organisations have a responsibility to reinvent learning so that in integrates into the flow of work – and life.

3. **Accessing new capabilities/talent (33 percent).** HR organisations can do this by adopting a new mindset: Embracing new traits and behaviours that can help allow the enterprise thrive in a digital age.

We are also seeing some signs of what happens when this shift does not occur. At several large companies, the CHRO position has been eliminated and HR teams have been moved under other C-suite or divisional leaders. These examples reinforce that HR is at an important inflection point. While our survey respondents generally agree there is a great opportunity ahead, they also acknowledge that there are doubts about HR's ability to capitalize on it. 40 percent of our non-HR South African respondents reported that they are not confident in HR's ability to make the needed changes, and an additional 30 percent said they were only somewhat confident.

FIGURE 3

Areas your believe HR can make the biggest impact at your organisation in the 12-18 months

Building 21st century leadership skills — 60,00%

Upskilling the workspace — 36,67%

Accessing new capabilities talent — 33,33%

Integrating automation in the way work gets done across the enterprise — 23,33%

Promoting teaming and agile ways of working — 16,67%

Developing the workforce brand and experience — 13,33%

Defining and promoting the organisation's purpose — 6,67%

Source: Deloitte South African Human Capital Trends survey, 2020.

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In the coming decade, HR has the opportunity to embrace the future, expand its reach and focus, and assume the leading role at the vanguard of work, the workplace, and the workforce on behalf of the enterprise. In this expanded role, HR becomes a vital enabler of an organisation's ability to thrive in a world where the old rules of work no longer apply, and the new ones are evolving rapidly. Exponential HR, focused on humanising the world of work, is a key source of strength for the future-focused organisation seeking to make the most of human capital in today's dynamic environment.

Steps South African Companies can take to address the future of HR

South African organisations should consider taking some of the following steps towards expanding focus and extending influence to fully enable an exponential HR for their organisation:

1. Assess if the traditional CHRO position is still relevant in your organisation.

2. Investigate which areas of opportunity and impact exist in your organisation that could potentially have the biggest impact.

3. Conceptualise what your HR teams will look like in the next 12 to 18 months. Considerations should be made as to whether your HR teams will remain as is or if they should move and sit under C-suite or divisional leaders.

FIGURE 4

Trend importance by industry

	All industries	Consumer products	Energy, resources, and industrials	Financial services	Government and public services	Life sciences and health care	Professional services	Technology, media, and telecom
Creating and preserving knowledge	75.1%	74.4%	77.7%	72.8%	70.4%	75.8%	75.5%	78.1%
Ethics and the future of work	74.9%	74.7%	75.7%	73.5%	69.0%	74.6%	78.9%	72.1%
Belonging	79.0%	78.5%	79.4%	78.2%	74.6%	80.3%	79.7%	81.5%
Measuring workforce strategies	71.3%	72.1%	73.8%	69.7%	66.2%	73.0%	70.4%	73.6%
Postgenerational workforce	69.9%	70.6%	71.8%	67.8%	68.5%	70.0%	70.2%	69.8%
Reskilling	74.2%	74.6%	75.9%	75.1%	68.9%	77.2%	73.8%	74.3%
Compensation	69.4%	71.6%	68.9%	69.0%	61.6%	70.0%	68.5%	72.7%
HR's evolving role	74.6%	77.7%	76.1%	75.6%	70.7%	73.9%	71.4%	76.3%
AI and superjobs	59.3%	57.5%	57.1%	63.5%	47.4%	58.2%	63.2%	65.6%
Well-being	79.9%	79.0%	80.3%	79.3%	79.2%	80.8%	80.7%	80.6%

Note: Figures represent the proportion of respondents rating each trend "important" or "very important."
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 5

Trend importance by region

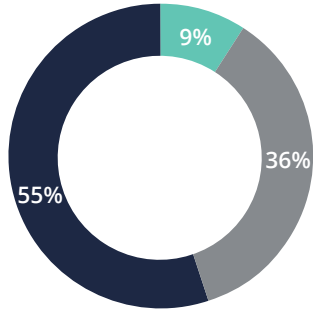|	All respondents	Africa	Asia	Central and Eastern Europe	Latin and South America	Middle East	Nordic countries	North America	Oceania	Western Europe
Creating and preserving knowledge	75.1%	76.3%	83.2%	73.0%	81.7%	80.7%	64.1%	70.4%	71.3%	72.1%
Ethics and the future of work	74.9%	84.0%	83.2%	68.4%	88.2%	76.7%	70.4%	70.3%	70.4%	66.8%
Belonging	79.0%	84.8%	83.0%	78.4%	86.2%	85.8%	75.0%	73.6%	86.1%	73.1%
Measuring workforce strategies	71.3%	75.6%	82.8%	73.2%	78.7%	72.7%	56.9%	64.4%	73.1%	65.8%
Postgenerational workforce	69.9%	75.7%	81.0%	65.0%	81.6%	77.8%	57.2%	65.1%	62.0%	63.5%
Reskilling	74.2%	80.0%	88.7%	63.1%	84.8%	79.0%	66.4%	66.9%	73.1%	70.7%
Compensation	69.4%	73.5%	80.4%	75.7%	78.6%	76.7%	42.8%	63.8%	55.6%	62.3%
HR's evolving role	74.6%	78.7%	87.1%	72.8%	84.0%	78.4%	64.7%	67.2%	75.0%	68.6%
AI and superjobs	59.3%	59.8%	75.0%	54.0%	72.4%	65.3%	47.1%	55.3%	50.9%	52.2%
Well-being	79.9%	83.3%	84.0%	77.0%	87.2%	84.1%	76.4%	73.9%	86.1%	76.7%

Note: Figures represent the proportion of respondents rating each trend "important" or "very important."
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 6

Respondents by function

■ HR ■ IT ■ Neither HR nor IT

9%

36%

55%

Source: Deloitte South African Human Capital Trends survey, 2020.

FIGURE 7

Respondents by organisation size (number of employees)

■ Large (10,001+) ■ Medium (1,001 to 10,000)
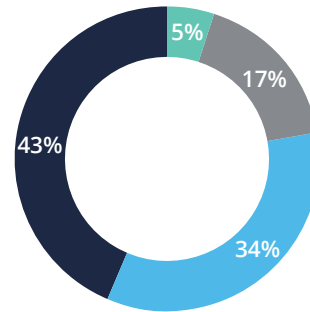■ Small (1 to 1,000)

22%

27%

51%

Source: Deloitte South African Human Capital Trends survey, 2020.

FIGURE 8

Respondents by level

■ Mid-level ■ Vice president ■ C-suite
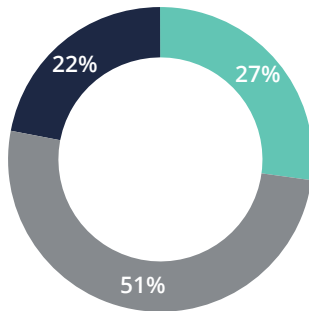■ Individual contributor

5%

17%

43%

34%

Source: Deloitte South African Human Capital Trends survey, 2020.

FIGURE 9

Respondents by country

	Number of respondents
Germany	862
United States	688
Canada	594
Ukraine	579
Belgium	492
Costa Rica	403
South Africa	339
Brazil	296
Japan	228
Norway	217
People's Republic of China	209
India	186
Ecuador	184
Poland	180
Israel	167
Spain	158
Austria	156
Uruguay	153
Mexico	145
Colombia	142
France	140
Italy	134
United Kingdom	122
Guatemala	108
Finland	99
Russian Federation	91
Peru	88
Australia	86
Argentina	78
Ivory Coast	77
Other	1548
Total	8949

Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 10

Job Function
South African respondents = 339
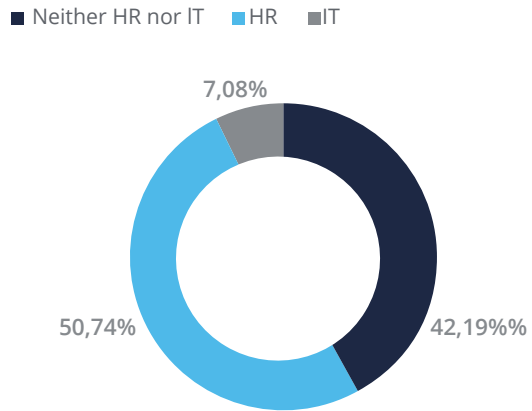
■ Neither HR nor IT   ■ HR   ■ IT

7,08%

50,74%

42,19%%

Source: Deloitte South African Human Capital Trends survey, 2020.

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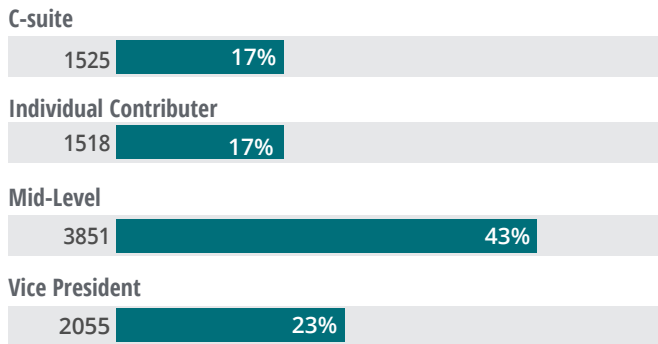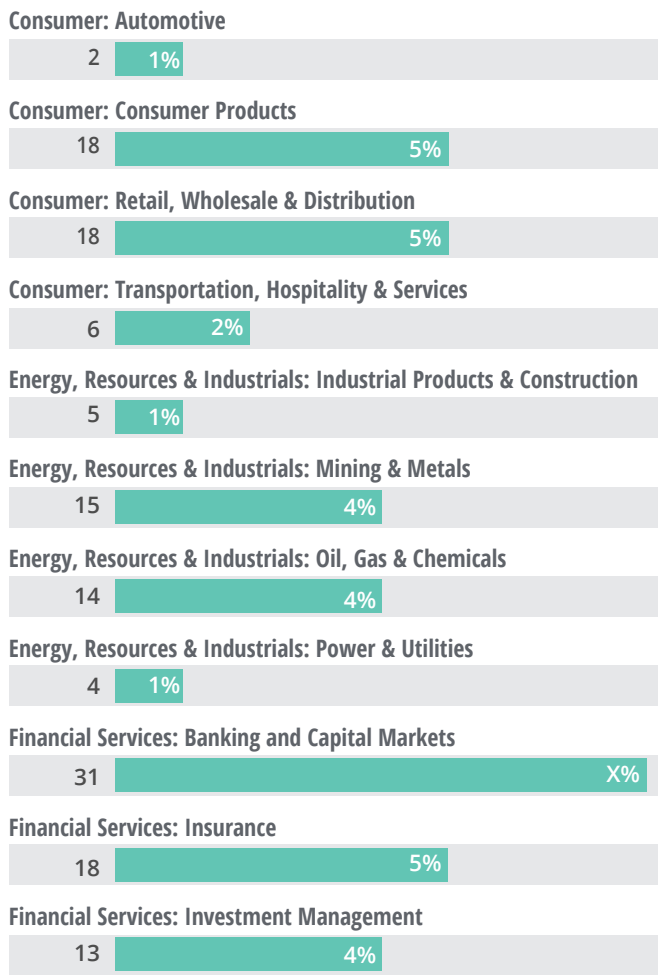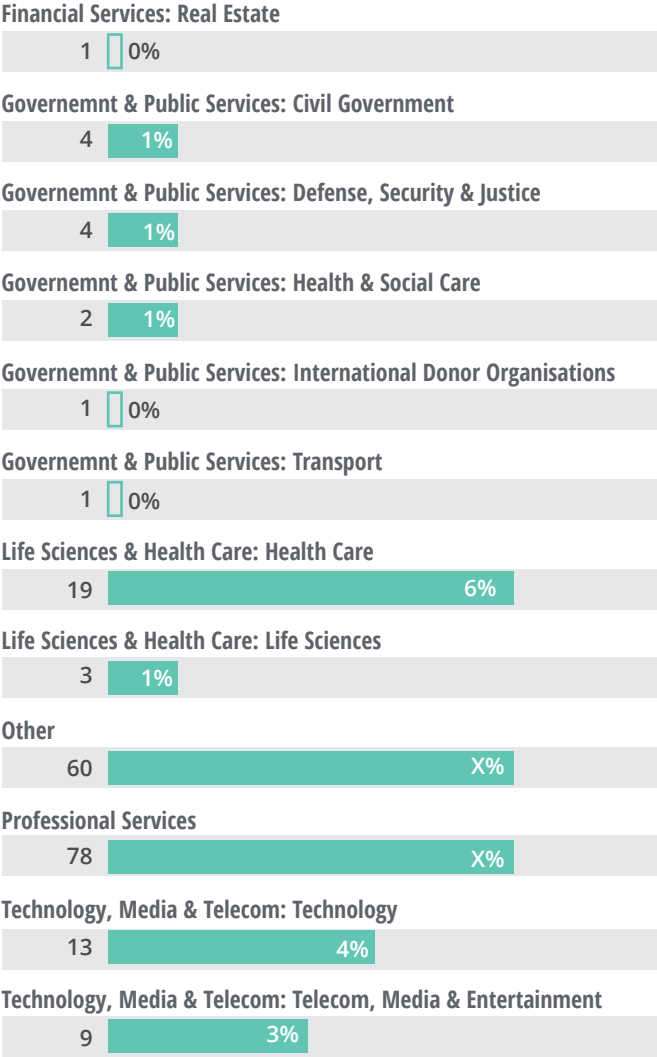
FIGURE 11

Total respondents = 8 949

C-suite
1525 | 17%

Individual Contributer
1518 | 17%

Mid-Level
3851 | 43%

Vice President
2055 | 23%

FIGURE 12

Total respondents = 339 (Industry breakdown for South Africa)

Consumer: Automotive
2 | 1%

Consumer: Consumer Products
18 | 5%

Consumer: Retail, Wholesale & Distribution
18 | 5%

Consumer: Transportation, Hospitality & Services
6 | 2%

Energy, Resources & Industrials: Industrial Products & Construction
5 | 1%

Energy, Resources & Industrials: Mining & Metals
15 | 4%

Energy, Resources & Industrials: Oil, Gas & Chemicals
14 | 4%

Energy, Resources & Industrials: Power & Utilities
4 | 1%

Financial Services: Banking and Capital Markets
31 | X%

Financial Services: Insurance
18 | 5%

Financial Services: Investment Management
13 | 4%

Financial Services: Real Estate

1   0%

Governemnt & Public Services: Civil Government

4   1%

Governemnt & Public Services: Defense, Security & Justice

4   1%

Governemnt & Public Services: Health & Social Care

2   1%

Governemnt & Public Services: International Donor Organisations

1   0%

Governemnt & Public Services: Transport

1   0%

Life Sciences & Health Care: Health Care

19   6%

Life Sciences & Health Care: Life Sciences

3   1%

Other

60   X%

Professional Services

78   X%

Technology, Media & Telecom: Technology

13   4%

Technology, Media & Telecom: Telecom, Media & Entertainment

9   3%

Note: Only respondents who said that their organisations produced information on the state of their workforce answered this question.

Source: Deloitte South African Human Capital Trends survey, 2020.

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