

The Deloitte logo is positioned in the top left corner. It consists of the word "Deloitte" in a white, sans-serif font, followed by a small green dot. The background of the entire cover is a long-exposure photograph of a city at night, showing light trails from cars and buildings, with a rainbow visible in the sky.

**Deloitte.**

**South Africa**

**Human Capital Trends 2014**

**Engaging the 21st-century workforce**



# Contents

Welcome .....	2
Engaging the 21st-century workforce.....	4
The Global Human Capital Trends Report 2014 .....	6
Global Human Capital Trends 2014 Top findings for South Africa .....	9
The 2014 human capital trends.....	18
• <b>Leadership</b> .....	<b>20</b>
• <b>Retention and Engagement</b> .....	<b>29</b>
• <b>Diversity and Inclusion</b> .....	<b>38</b>
• <b>Workforce Capability</b> .....	<b>46</b>
• <b>Talent Acquisition and Access</b> .....	<b>54</b>
Conclusion.....	62
Demographics.....	65
South Africa human capital leaders .....	67
Acknowledgements .....	69



# Welcome



**Werner Nieuwoudt**  
Human Capital Leader  
Deloitte South Africa

We are pleased to release the 2014 Human Capital Trends report for South Africa. This report is a country-based summary and should be read in conjunction with our Global Deloitte report, which provides an extensive breakdown and interpretation of the findings of our 2014 Global Deloitte Human Capital Trends Survey.

This year, we had a record response from our clients in South Africa to the Deloitte Human Capital Trends Survey, with 266 respondents. This makes it a very valid reflection of how these trends are affecting South African businesses across the industry spectrum.

In addition, we have surveyed a number of other countries on the African continent. A survey for Africa incorporating the responses from these countries will be released later this year and will be available on our website. This will provide an ideal addition for those clients of ours who are active on the African continent and for whom people issues are top of mind.

Our Global Human Capital Trends 2014 survey is one of the largest organisation-development, human-resource and talent-management surveys of its kind, with 94 countries participating this year. Against the items surveyed, it is clear that most global organisations are grappling with the same people issues and in many cases are not fully prepared to deal with these major trends that are reshaping the workforce.

In this report, which is aimed at the South African market, we highlight the five trends that we believe should be top of the agenda for executives and human resource teams in respect of finding, retaining, leading and developing their people over the next few years.

From the 12 trends identified in the Deloitte survey, three strategic focus areas or themes have emerged:

- Lead and develop
- Attract and engage
- Transform and reinvent



South African respondents recognised the following top five trends in terms of the importance index : Leadership (77%), Retention and Engagement (71%), Diversity and Inclusion (70%), Workforce Capability (70%), Talent Acquisition and Access (69%). Despite these being the most urgent trends, many of the companies surveyed expressed reservations about their ability to address these issues in the short-to-medium term.

The 2014 human capital trends demand change, investment and focus if companies in South Africa want to effectively compete both as employers of choice and as competitive businesses in a human-resource-constrained market. We trust that this report, along with the 2014 Global Deloitte Human Capital Trends report, will serve as a useful guide for strategic human capital management in the coming year. Please feel free to contact us to discuss the reports in more detail. We would be delighted to assist you and your teams.

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

Yours sincerely

**Werner Nieuwoudt**  
Human Capital Leader  
Deloitte South Africa



# Engaging the 21st-century workforce

## The 12 Human Capital Trends for South Africa

Ranked in order of importance and urgency as rated by South African participants



1

### Develop leaders at all levels

Leadership remains the top human capital concern—and the largest “readiness gap” in our survey. The need: develop new leaders faster, globalise leadership programs, and build deeper bench strength.

77%

40%



2

### Move beyond retention

Survey respondents say retention and engagement are the second biggest human capital challenges they face (after leadership gaps). What’s the secret to becoming a “talent magnet” in the coming years?

71%

43%



3

### Shift from diversity to inclusion

The world has become highly diverse, but many companies have not—especially when it comes to combining diversity with the inclusive culture needed to truly build value.

70%

45%



4

### The quest for workforce capability

Organisations now compete globally for scarce technical and professional skills. How can you locate and develop this talent when it takes years to develop expertise?

70%

47%



5

### Talent acquisition revisited

Talent acquisition and recruiting are undergoing rapid disruption, challenging companies to leverage social networks, aggressively market their employment brand, and re-recruit employees every day.

69%

35%



6

### Reskilling the HR team

HR pros need an increasingly wide range of skills, not only in talent areas but also in the understanding of how the business works, makes money, and competes. How are HR teams staying current and viable?

68%

37%



7

### Performance management is broken

Companies worldwide are questioning their forced ranking, rigid rating systems, and once-a-year appraisal process. This is the year a new model of performance management will likely sweep through HR.

66%

37%



8

### Rescue the overwhelmed employee

Technology and too much access have turned us into “overwhelmed” employees. Nearly every company sees this as a challenge to individual productivity and overall performance, but struggles to handle it.

66%

34%



9

### Globalise and localise the HR function

A new model of “high impact” HR blends globalised talent practices for consistency and mobility with localised flexibility to attract, retain, and manage people appropriately.

65%

38%



10

### Implement talent analytics

Analytics is an exciting and fast-growing area for human resources, but many companies are lagging. How can they address this game-changing area of HR to move quickly and methodically into the future?

64%

33%



11

### Corporate learning redefined

It’s a new age for Learning & Development. Online content, MOOCs, collaboration tools, and social media now fuel a training model where employees own their skills and experts share knowledge freely.

62%

51%



12

### Race to the cloud

Cloud-based HR technology promises to integrate people systems, enable learning and talent management, and reengineer recruiting. But massive adoption of new software is harder than it seems.

60%

35%

Importance Index



Readiness Index





# The Global Human Capital Trends Report 2014



## Introduction

### The Global report

The Deloitte Global Human Capital Trends Report is a data-backed survey that involved over 2 500 business and HR executives in 94 countries to measure the urgency of, and readiness for, addressing the trends. The global perspectives for this year's trends have been based on input from our human capital leaders across 14 countries. The global report includes stories, case studies and recommendations from interviews, with more than 50 CHROs, CLOs and VPs of Talent. Please refer to Global Human Capital Trends 2014: Engaging the 21st-Century Workforce at <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>.

Key findings from the global report:

- Leadership continues to be the biggest challenge that companies around the world are facing.
- “The 21st-century workforce” is different – and engagement and retention are now top issues on the minds of CEOs and CHROs.
- HR is falling behind in structure, skills, analytics, technology and the development of leading recruiting and learning and development programmes.
- Technology, analytics and the “overwhelmed employee” are acute focus areas for HR.
- Skills gaps, the rapid obsolescence of skills, the need for next-generation learning, and talent mobility will differentiate companies.

## On Africa

The survey was sent out to clients in Africa. In South Africa, 266 responses were received, Kenya received the most responses from all other African countries, and a Kenyan report will be released shortly.

For Africa, 347 responses were received from 15 African countries, including South Africa. All responses received from Africa will be combined into an Africa report, which will be released later this year. The map below gives an indication of all African respondent countries. As you read the report, you will come across an Africa comment that is a combined response from all the African countries surveyed.

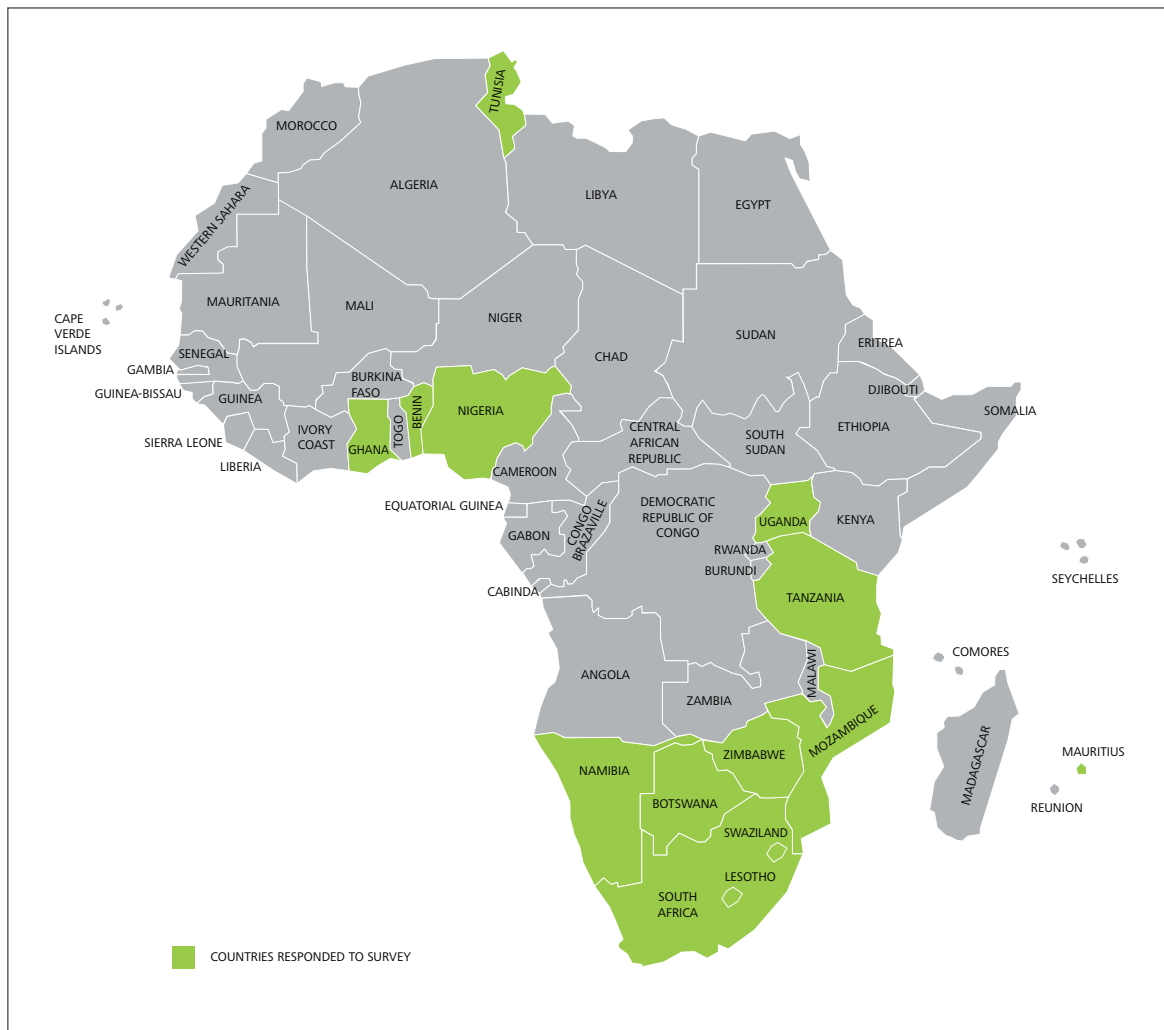


Figure 1: African countries that have responded to the survey

# Global Human Capital Trends 2014 Top findings for South Africa

Importance Index is the weighted average of rated importance by the respondents, normalized to a 0-100 scale.



## The top five trends for South Africa

The top five trends for South Africa, in order of the importance index, are:

1. Leadership (77%)
2. Retention and Engagement (71%)
3. Diversity and Inclusion (70%)
4. Workforce Capability (70%)
5. Talent Acquisition and Access (69%)

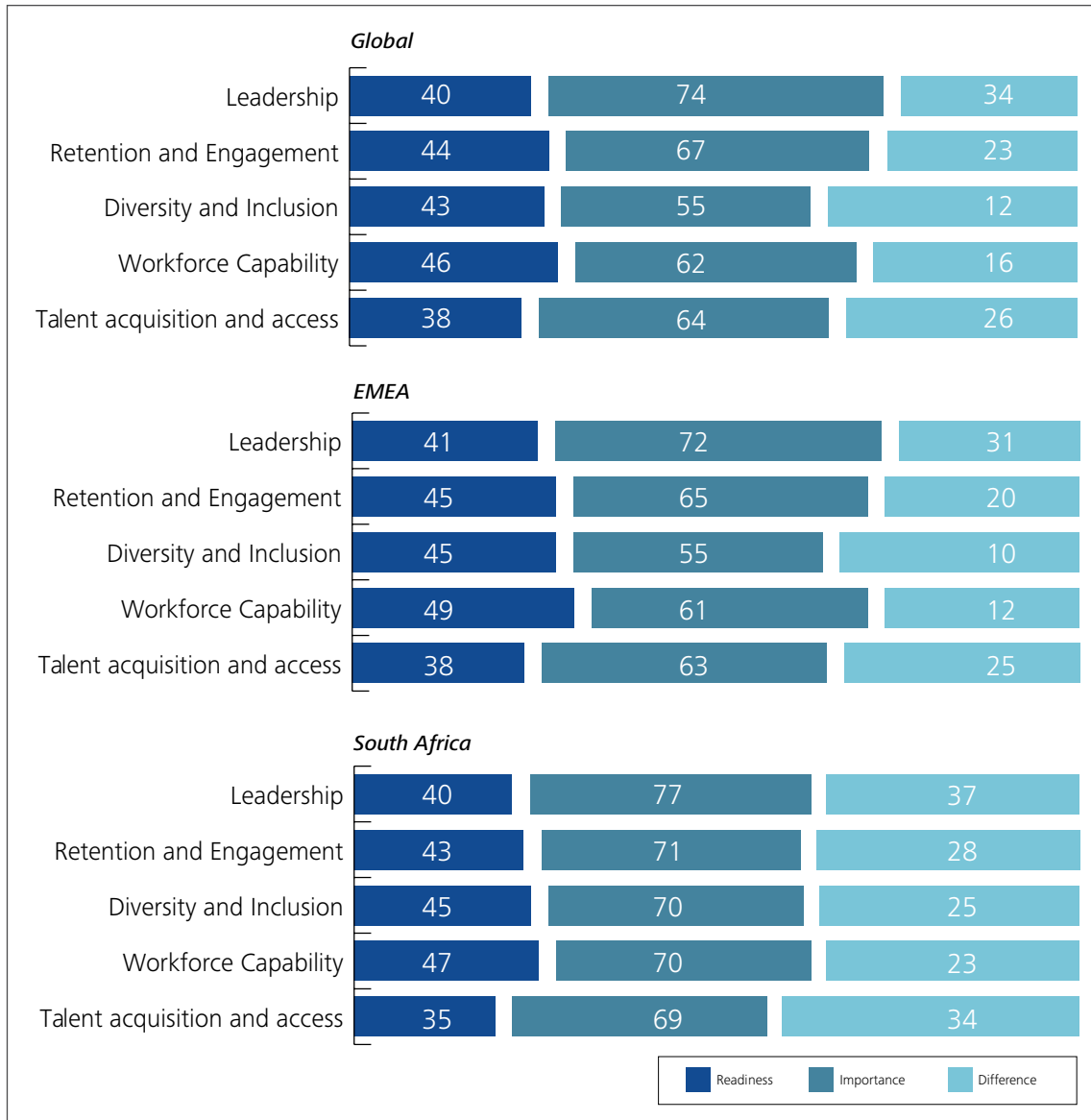


Figure 2: Top trends by Importance & Readiness Index vs Capability Gap shows the Deloitte Human Capital Capability Gap Index.

### Relative urgency of human capital trends

The following charts show the relative urgency of human capital trends for South Africa, EMEA and Global. For South Africa, 22% rated workforce capability as urgent, while 67% rated it important. Leadership was ranked urgent by EMEA and Global.

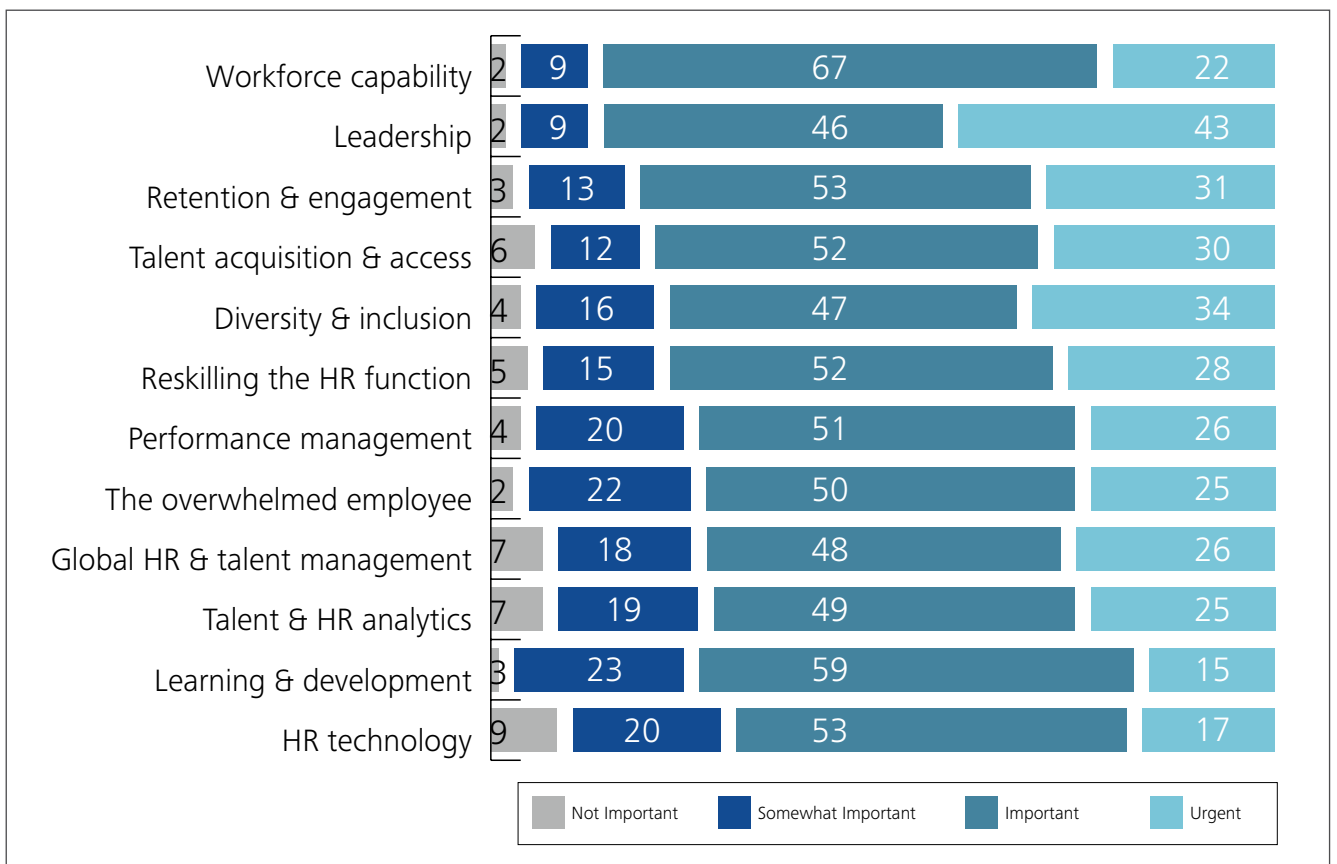


Figure 3a : Relative urgency of human capital trends  
South Africa

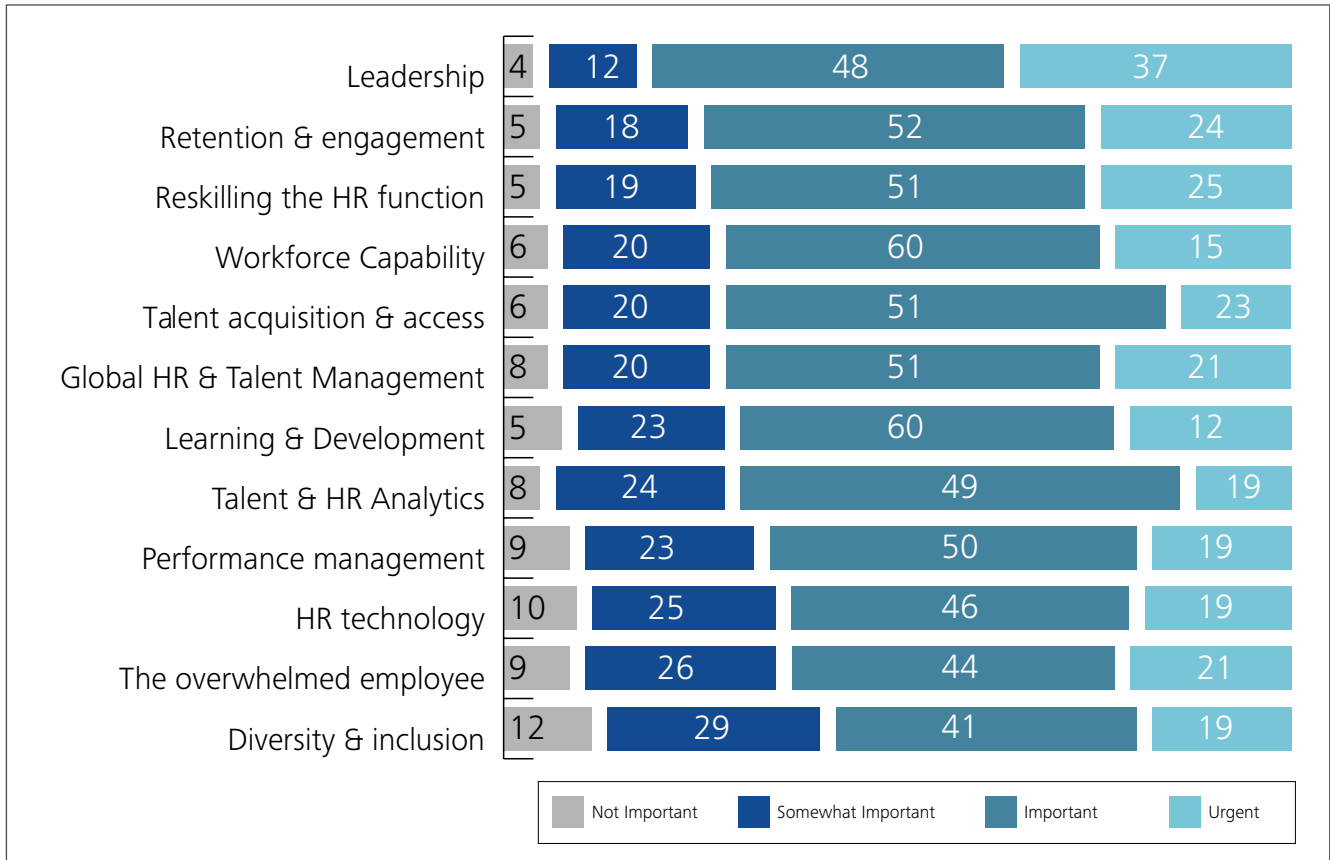


Figure 3b : Relative urgency of human capital trends EMEA

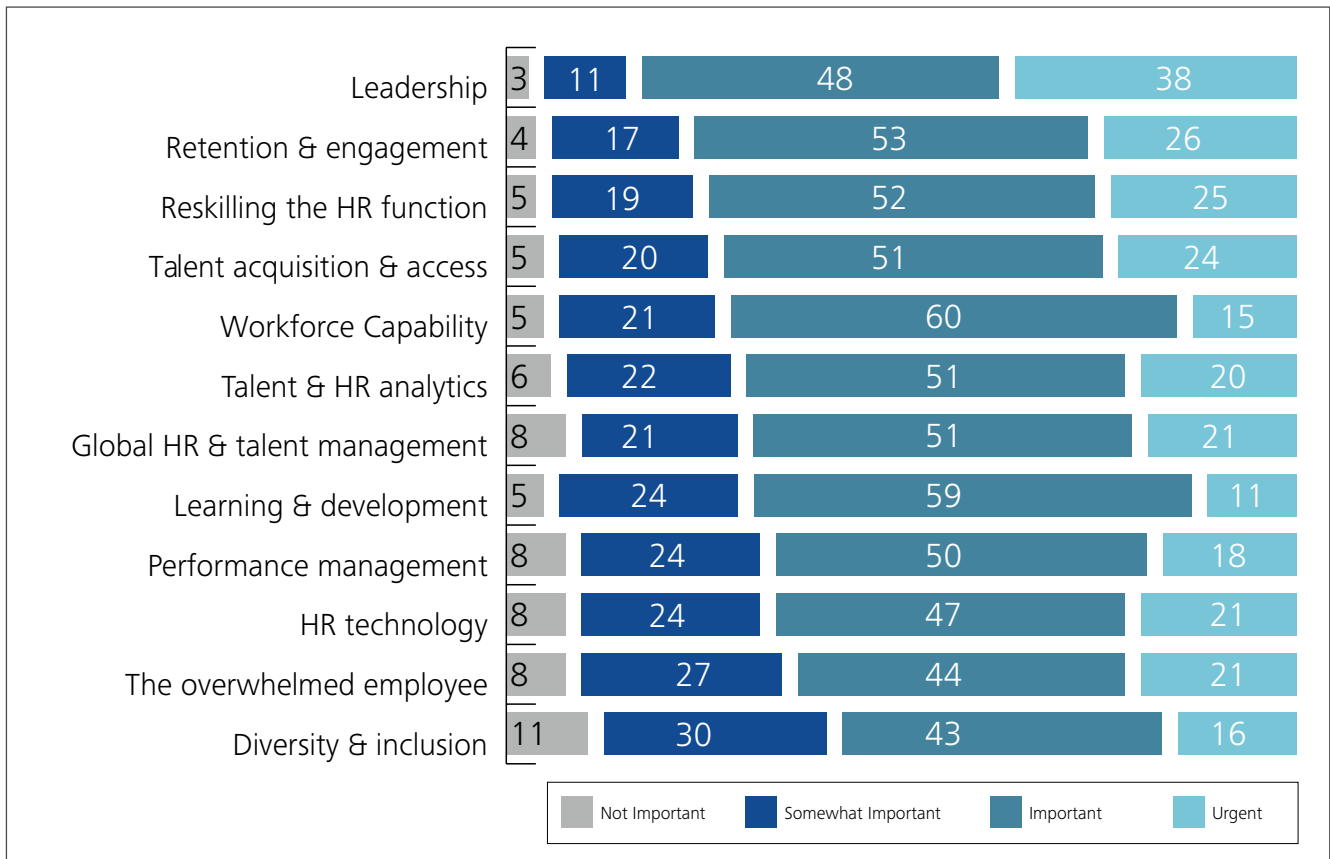


Figure 3c : Relative urgency of human capital trends Global

## HR report card and HR investment

Respondents were asked a few questions to help us to understand HR capabilities and investments in their organisation. They were asked how they rate the capabilities of their organisations' HR and talent programmes, and they were asked what their plans are to invest in HR in the next 12 to 18 months.

According to the self-assessment of respondents of their HR and talent programmes, the South African respondents awarded themselves a grade point average of 1.5 (translating to a letter grade of C). This figure is the same for the EMEA region and globally. Refer to Figure 4 below.

According to the self-assessment of HR investment in the next 12 to 18 months, South Africa's growth in spending averages is at (+1.77%), which is higher than both EMEA (+1.18) and global results (+1.32%).

## South Africa report card and investment

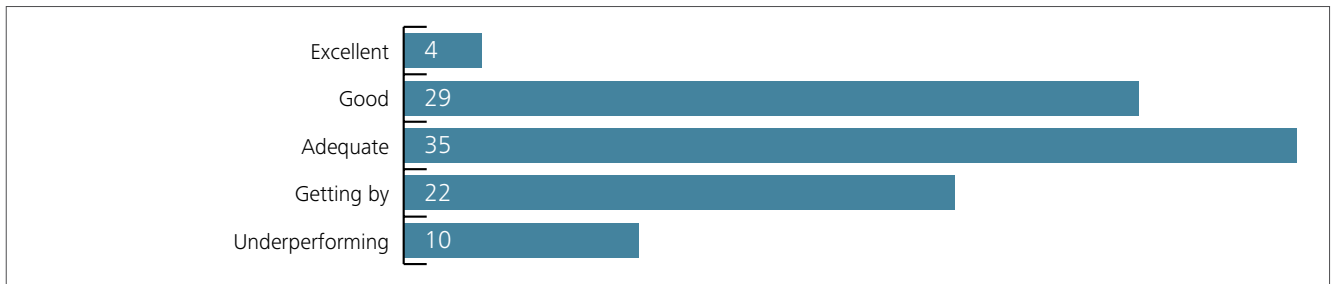


Figure 4a : HR and talent programmes report card

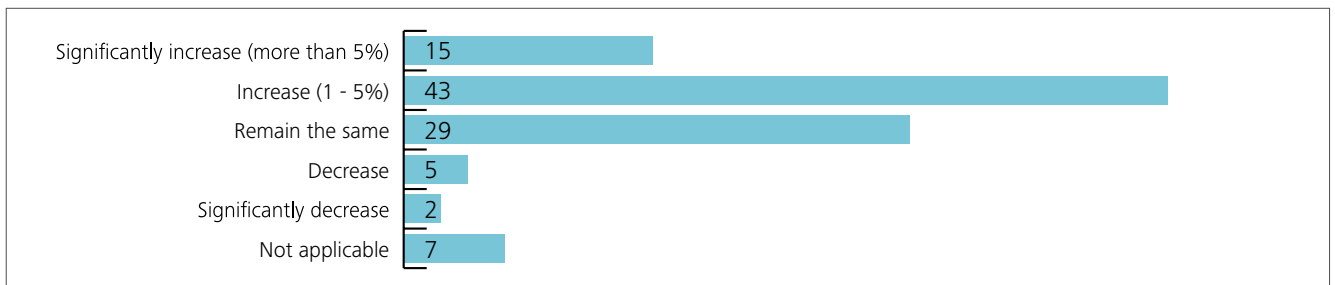


Figure 4b : HR investment in next 12 to 18 months

### EMEA report card and investment

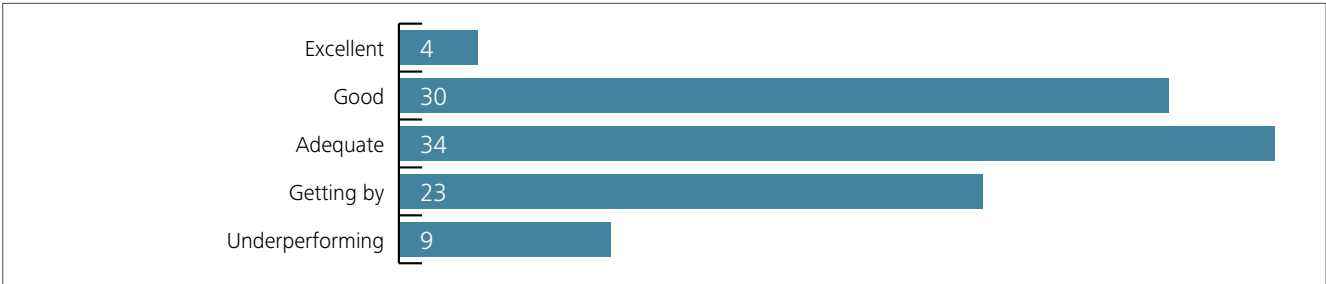


Figure 4c : HR and talent programmes report card

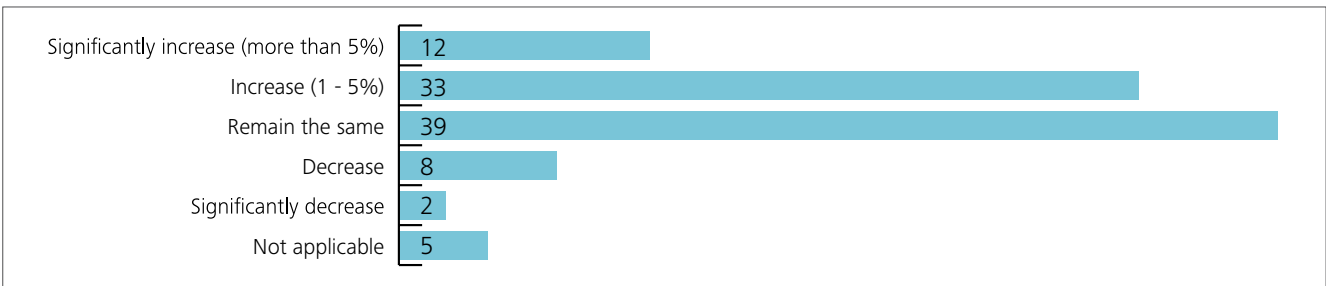


Figure 4d : HR investment in next 12 to 18 months

### Global report card and investment

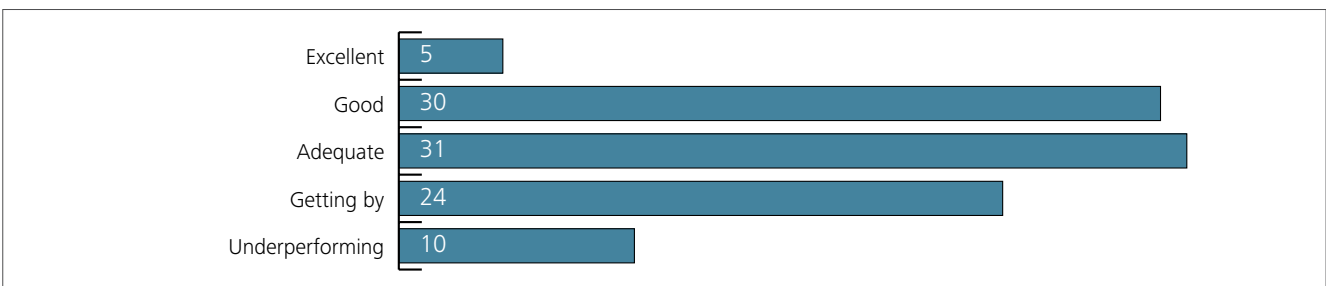


Figure 4e : HR and talent programmes report card

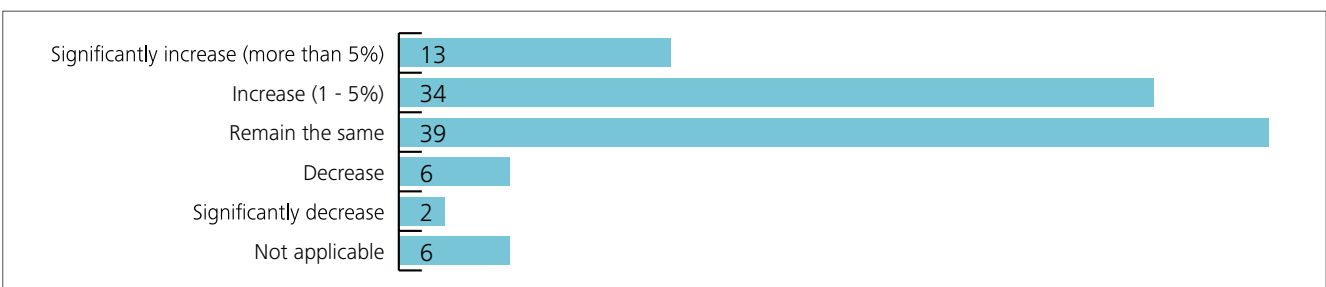


Figure 4f : HR investment in next 12 to 18 months



### Top five challenges for SA

Respondents were asked – “Based on the 12 human capital trends, which are the top five most important challenges that you face in the next 12 to 18 months?” The number next to each label indicates the total number of responses to this question.

From the graph, Workforce Capability (67%), Leadership (63%), Retention and Engagement (63%), Learning and Development (50%) and Talent Acquisition and Access (48%) are the five most important challenges that respondents rated that they will face in their organisations in the next 12 to 18 months. Refer to Figure 5 below.

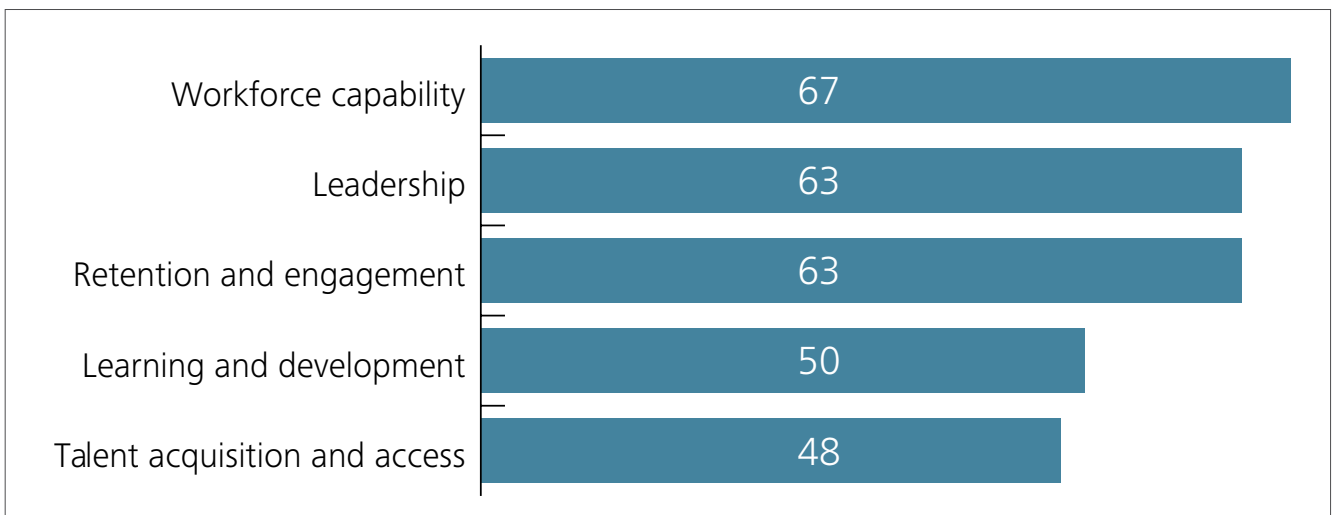


Figure 5: The five most important challenges for South Africa

## Industry overview, South Africa

A highlight from the South African industry perspective is presented below. In this document, after each section, there is a short, high-level overview that describes the responses received for that trend based on an industry split.

(\*Please note that industries that have an under-30 response rate are not statistically valid and should be used with caution.) Results for life sciences, healthcare and telecoms, media and technology have been removed from the table below, as the response rate received was too low to be statistically valid.

In the table below, our results indicate that:

1. Leadership is the number-one global priority, with all industries and all regions rating it as their most important challenge.
  - a. In South Africa, Leadership is the number-one priority overall (89%). When this is broken down by industry, we can see that it is the number-one priority in the following industries:
    - i. Energy and resources (97%)
    - ii. Financial services (89%)
  - b. In South Africa, Leadership is the number-two priority in the following industries:
    - i. Manufacturing (92%)
    - ii. Public sector (91%)
    - iii. Consumer business (86%)
    - iv. Professional services (88%)

2.Retention and Engagement is the number-two priority (79%) globally, and it is the number-two priority in South Africa. When this is broken down by industry, we can see that consumer business (96%) and financial services (89%) rate this trend as most important.

Global	SA	Trend	Consumer Business	Energy & Resources	Financial Services	Manufacturing	Professional Services	Public Sector
<b>2532</b>	<b>266</b>		<b>28</b>	<b>33</b>	<b>36</b>	<b>25</b>	<b>52</b>	<b>23</b>
1 (86%)	1 (89%)	Leadership	5 (80%)	1 (97%)	1 (89%)	2 (92%)	2 (88%)	2 (91%)
2 (79%)	2 (84%)	Retention & Engagement	1 (96%)	5 (82%)	1 (89%)	3 (88%)	4 (84%)	3 (83%)
3 (77%)	4 (80%)	Reskilling the HR function	8 (75%)	4 (88%)	3 (83%)	6 (79%)	7 (79%)	3 (83%)
4 (75%)	3 (82%)	Talent Acquisition & access	3 (82%)	2 (94%)	5 (81%)	3 (88%)	6 (80%)	6 (74%)
5 (74%)	1 (89%)	Workforce capability	2 (86%)	2 (94%)	2 (86%)	3 (88%)	1 (92%)	1 (100%)
6 (72%)	7 (74%)	Talent & HR analysis	8 (75%)	5 (82%)	6 (78%)	8 (71%)	5 (81%)	6 (74%)
7 (71%)	6 (75%)	Global talent & HR management	4 (81%)	5 (82%)	4 (82%)	7 (75%)	10 (72%)	5 (76%)
8 (70%)	7 (74%)	Learning & development	6 (79%)	6 (81%)	7 (67%)	5 (80%)	8 (78%)	8 (64%)
9 (69%)	5 (76%)	Performance management	9 (70%)	3 (91%)	6 (78%)	4 (83%)	9 (73%)	9 (61%)
10 (68%)	8 (71%)	HR Technology	10 (61%)	7 (79%)	6 (78%)	5 (80%)	11 (71%)	8 (64%)
11 (65%)	5 (76%)	The overwhelmed employee	7 (76%)	8 (73%)	6 (78%)	3 (88%)	6 (80%)	7 (70%)
12 (59%)	4 (80%)	Diversity & inclusion	11 (54%)	7 (79%)	6 (78%)	1 (96%)	3 (86%)	4 (77%)

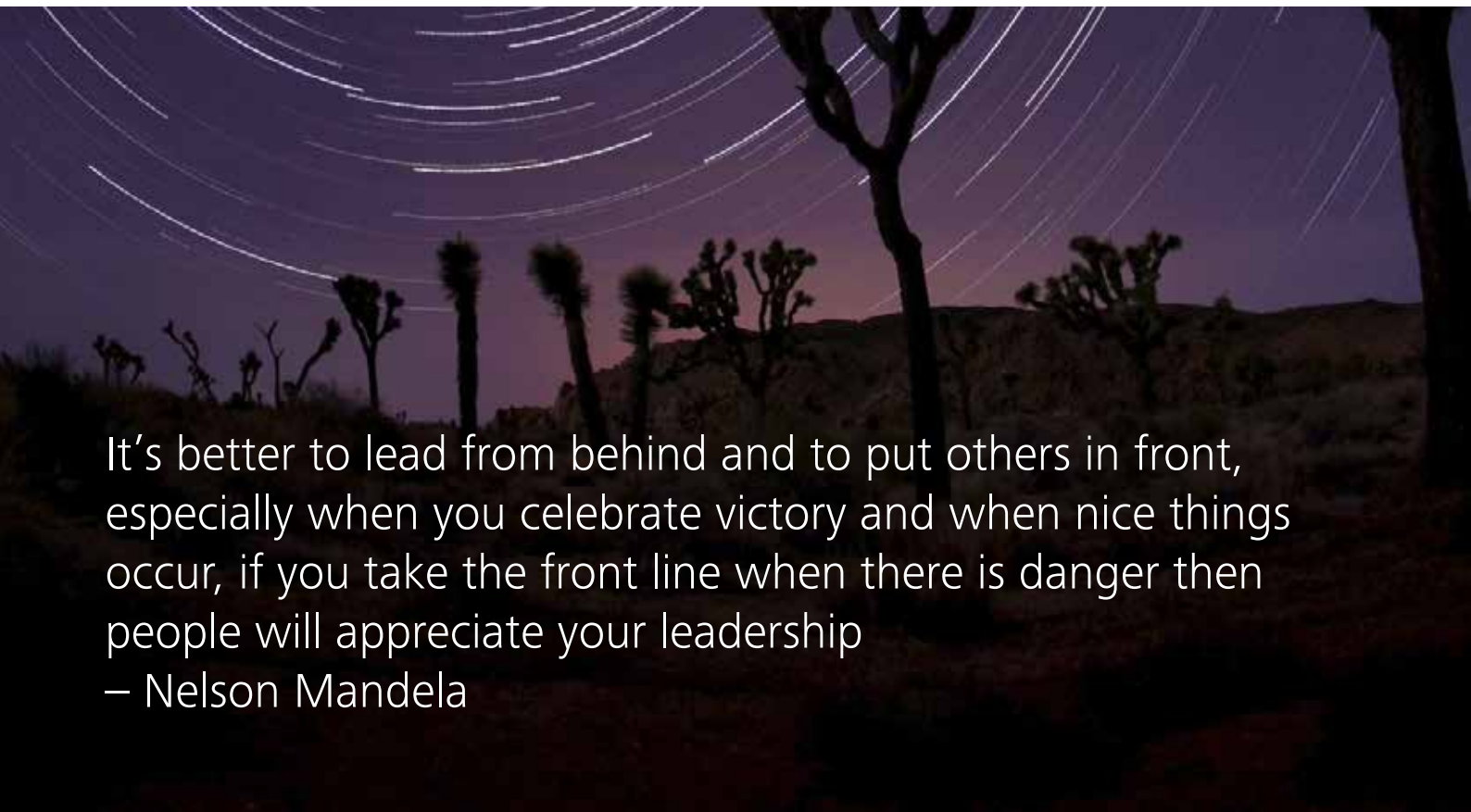
Figure 6 : Industry overview, South Africa

The red-highlighted boxes refer to the number-one priority in that industry, and this is indicated by the ranking number (1) within the box.

The green-highlighted box refers to the number-two priority in that industry, and this is indicated by the ranking number (2) within the box.



# The 2014 human capital trends



It's better to lead from behind and to put others in front, especially when you celebrate victory and when nice things occur, if you take the front line when there is danger then people will appreciate your leadership  
– Nelson Mandela

## South Africa

In total, the Deloitte global study identified 12 trends. These trends are highlighted in detail in the global report (Global Human Capital Trends 2014) and in the short summary given in Section 1.

The 12 trends are listed in the table below; however, for the purposes of the report, in-depth analysis has been conducted on the top five trends only. The trends highlighted in green are detailed in the report. The numbers indicated in parentheses, (1) to (5), indicate the importance that South African respondents placed on these trends, e.g. Leadership – at number one – is most important.

Lead and develop	Attract and engage	Transform and reinvent
Leaders at all levels: Close the gap between hype and readiness <b>1</b>	Talent acquisition revisited: Deploy new approaches for the new battlefield <b>5</b>	The reskilled HR team: Transform HR professionals into skilled business consultants
Corporate learning redefined: Prepare for a revolution	Beyond retention: Build passion and purpose <b>2</b>	Talent analytics in practice: Go from talking to delivering on big data
Performance management is broken: Replace “rank and yank” with coaching and development	From diversity to inclusion: Move from compliance to diversity as a business strategy <b>3</b>	Race to the cloud: Integrate talent, HR and business technologies
The quest for workforce capability: Create a global skills supply chain <b>4</b>	The overwhelmed employee: Simplify the work environment	The global and local HR function: Balance scale and agility

### The top five trends for South Africa

The top five trends for South Africa, in order of the importance index, are:

1. Leadership (77%)
2. Retention and Engagement (71%)
3. Diversity and Inclusion (70%)
4. Workforce Capability (70%)
5. Talent acquisition and access (69%)

The sections that follow provide more information and insight from our Global and South African survey, on each of these top five trends.

# Leadership

An overview of the trend globally

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“Leadership will be a big challenge in 2014. Executives are struggling with leadership gaps at all levels – from first-line supervision through top leadership (more than 60% of all companies cite ‘leadership gaps’ [as] their top business challenge)”.

(Source: Predictions for 2014: Building a Strong Talent Pipeline for the Global Economic Recovery – Time for Innovative and Integrated Talent and HR Strategies, Bersin by Deloitte/Josh Bersin, January 2013. Available to research members at [www.bersin.com/library](http://www.bersin.com/library))

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The executives in our Global Human Capital Trends 2014 survey viewed leadership as the highest priority issue of all issues we raised with them, with 86% rating it as “urgent” or “important”. Yet despite the importance of leadership, most companies feel they are not ready to meet the challenge. Only 13% rate themselves as “excellent” in providing leadership programmes at all levels, new leaders, next generation leaders and senior leaders.

(Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>)

**Importance Index**

Leadership  
77%



89%  
Urgent & important



34%  
Not ready

Retention and Engagement  
71%

Diversity and Inclusion  
70%

Workforce Capability  
70%

Talent acquisition and access  
69%

**Overview of findings**

The graphs below show the relative urgency for the trend and the self-rated readiness.

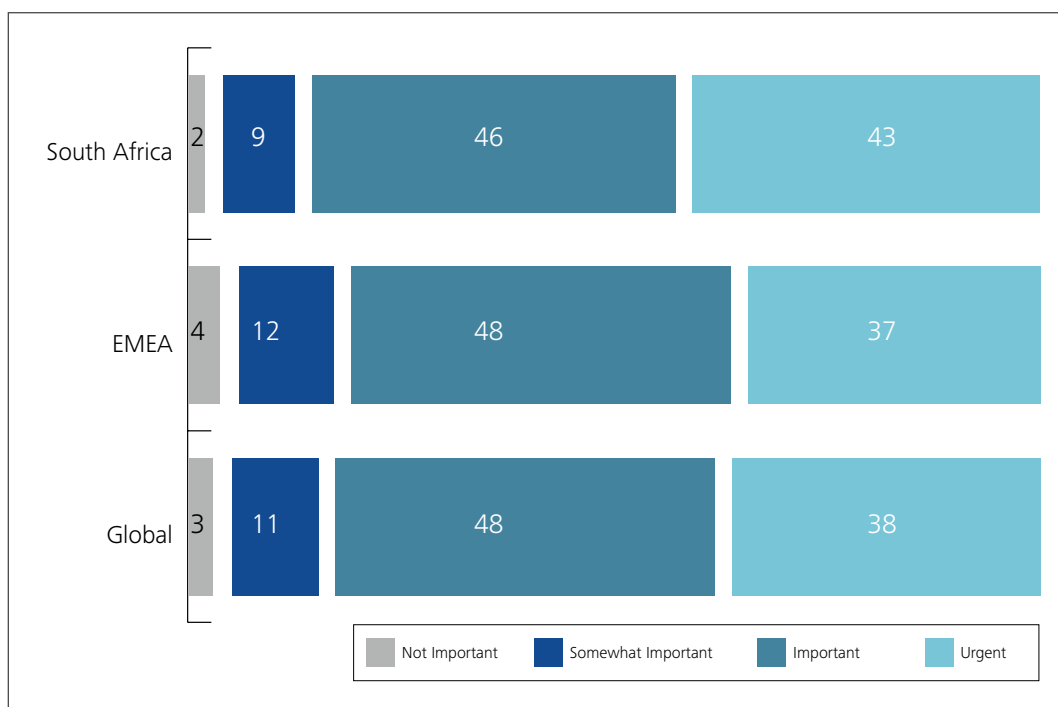


Figure 7 : Urgency of human capital trends – Leadership

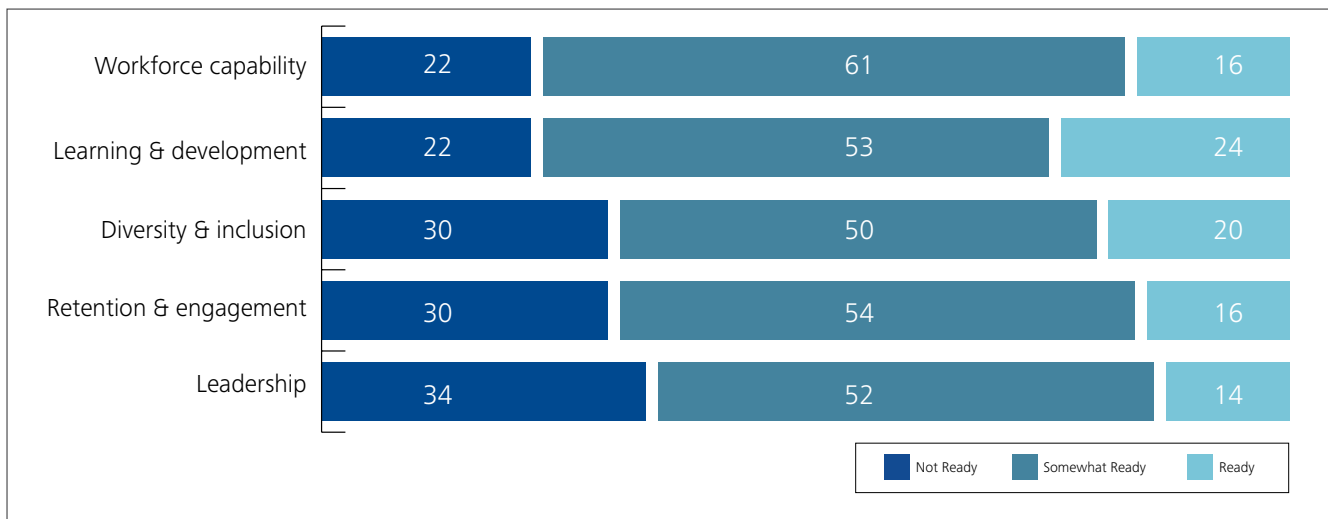


Figure 8 : Readiness of human capital trends for South Africa

**Global:** Leadership is the most important talent issue faced by organisations around the world, with 86% of respondents rating it as urgent or important. Thirty-eight percent (38%) rated the trend as urgent, and 48% rated it as important. Only 13% responded that they do an excellent job of developing leaders at all levels.

**EMEA:** Leadership is the number-one priority for EMEA. Eighty-five percent (85%) rated the trend as urgent and important, 37% rated the trend as urgent, while 48% rated the trend as important. Only 15% say they are ready, and 34% are not ready for the trend.

**Africa:** Ninety percent (90%) indicated the urgency and importance of leadership in Africa, while 32% indicated that they are not ready for it, and 18% rated themselves ready.

**South Africa:** Leadership is the number-one urgent and important priority for the African region. Eighty-nine percent (89%) of respondents indicated the urgency and importance of leadership. Leadership has the highest urgency rating when compared to all twelve trends. Forty-three percent (43%) rated leadership as urgent. Even though it has such a high urgency, leadership comes in at number four in terms of readiness when compared to readiness for all 12 trends. Thirty-four percent (34%) of South African companies rated themselves as not ready for the trend, while 14% rated themselves as ready.

Our results indicate that Leadership is the number-one global priority, with all industries and all regions rating it as their most important challenge in the next 12 to 18 months.



## Importance Index

Leadership  
77%



89%  
Urgent & important



34%  
Not ready

Retention and Engagement  
71%

Diversity and Inclusion  
70%

Workforce Capability  
70%

Talent acquisition and access  
69%

The low level of readiness suggests that the current culture of learning and the investment in leadership does not meet the changing demands of the market, nor does it take into account the changing demographics that include the 21st-century workforce.

(Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>.)

In addressing the Leadership challenge, the 21st-century workforce and the needs of this generation should be considered.

### The Capability Gap Index

- The capability gap index is the difference between the importance index and the respondents' self-rated readiness of the organisation. Leadership has the biggest gap (-37%) between importance and readiness, which means that it is the most critical area to address and the most important area on which to focus investment.
- The capability gap index shows that Leadership has become an urgent challenge for leaders worldwide, especially the Netherlands, Brazil and Mexico. South Africa is number eight on the list, with Kenya at number 24.
- In Figure 9 below, South Africa's position shows the urgency for the trend, and the low level of readiness.

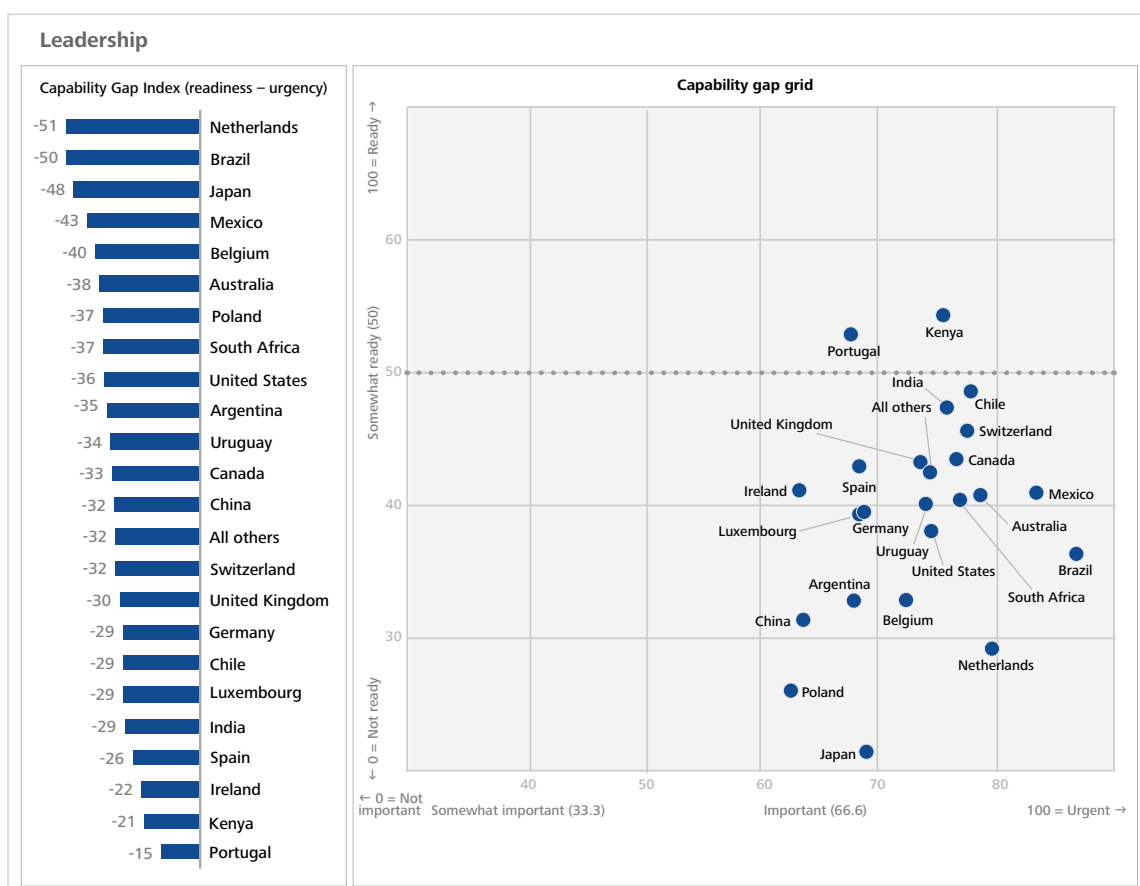


Figure 9: Capability Gap Index for Leadership

## South African perspective

A number of factors influence leadership in South Africa. These factors range from, socio-economic, political, industry and market conditions, changing legislation, labour unions, language and cultural barriers and a multidimensional workforce. This workforce includes immigrants from other African countries, workforce from first-world countries, baby boomers, Generations X and Y, as well as a new generation of millennials that are challenging and changing the way of work as we know it.

South Africa faces additional challenges such as limited levels of language and tertiary education skills and a high rate of poverty and death caused by infectious diseases. In 2020, South Africa's population is estimated to reach 52 573 259 (**Source: Good Governance Africa, Africa Survey 2013 [www.gga.org](http://www.gga.org)**). Bearing this in mind, the current unemployment as a percentage of total workforce is 24.9% (Stats SA).

**South African leaders** face the following challenges:

- Globalising while remaining uniquely South African and true to the African continent
- Adapting to cultural and business transactions in Africa, considering the current environment of limited infrastructure and workforce capabilities
- Acquiring new levels of understanding with the rapidly changing technologies taking place globally and adapting them to the African context
- Developing a new generation of leaders, while understanding the challenges of the South African workforce in the context of the economic, social and political conditions, limited education and the lack of specialised skills
- Adjusting leadership approaches and organisational styles to include the diversity of women in the workforce, the Millennium generation, and overall embracing the 21st-century workforce

All these factors affect the development of future leaders with the appropriate skills and capabilities to meet the demands of the global dynamically changing workplace. For South Africa, it means that the industry bodies, private sector, local communities and government will have a stronger combined role to play to create appropriate training and development programmes that meet ever-changing needs.

**Importance Index**

Leadership  
77%



**89%** Urgent & important  
**34%** Not ready

Retention and Engagement  
71%

Diversity and Inclusion  
70%

Workforce Capability  
70%

Talent acquisition and access  
69%

**Leadership view by industry**

Industry figures are to be used as an indicative view only, as the sample size per industry did not meet statistical significance in all industries.

Globally, every industry identified leadership as its top priority.

(Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>)

The graphs below show the relative urgency and readiness by industry for the trend leadership.

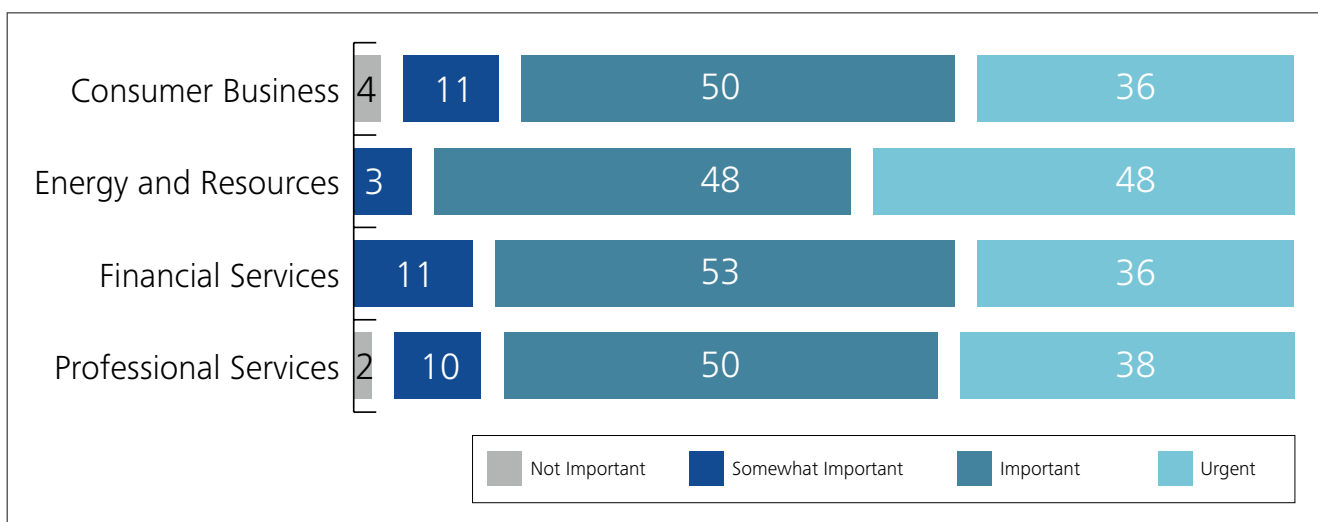


Figure 10 : Urgency of Leadership by industry

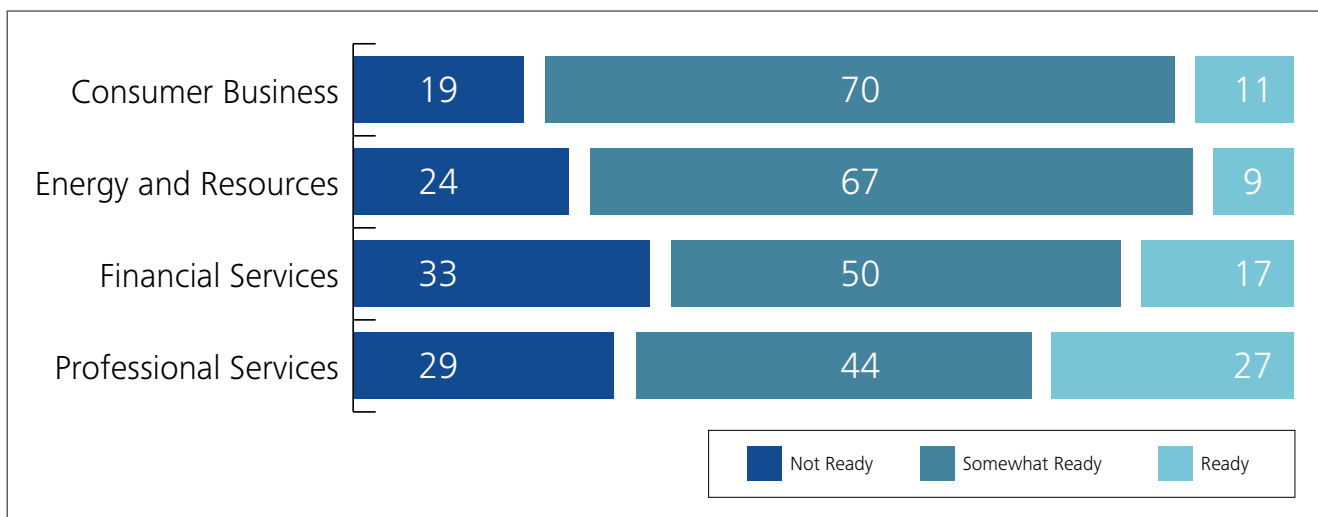


Figure 11 : Readiness for Leadership by industry



For the Leadership trend in South Africa, the highest number of urgent and important responses occurred in the energy and resources sector, with 97% rating the trend as urgent and important. Twenty-four percent (24%) in energy and resources rate themselves as not ready for the leadership trend, and 9% rate themselves as ready for the trend.

In the financial services sector, 36% rated the trend as urgent, while 53% rated it as important. However, 33% rated themselves as not ready for the leadership trend, and 17% rated themselves as ready.

In professional services, 38% rated the trend as urgent, while 29% rated themselves as not ready for the leadership trend.

In consumer services, 36% rated the trend as urgent, while 19% indicated that they are not ready.

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Millennials believe that businesses are not currently doing as much as they could to develop their leadership skills and that they need to nurture their future leaders, especially as they cannot count on them. Almost one in four millennials are “asking for a chance” to show their leadership skills. Additionally, 50% believe their organisations could do more to develop future leaders.

(Source: Deloitte Millennial [Generation Y] Survey)



## Importance Index

Leadership  
77%



89%  
Urgent &  
important



34%  
Not ready

Retention and  
Engagement  
71%

Diversity and  
Inclusion  
70%

Workforce  
Capability  
70%

Talent acquisition  
and access  
69%

## Conclusion

The 21st-century workforce presents new challenges, and it demands a new calibre of leadership.

Leadership, both as personal capability and as a traditional hierarchical structure within an organisation, has to transform to cater for the challenges of the 21st century.

The trend is more pressing in South Africa, as the business climate expresses a need for local leaders to have the same level of professional skills as any first-world leadership expert. Leaders are expected to cater for the diverse dynamics of the South African workforce, meet exacting financial targets and have bold approaches to establishing larger footprints on the African continent.

Additional challenges include the legacy of the South African education system that has an impact on available skills, the emigration of highly specialised skills, the brain drain and the retiring baby boomer generation, as well as the entrance of the millennials into the workplace.

A new approach is required for the 21st-century employees. The 21st-century leaders will be younger, from diverse demographic groupings and gender diverse. They will expect greater flexibility, a new approach to work life balance and a digital work environment that lends itself to mobile work environments.

Developing leaders is the next challenge. Development may need to come from a combined effort of private companies, industry bodies, the public sector and learning development specialists.

Our results show that experientially based programmes are falling short.

Globally, 56% of respondents rated themselves weak in providing experiential role-based leadership programmes. Sixty-six percent (66%) of respondents rated themselves weak in providing focused leadership programmes for millennials.

(Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>)

Due to the additional leadership development required in Africa, mentorships, internships and coaching are needed to expose the next generation of workers to all facets of a company and industry.

# Retention and Engagement

The background of the slide is a long-exposure photograph of a night sky, showing numerous curved light trails in shades of blue and yellow, characteristic of star trails. The trails are most prominent in the upper half of the image and curve downwards towards the bottom right. The overall color palette is dark, with the light trails providing a dynamic, swirling pattern.

The challenge is to bring out the best in you, to fulfil your potential.

- FW de Klerk

Leadership  
77%

Retention and Engagement  
71%



84% Urgent & important



30% Not ready

Diversity and Inclusion  
70%

Workforce Capability  
70%

Talent acquisition and access  
69%

# Retention and Engagement

“As the economy picks up, people will start changing jobs. Social recruiting tools (like LinkedIn, Twitter, Glassdoor and Facebook) make it easy to find new opportunities, so companies have to shift their focus towards retention this year. Our research on employee engagement and retention, shows a variety of factors contribute to retention: managerial excellence, recognition and rewards, career opportunities, a flexible work environment, great online tools and corporate mission or purpose.”

(Source Predictions for 2014: Building A Strong Talent Pipeline for The Global Economic Recovery—Time for Innovative and Integrated Talent and HR Strategies, Bersin by Deloitte / Josh Bersin, January 2013. Available to research members at [www.bersin.com/li](http://www.bersin.com/li))

## An overview of the trend globally

Employee Engagement is the extent to which employees commit to something in their organisation, how hard they work and how long they stay because of that commitment. Employee engagement plays a key role in facilitating the organisation’s overall success by contributing to the motivation and performance of each individual.

Companies around the world agree that employee engagement is vital. Our Global Human Capital Trends 2014 survey showed that executives rate retention and engagement as their number-two priority. Companies should shift from “holding” to “attracting and engaging by building commitment, aligning individual and corporate goals and providing engaging work and a culture of development and growth.” Jobs in most sectors become increasingly knowledge intensive, and the cost of replacing capable workers is high. Companies already recognise that keeping good people and keeping them engaged and productive are two separate things. The secret is designing a suite of systems (work, culture, flexibility and social and community purpose) that supports a talent experience that makes it easy for employees to be continually “signing up” for the work they do.

(Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>)

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“A high rate of churn among women employees, in the US either drop out of the workforce completely or move from company to company in search of better opportunities and career life fit.”

(Source: Deloitte Gender Dividend)

### What is the digital workplace?

The digital workplace can best be considered the natural evolution of the workplace. The digital workplace encompasses all the technologies people use to get work done in today's workplace – both the ones in operation and the ones yet to be implemented. It ranges from HR applications and core business applications to email, instant messaging and enterprise social media tools and virtual meeting tools.

### Why adopt a digital workplace strategy?

The benefits of adopting a digital workplace are key levers in retention and engagement.

- Talent attraction: Sixty-four percent (64%) of employees would opt for a lower-paying job if they could work away from the office. (Source: The Cisco Connected World Report, Cisco Systems. October 2010. Presentation)
- Employee productivity: Organisations with strong online social networks are 7% more productive than those without such networks. (Source: Alex, February 2009)
- Employee satisfaction: Organisations that installed social media tools internally found a median 20% increase in employee satisfaction. (Source: How companies are benefiting from Web 2.0, September 2009)
- Employee retention: When employee engagement increases, there is a corresponding increase in employee retention by up to 87%. (Source: Institute, 2009)

(Source: Deloitte: The Digital Workplace)

The above are key findings from The Digital Workplace that highlight the changing dynamics of the workplace today. These findings suggest that a digital workplace leads to greater employee attraction, retention and productivity, especially among next-generation employees.



**Importance Index**

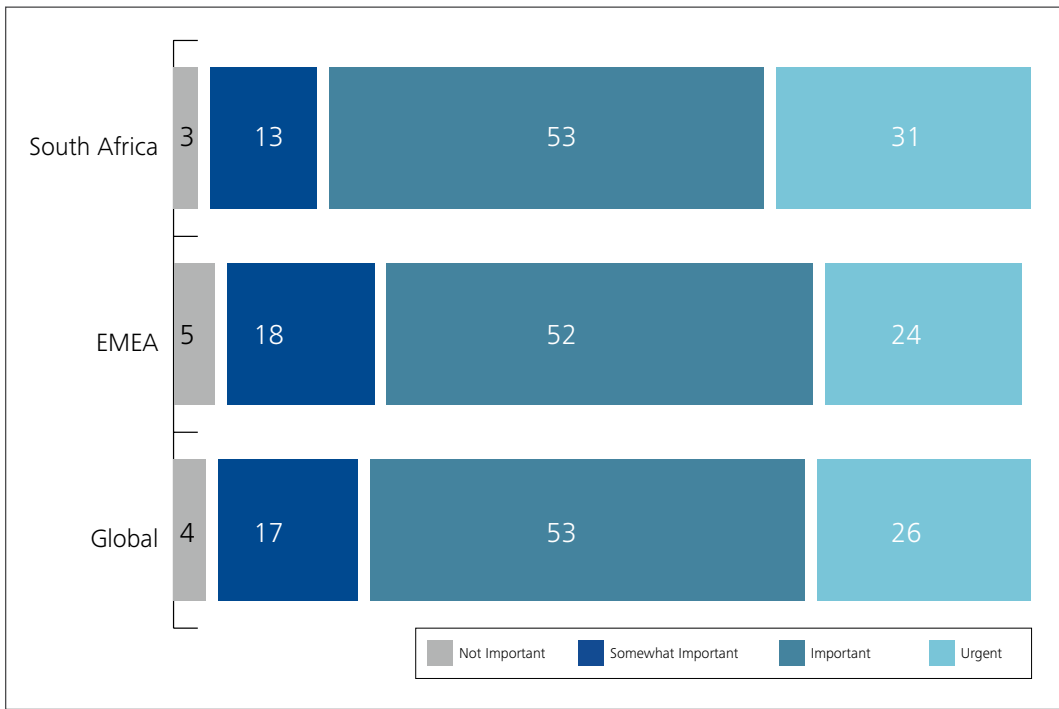


Figure 12 : Relative urgency of Retention and Engagement

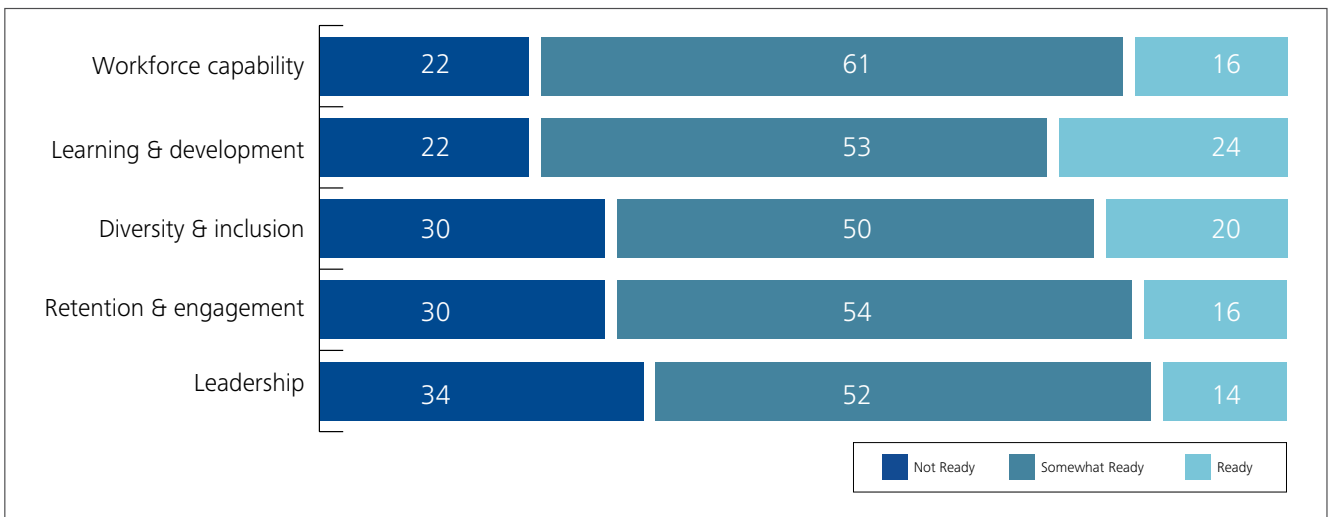


Figure 13 : Readiness of human capital trends, South Africa

**Globally:** Seventy-nine percent (79%) of respondents rated the trend both urgent and important. Their self-rated readiness is 44%. 30% respondents rated themselves as not ready.

**EMEA:** Retention and Engagement is the number-three priority for EMEA, readiness (45%) and importance (52%). Urgency is rated at 24%. 45% represents readiness index.

**Africa:** Eighty-five percent (85%) of respondents in Africa indicated urgency and importance to retention and engagement, but 29% are not ready.

**South Africa:** Eighty-four percent (84%) rated the trend as urgent and important. Thirty-one percent (31%) rated the trend as urgent, and 53% rated the trend as important, while 30% are not ready for it. The overall level of readiness is low, despite the high number of respondents that rated the trend as urgent.

### Capability Gap Index

- The capability gap is -29%. The capability gap is the difference between the respondents' urgency for the trend and their self-rated readiness. The gap reflects that organisations recognise the importance of this trend but that they are not ready for this trend.
- In terms of the capability ranking featuring all the countries (as seen in Figure 14 below), South Africa features as number six in the world ranking in terms of urgency and importance. Locally, it means that more attention needs to be paid to developing tailored retention and engagement strategies that are suitable to the changing demographics of the workforce that meet 21st-century expectations.
- The Capability Gap index shows that Retention and Engagement has become an urgent challenge for leaders worldwide, especially in Brazil and China. South Africa is number six on the list, with Kenya at number eight.
- South Africa's position shows the urgency for the trend, and the low level of readiness. All countries that are below the line rated themselves as not ready to somewhat ready for retention and engagement.

This may suggest that organisations do not have the appropriate retention and talent strategies in place that cater for the continuously changing workplace and the changing demographics of the workforce.

**Importance Index**

Leadership  
77%

Retention and Engagement  
71%



84% Urgent & important



30% Not ready

Diversity and Inclusion  
70%

Workforce Capability  
70%

Talent acquisition and access  
69%

**Retention and engagement**

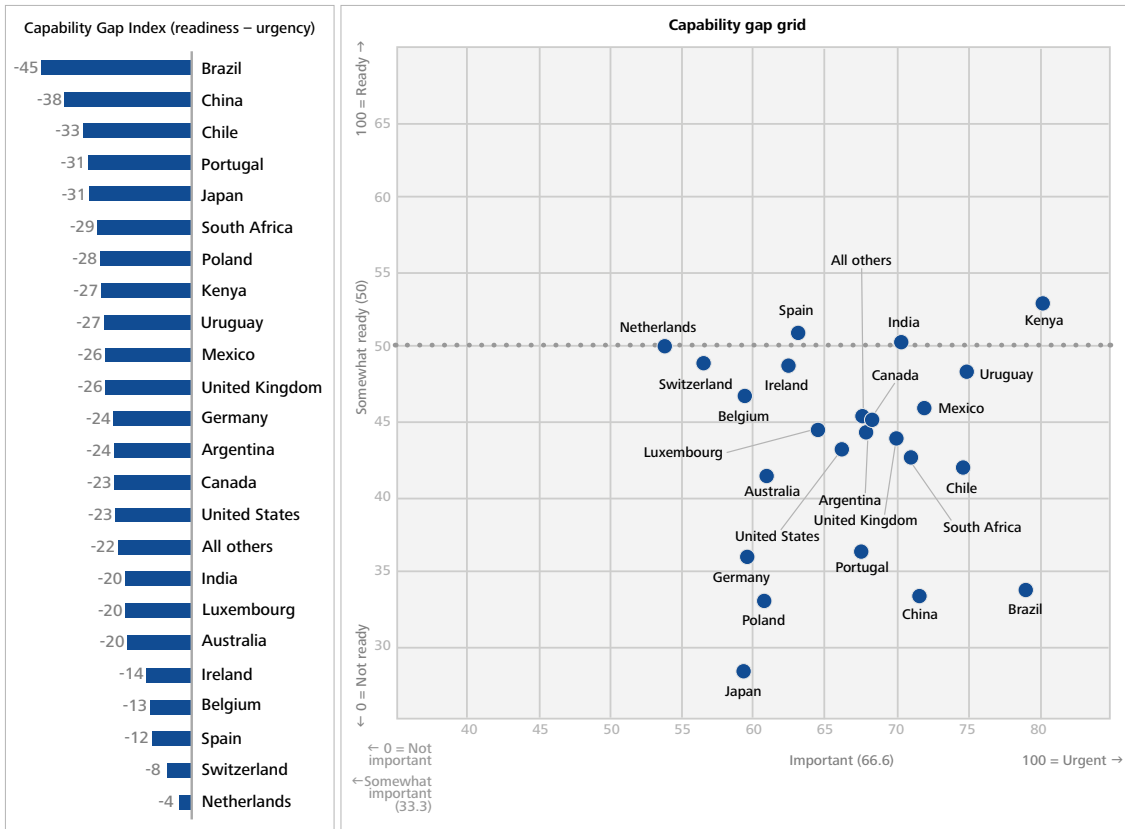


Figure 14 : Capability Gap Index: Retention and Engagement

## South African perspective

The perceptions that employees have of work, leadership and career opportunities all play a role in employee engagement. Each aspect of total rewards attracts a different level of importance in employee engagement. The following were identified as the top three most important elements for sub-Saharan Africa: salary (65%), provident/pension fund and medical aid (63%) and performance bonus (62%). (Source: <http://www.emergencegrowth.com/blog/155-sub-saharan-africa-employee-engagement-survey-january-2013>)

When respondents were asked which of the five most important challenges they would face in the next 12 to 18 months, 63% of respondents rated Retention and Engagement as the second-most-important challenge for South Africa.

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An effective retention plan calls for analysing more than just what causes employees to jump ship – talent managers must also understand which employees they are most at risk of losing. Deloitte: Managing Talent in a Turbulent Economy

## Retention and Engagement view by industry

Industry figures should be used as an indicative view only, as the sample size per industry did not meet statistical significance in all industries.

Globally, Retention and Engagement is the number-two priority for most industries. In South Africa, 89% of the financial services industry respondents rated the trend as urgent and important, while 28% rated themselves as not ready for the trend. Only 19% rated themselves as ready.

In the professional services industry, 37% rated the trend as urgent and 47% rated the trends as important. Of these respondents, 22% are not ready for the trend and 26% rate themselves as ready.

In consumer business, 96% rated the trend as urgent and important, while 32% are not ready for the trend. In energy and resources, 24% rated the trend as urgent, while 58% rated the trend as important. However, 67% rated themselves as somewhat ready, and 21% rated themselves as not ready.

**Importance Index**

Leadership  
77%

Retention and Engagement  
71%



**84%** Urgent & important  
**30%** Not ready

Diversity and Inclusion  
70%

Workforce Capability  
70%

Talent acquisition and access  
69%

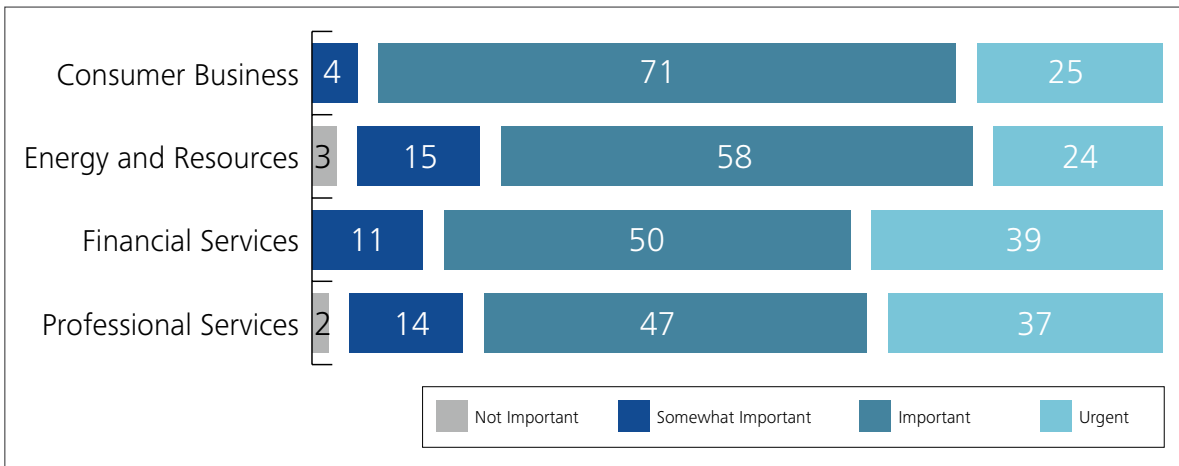


Figure 15 : Urgency for Retention and Engagement by industry

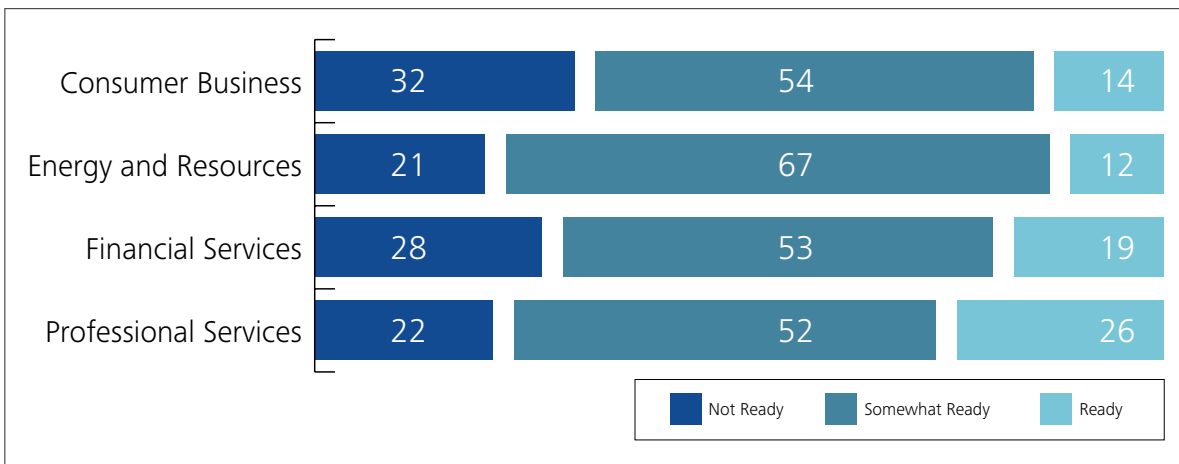


Figure 16 : Readiness for Retention and Engagement by industry

In South Africa, the consumer business industry group has the largest number of respondents that rated themselves as not ready (32%), followed by financial services (28%).

## Conclusion

In today's digitally connected workplace, with the ever-changing dynamics of the environment and employees, organisations need to reinvent their retention and engagement strategies. These strategies should take into account employee needs for career-life fit, the digital age of working differently and the high levels of employee migration and job mobility that are available today.

In the African context, retention and engagement strategies also need to be adapted to the cultural and various socio-economic conditions of the diverse workforce with consideration of the language and literacy barriers per employee demographic group.

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Organisations must foster innovative thinking. Millennials want to work for organisations that support innovation. Seventy-eight percent (78%) of millennials were strongly influenced by how innovative a company was when deciding whether they wanted to work there, but most say their current employer does not encourage them to think creatively. Deloitte: Deloitte Millennial (Generation Y) Survey

The beginning of the story of education is observation. Keep your eyes open, look at things under your feet, not only up at the starry heavens.

- Phillip Tobias

# Diversity and Inclusion



# Diversity and Inclusion

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High-performing organisations are characterised by their commitment to diversity and a culture of inclusion, in the areas of customer service, innovation and safety. The message from employees is the same – organisations that support diversity and that make employees feel included are much more likely to meet business goals than organisations that focus on diversity and inclusion in isolation or that focus on neither.

Deloitte Australia

Diversity is considered to be inclusive of everyone. It is about learning from others who are not the same, about dignity and respect for all, and about creating workplace environments and practices that encourage learning from others and capture the advantage of diverse perspectives.

## An overview of the trend globally

Nearly one-third of respondents in the Global Human Capital trends survey said they are unprepared in this trend, while only 20% claimed to be fully ready. The gap between the urgency of this trend and the companies' readiness to address it is particularly wide in Japan, South Africa and China (refer to Figure 19 – Capability Gap Index).

Companies are falling short because they still treat diversity as a matter of compliance – a regulatory box to be checked. Not enough organisations have taken the next steps of creating working environments that promote inclusion in all its forms.

Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>



## Importance Index

Leadership  
77%

Retention and  
Engagement  
71%

Diversity and  
Inclusion  
70%

▲ 81% Urgent & important  
▼ 30% Not ready

Workforce  
Capability  
70%

Talent acquisition  
and access  
69%

The link between gender diversity and business outcomes is evidenced in the performance of companies with a more robust mix of women and men in senior management.

Gender diversity studies have demonstrated a positive correlation between women in leadership positions and a company's financial performance.

A study of stock performance of 26 publicly traded companies run by women outperformed the market where most companies were run by male CEOs. On average, 26 companies beat the market by 28% and in their respective industries by 15%.

(Forbes 2010 study, World's Most Powerful Women issue)

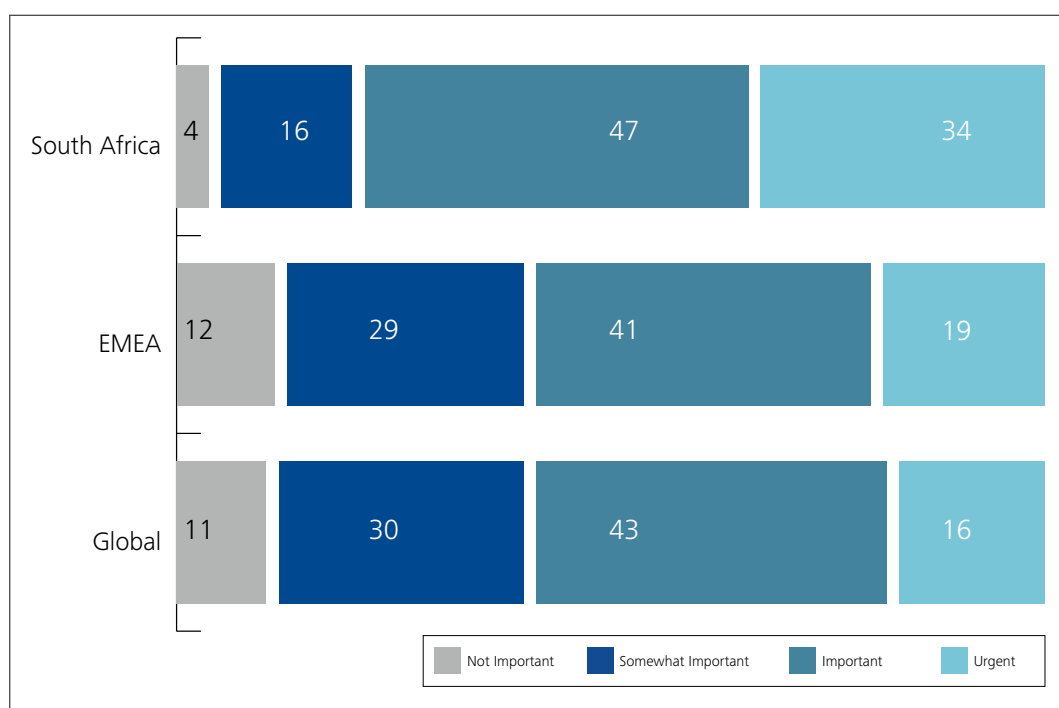


Figure 17 : Relative urgency of human capital trends

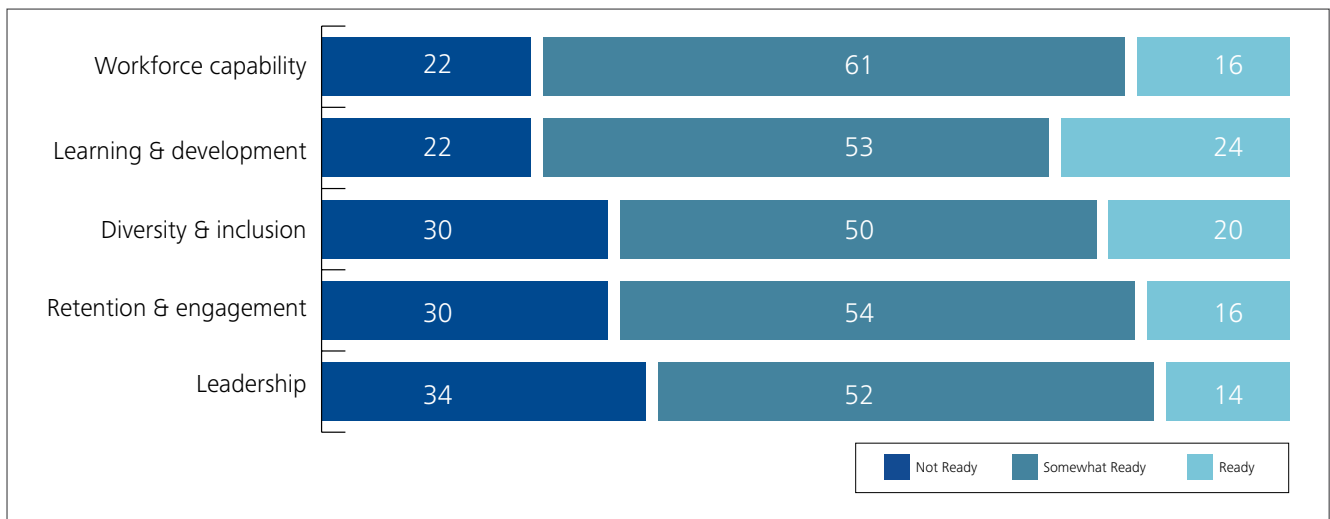


Figure 18 : Readiness for human capital trends: South Africa

**Global:** Forty-three percent (43%) rated the trend as important, while 16% rated it as urgent.

**EMEA:** Twenty-two percent (22%) indicated that they are ready for this trend, while 41% rated the trend as important and 19% rated it as urgent.

**Africa:** Seventy-eight percent (78%) rated the trend as urgent and important. Twenty-eight percent (28%) are not ready for it, and only 49% are somewhat ready. South Africa: Forty-seven percent (47%) rated the trend as important, and 34% rated it as urgent, while 30% rated themselves as not ready for the trend. Thirty percent (30%) rated themselves as not ready for the trend, while 20% rated themselves as ready to deal with diversity and inclusion.

The level of readiness (20%) is the second-highest score for readiness, compared to the 12 trends for South Africa.

South Africa is a nation of diversity, with over 50-million people and a wide variety of cultures, languages and religious beliefs. Diversity is a challenge that everyone faces. Managing diversity concerns the management of people, irrespective of race, gender, ethnic background, religion, disability and sexual orientation.

## Importance Index

Leadership  
77%

Retention and Engagement  
71%

Diversity and Inclusion  
70%

81% Urgent & important  
30% Not ready

Workforce Capability  
70%

Talent acquisition and access  
69%

## Capability ranking

In terms of the capability ranking featuring all the countries, South Africa features as number two in the world ranking, with the second-biggest gap. (Figure 19: Capability Gap Index, Diversity and Inclusion), Japan has the biggest gap at -29.

The capability gap is -25%. The capability gap is the difference between the respondents' urgency for the trend and their self-rated readiness. The gap reflects that organisations recognise the importance of this trend, and 20% feel ready for it.

The Global view indicates a capability gap index of -12%, with 43% indicating they are ready and 55% indicating importance. Only one company in five believes that it is fully ready to address this issue. The gap is wide in Japan (-29), South Africa (-25) and China (-24). Organisations need to create a work environment that promotes inclusion at all levels.

When respondents were asked which of the five most important challenges they would face in the next 12 to 18 months, 37% of respondents rated diversity and inclusion as the sixth-most-important challenge for South Africa.

## Diversity and inclusion

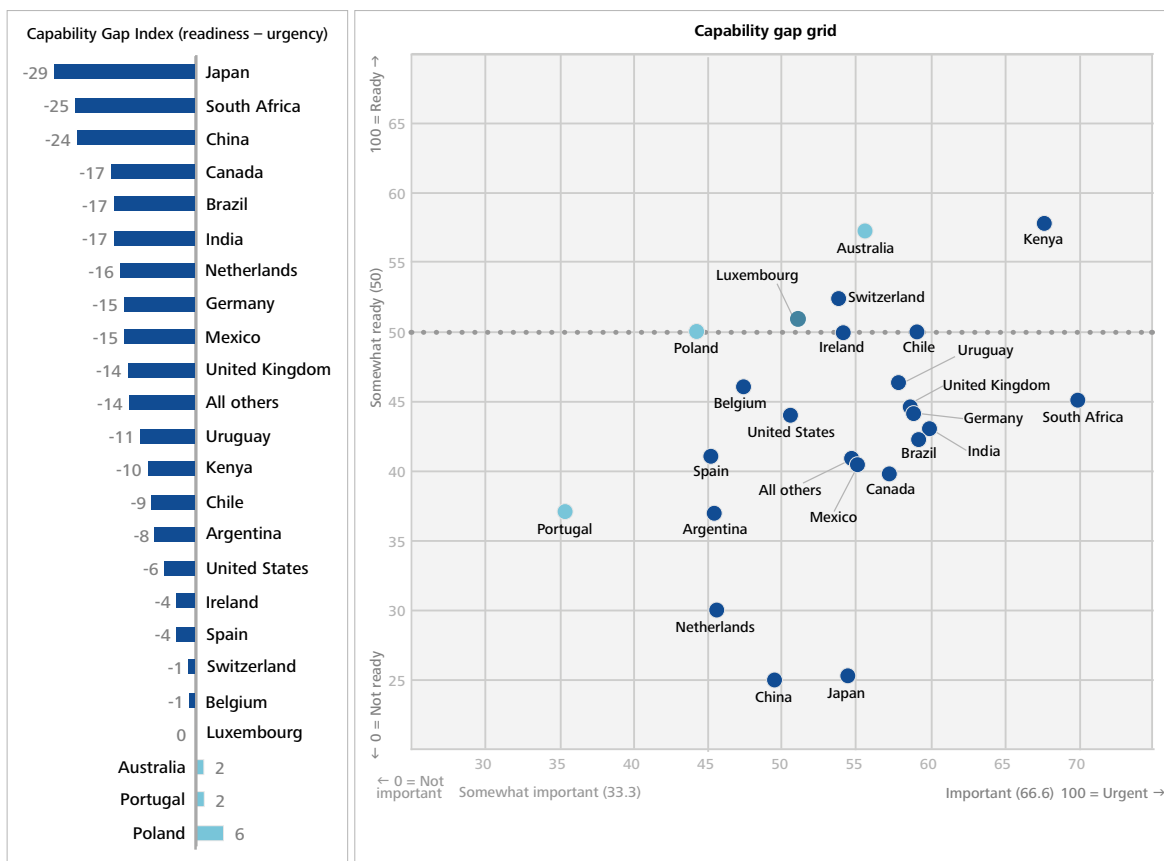


Figure 19 : Capability Gap Index: Diversity and Inclusion

## South African perspective

Post-1994, with the development of the South African Constitution and the passing of the Employment Equity Act, employers have been required by law to accelerate the hiring of a more diverse workforce and to remove the barriers to employment for previously disadvantaged groups. Affirmative action is the process of creating equal employment opportunities and employment equity.

Affirmative action should be part of the holistic system of human resource management and is not just about hiring large numbers of historically disadvantaged individuals. Experience suggests that affirmative action strategies should be developed in consultation with trade unions and non-unionised employees and should be regularly monitored and evaluated. In South Africa, it also involves the development of those with the potential to become qualified within an organisation or through community projects (Human, 1993).

In the survey, the capability ranking is high, which means that diversity and inclusion are urgent for many South African organisations. The current challenges could be due to historical legacy, language and gender issues, changing demographics of the workforce to include immigrant workers, and education and skills gaps.

The “high” level of readiness could be due to the organisation’s perceived comfort that there are plans in place to cover the issue of diversity. These can relate to employment equity stats, BEE status, etc. that are required by law. Even though an organisation may be compliant in terms of the paperwork required, it may not mean that all employees in the organisation understand and embrace diversity and inclusion, nor does it mean that the leadership team has made diversity and inclusion a strategic priority.

The traditional approach to diversity will need to change for the 21st century, and diversity as a business issue cannot be managed with a one-size-fits-all approach.

**Importance Index**

Leadership  
77%

Retention and Engagement  
71%

Diversity and Inclusion  
70%

▲ 81% Urgent & important  
▼ 30% Not ready

Workforce Capability  
70%

Talent acquisition and access  
69%

**Diversity and Inclusion by industry**

In energy and resources, 42% of respondents rated Diversity and Inclusion as an urgent trend, while 28% are not ready. In financial services, 36% rated it as urgent, while 33% are not ready.

Fifteen percent (15%) of respondents in consumer business indicated that this is not important, and 31% rated it as only somewhat important, while 31% indicated that they are not ready for the trend.

Thirty-nine percent (39%) of respondents in professional services rated the trend as urgent, and 47% rated the trend as important. Twenty-nine percent (29%) indicated that they are not ready for the trend.

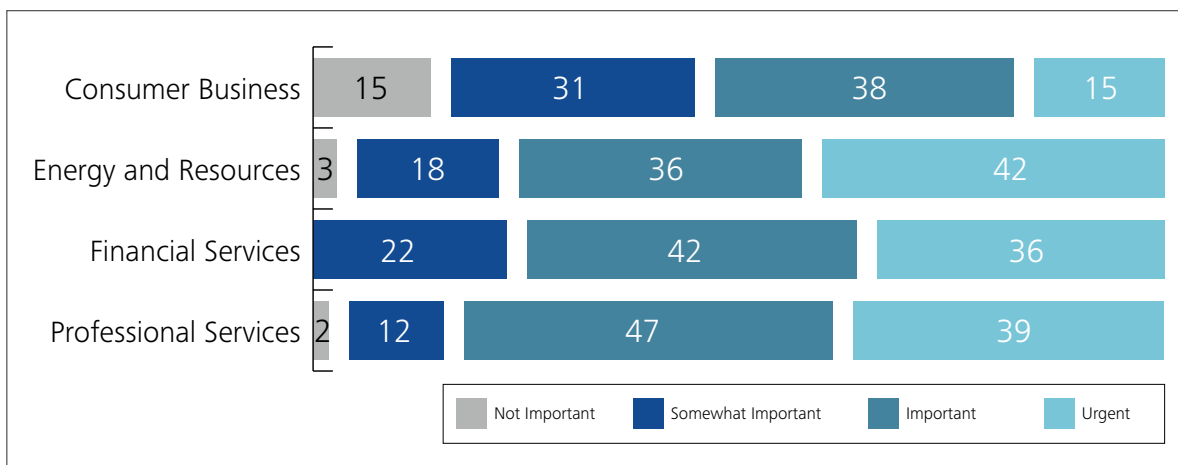


Figure 20 : Urgency for Diversity and Inclusion by industry

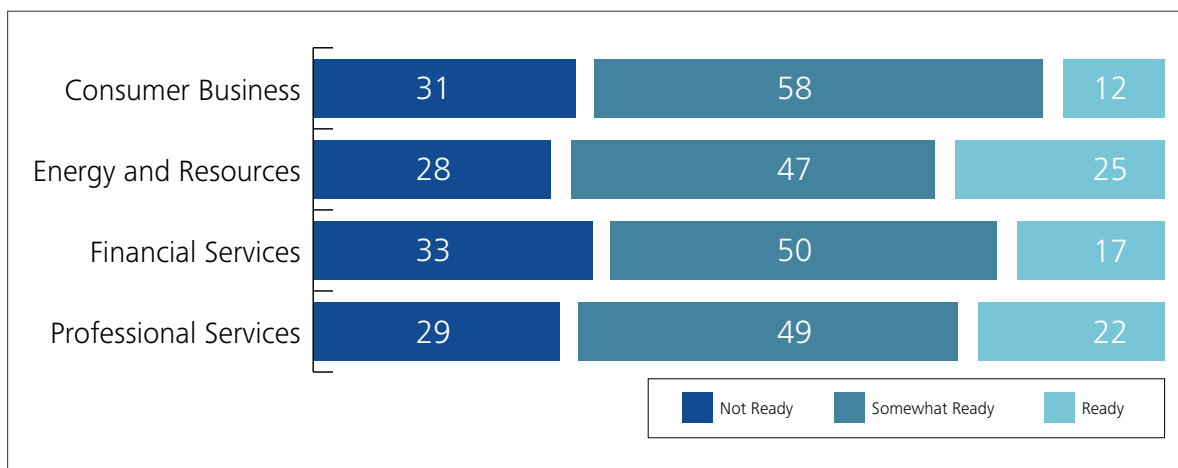


Figure 21: Readiness for Diversity and Inclusion by industry

## Conclusion

To maximise the impact of diversity efforts, diversity work must be woven directly into the organisation's people strategies and the way that businesses are managed.

Affirmative action programmes have been implemented to create equal employment; however, further strategic importance could be placed on these programmes to ensure they are embedded and enabled within the organisation, e.g. management is measured and rewarded in terms of its performance in this area.

Diversity can be enabled by the company's commitment to build sustainable, diverse workforces. Many organisations fail to recognise diversity as a competitive advantage. Diversity needs to become integral to the business priorities and to be treated with the same accountability as other business initiatives.

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Consider the millennial generation – millennials are eager to make a difference, and they believe that the success of a business should be measured in terms of more than just its financial performance, they believe that with a focus on improving society is among the most important things it could seek to achieve.

Deloitte: Millennial (Generation Y) Survey

A long-exposure photograph of a starry night sky, showing numerous circular star trails in shades of white and blue. The foreground is dominated by dark, rounded rocks of various sizes, creating a textured, rugged appearance. The overall scene is dark and atmospheric, with the star trails providing a sense of motion and time passing.

# Workforce Capability

I was never influenced by what other people thought; I just believed I could do it.

- Gary Player

# Workforce Capability

---

Every industry is undergoing rapid technological, demographic or regulatory change, driving the need for new technical and professional skills. The challenge is not just about finding and building these skills. It is now for deep specialisation in these skills

Source Predictions for 2014: Building A Strong Talent Pipeline for The Global Economic Recovery – Time for Innovative and Integrated Talent and HR Strategies, Bersin by Deloitte/Josh Bersin, January 2013. Available to research members at [www.bersin.com/li](http://www.bersin.com/li)

## An overview of the trend globally

Building global workforce capability emerged as one of the top three challenges in our global Human Capital Trends Survey. The issue is skills, finding them, accessing them, developing them and bringing the work to them.

Organisations around the world are experiencing disruptive change in the demand for critical skills. Not only are specialised skills increasingly scarce, but they are also unevenly distributed across the global economy.

(Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>)

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More educated women than men move from their country of origin in search of greater opportunities. The migration rate for women from Africa is 27.7%, compared to men at 17.1%. Job turnover is higher for women than men. (Deloitte Gender Dividend)



**Importance Index**

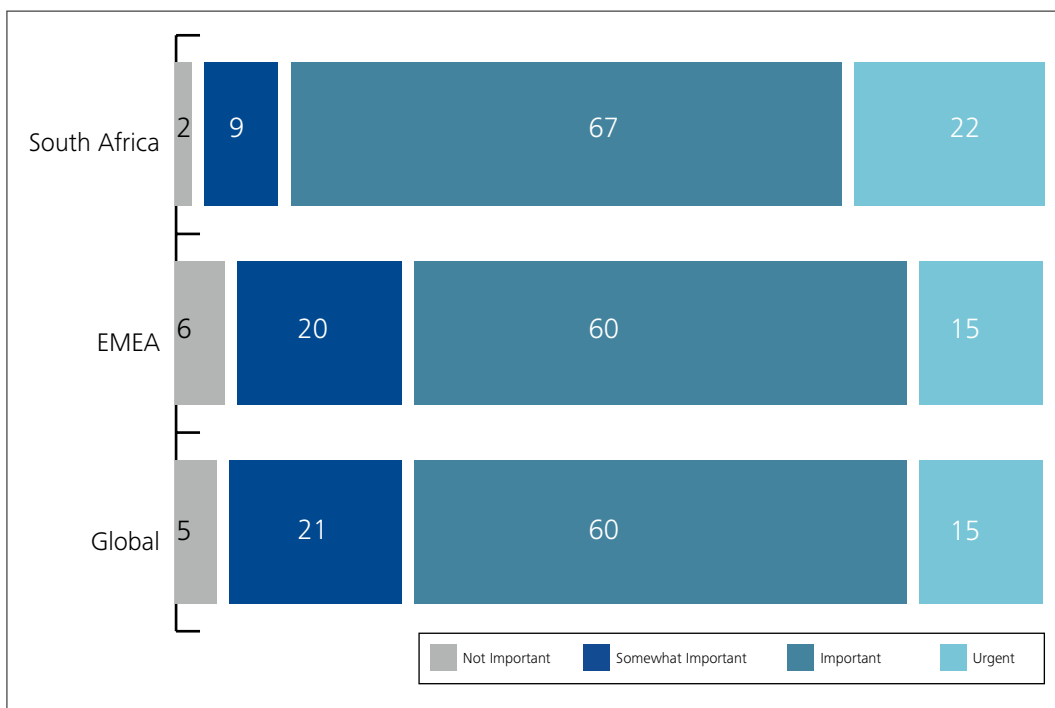
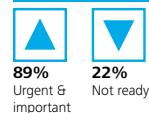


Figure 22 : Urgency of human capital trends: South Africa

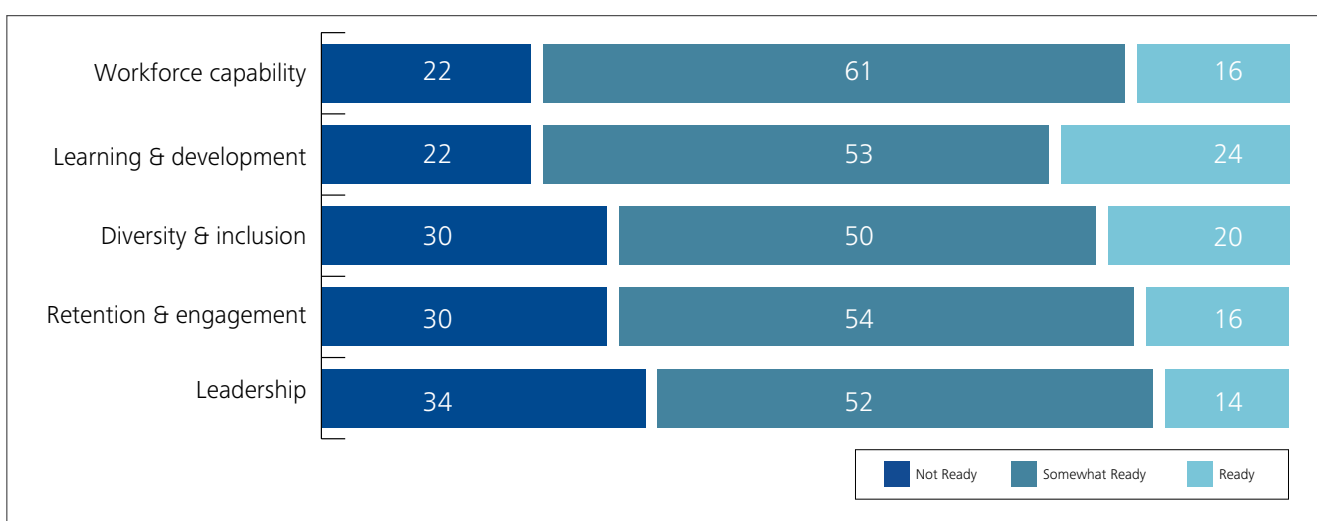


Figure 23 : Readiness of human capital trends: South Africa

**Globally:** Fifteen percent (15%) of survey respondents rated workforce capability as urgent, while 60% rated it as important. Fifteen percent (15%) believe they are ready to address it.

**EMEA:** 60% refers to the percentage of respondents rating this trend as important. 49% is the readiness index for this trend.

**Africa:** Ninety-one percent (91%) rated this as urgent and important, but 21% are not ready.

**South Africa:** Twenty-two percent (22%) rated themselves as not ready for the trend, while 61% rated themselves as somewhat ready and 16% rated themselves as ready.

### South African results

When respondents were asked to rate the five most important challenges that they would face in the next 12 to 18 months, 67% of respondents rated workforce capability as a challenge for South Africa.

### Capability Gap Index

Workforce capability is an urgent issue for South Africa. A number of factors contribute to the degree of urgency and importance rated.

In terms of the capability ranking featuring all the countries, South Africa features as number four in the world ranking, with the fourth-largest gap (-23). Japan has the largest gap at -47.

The level of readiness is high when compared to the other 12 trends for South Africa. The capability gap is the difference between the respondents' urgency for the trend and their self-rated readiness.

## Importance Index

Leadership  
77%

Retention and  
Engagement  
71%

Diversity and  
Inclusion  
70%

Workforce  
Capability  
70%

**89%**  
Urgent &  
important

**22%**  
Not ready

Talent acquisition  
and access  
69%

## Workforce capability

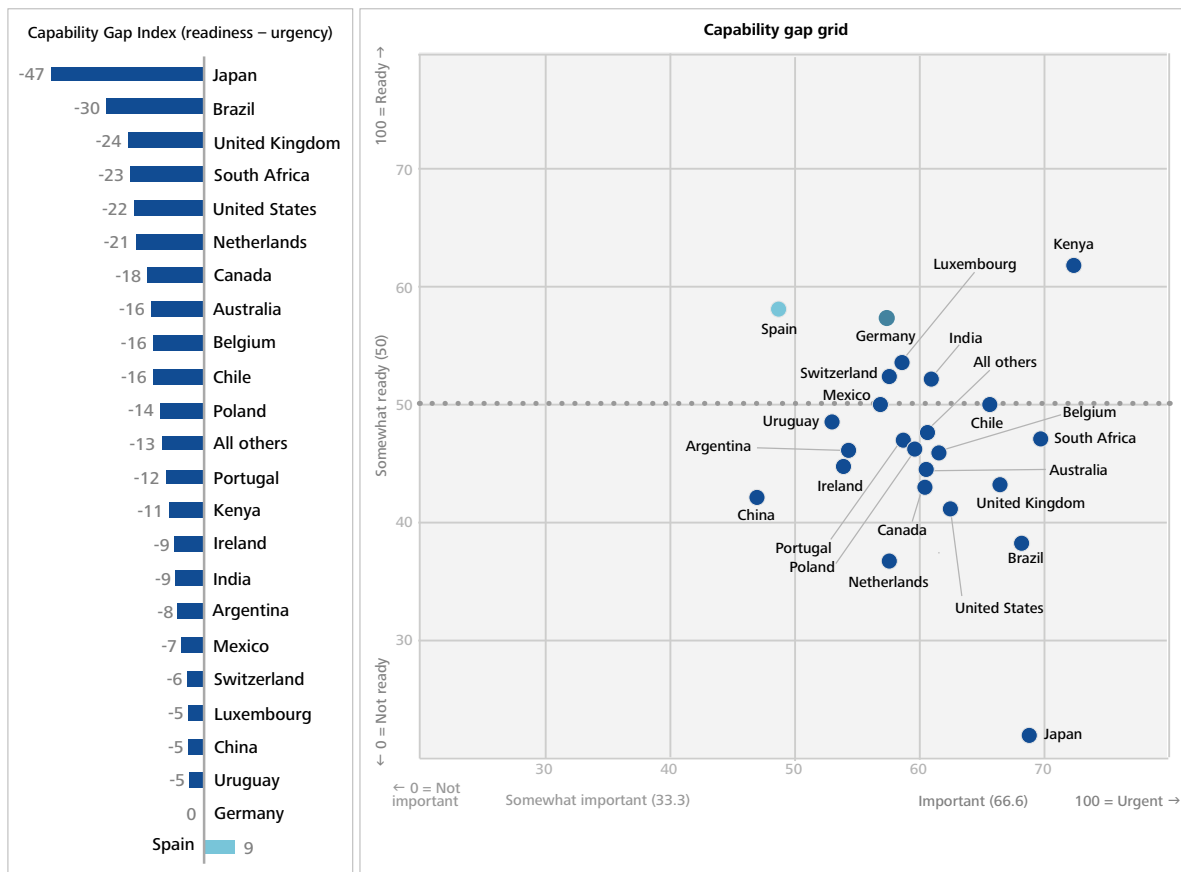


Figure 24 : Capability Gap Index: Workforce Capability

### South African perspective

Currently, there is a large gap between what the local universities produce and what the industry needs. Africa is the continent with the largest natural resources potential specifically in oil and mining and the continent with the greatest need in infrastructure, yet Africa has the lowest share of engineering graduates in the world and the highest share of social science and humanities graduates. (Worldlink Africa May 2013)

The high unemployment rate for graduates reflects that their training has little relevance for the market and industry needs. There are approximately three million young people in South Africa between the ages of 18 to 24 that are not accommodated in the education training system or the labour market. (Worldlink Africa May 2013)

In Africa, graduates with tertiary education have the highest migration rate. OECD calculated that in 2010, at least 588 388 South Africans were living in foreign countries. Two main reasons for leaving South Africa were career opportunities (45.05%) and safety concerns (35.07%).

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“The brain drain is particularly acute in small countries and island states in Africa, Latin America and the Caribbean. In countries facing an exodus of skilled labour, government policy, has a key role to play in promoting and improving human resource management”  
(OECD)



### Workforce Capability by industry

Ninety-four percent (94%) of respondents in energy and resources view this as urgent and important, while 6% rate it as somewhat important. Twelve percent (12%) rate themselves as ready to deal with this trend, while 79% are somewhat ready.

Eighty-six percent (86%) of respondents in consumer business indicated that it is urgent and important, while 93% feel somewhat ready for the trend, and 4% rated themselves as ready for the trend.

Fourteen percent (14%) of respondents in financial services rated the trend as urgent, and 72% rated the trend as important. Fourteen percent (14%) are ready for the trend, while 56% feel somewhat ready for the trend.

In professional services, 28% rated the trend as urgent, while 41% rated themselves as ready to deal with the trend.

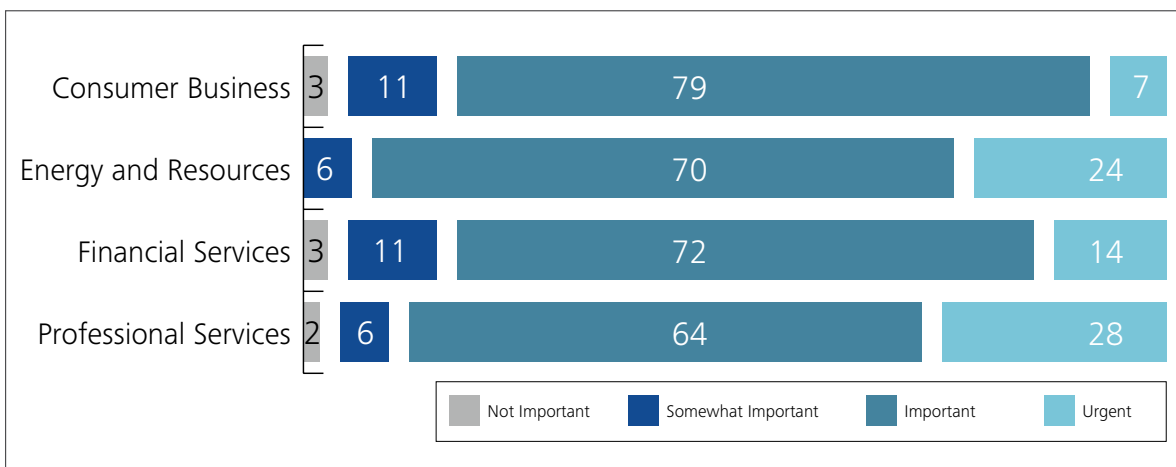
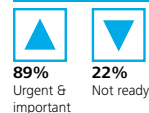


Figure 25 : Urgency of Workforce Capability by industry

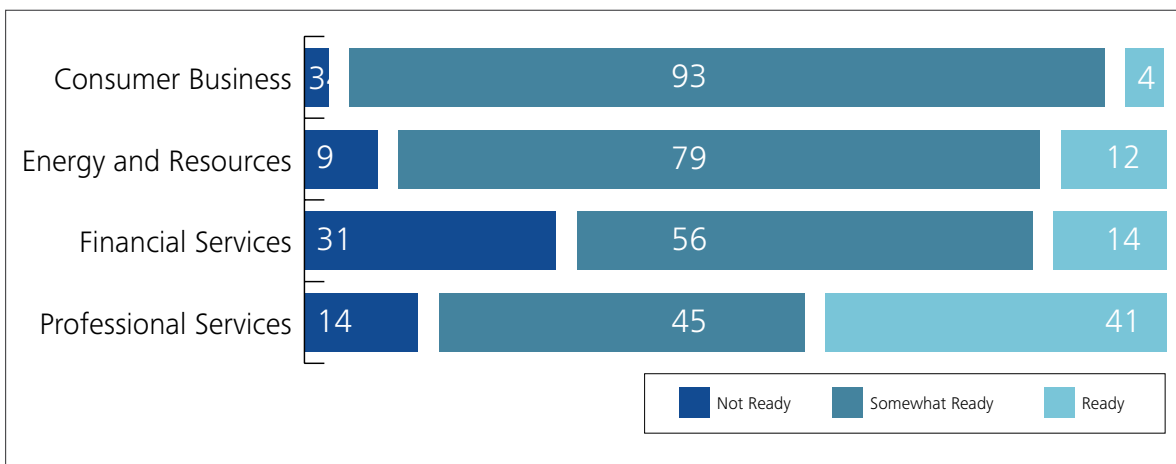


Figure 26 : Readiness of Workforce Capability by industry

## Conclusion

Employers need to get involved in providing apprenticeships, internships and on-the-job training to bridge the gap between education and employment. (Worldlink Africa)

Strategic workforce planning and talent strategies take into account factors such as which jobs have an unusually high impact on business value, key business outcomes and where qualified workers are in short supply. The direct financial cost of recruiting, attracting and training new employees can vary from 50% to 300% of the position's annual compensation. (Deloitte Talent Strategies)

Companies that develop a deep understanding of their capability gaps can then build a global skills supply chain to address critical needs. This supply chain can be filled by tapping into new skills pools in new locations, creating innovative new ways of working that provide access to a broader range of talent and developing skills throughout the workforce, from the youngest to the most experienced employees.

(Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>)

A long-exposure photograph of a night sky filled with numerous curved star trails, creating a sense of motion and depth. The trails are most prominent in the upper half of the frame, curving from the left towards the right. The lower portion of the image shows a dark, silhouetted landscape with some faint lights, possibly from a town or city, under a deep blue night sky.

# Talent Acquisition and Access

My background could never deter me from wanting to be  
what I wanted to be.

- Yvonne Chaka Chaka

# Talent Acquisition and Access

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Talent acquisition leaders tell us that more than 40 percent of all candidates now apply on mobile devices. This means, if you do not have a mobile enabled job application process, you are potentially losing good people.

(Source Predictions for 2014: Building a Strong Talent Pipeline for the Global Economic Recovery – Time for Innovative and Integrated Talent and HR Strategies, Bersin by Deloitte/Josh Bersin, January 2013. Available to research members at [www.bersin.com/li](http://www.bersin.com/li))

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In today's new environment, the old ways of recruiting, acquiring and accessing talent are no longer effective. Companies that fail to adapt will be on the losing end when it comes to attracting people they need.

For South Africa twenty seven percent (27%) say they are currently revamping, while 42% are considering changes to their talent sourcing and recruiting strategies.

High performing companies build unique and powerful ways to source and access top employees and build talent communities to attract new employees.

Source : South African Human Capital Trends 2014 Survey



Leadership  
77%

Retention and Engagement  
71%

Diversity and Inclusion  
70%

Workforce Capability  
70%

Talent acquisition and access  
69%



**82%**  
Urgent & important



**42%**  
Not ready

### An overview of the trend globally

In the race for talent, many employers attempt to separate themselves by offering an employee value proposition that distinguishes the unique advantages of their companies. Despite this, 47% of survey participants report that their organisation either does not offer a specific employee value proposition or they do not know what an employee value proposition is. (Deloitte: talent in a turbulent economy)

In today's new environment, the old ways of recruiting, acquiring and accessing talent are no longer effective. Companies that fail to adapt will likely be on the losing end when it comes to attracting the people they need.

To be successful in the new environment, companies should constantly attract new talent and re-recruit the talent they already have in place. The traditional staffing team is being replaced by a strategic acquisition function, focusing on building an employment brand, sourcing new people in new places, using social media tools, creating opportunities for internal candidates and leveraging the huge network of referral relationships within the company.

(Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>)

The Gender Dividend Report highlights that in the BRIC countries (Brazil, Russia, China and India) the Centre for Work-Life Policy estimates that in 2006, there were 26 million educated women ready and willing to work. However, labour force participation rates for women lag those for men and turnover is higher for women, or women fail to advance. Leaders continue to overlook and underutilise women as a source of talent. (Deloitte Gender Dividend Report)

The first imperative we see for the coming year is the need to build a globalised, integrated employment brand. In 2014, talent acquisition leaders should collaborate with their chief marketing officer and build an authentic, localised employment value proposition in each major geography.

(Source Predictions for 2014: Building a Strong Talent Pipeline for the Global Economic Recovery – Time for Innovative and Integrated Talent and HR Strategies, Bersin by Deloitte/Josh Bersin, January 2013. Available to research members at [www.bersin.com/li](http://www.bersin.com/li))

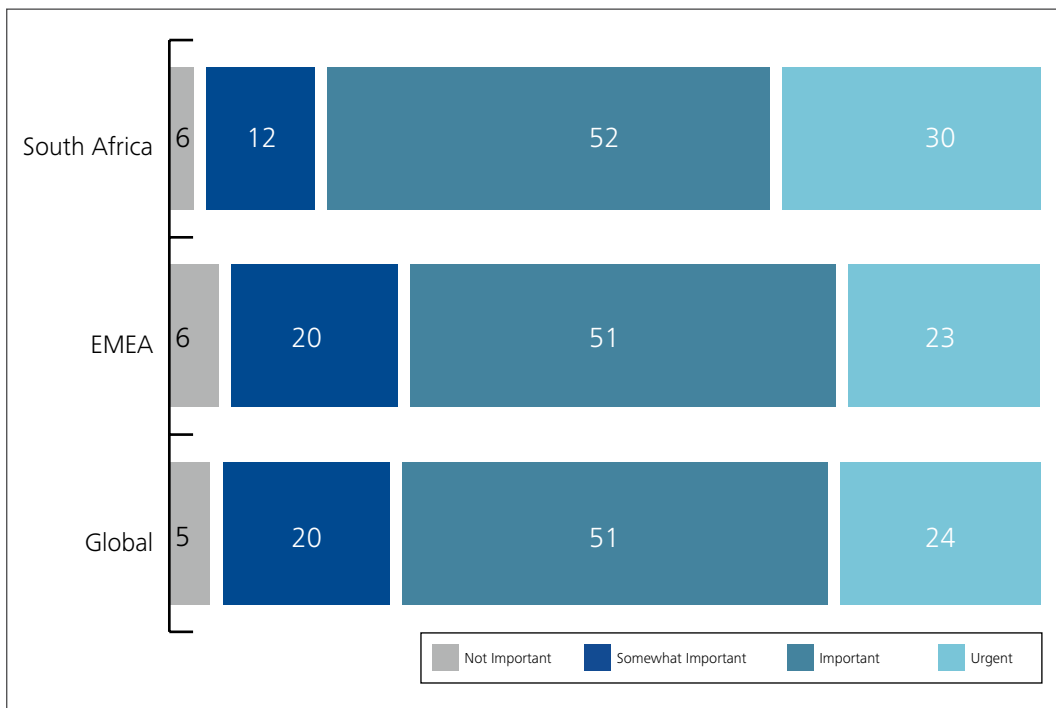


Figure 27 : Urgency of human capital trends

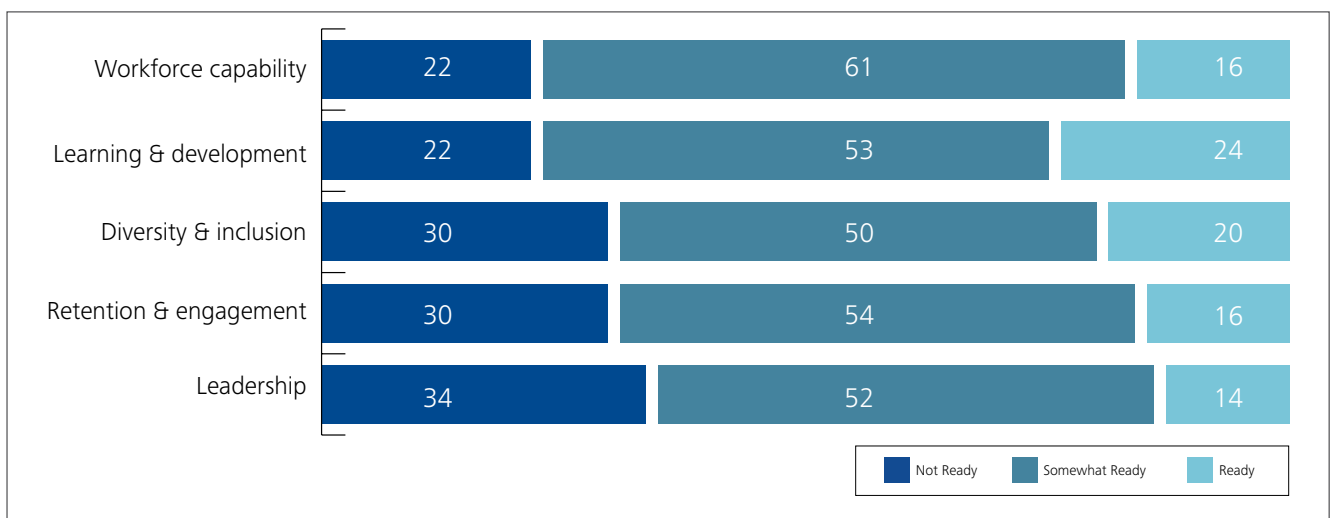


Figure 28: Readiness of human capital trends – South Africa

## Importance Index

Leadership  
77%

Retention and  
Engagement  
71%

Diversity and  
Inclusion  
70%

Workforce  
Capability  
70%

Talent acquisition  
and access  
69%



82%  
Urgent &  
important



42%  
Not ready

**Global:** The global survey showed that executives appear to be aware of the challenge, with 58% saying they are “currently revamping” (31%) or considering changes (27%) to their talent sourcing and recruiting strategies.

**EMEA:** This is the fifth priority area for EMEA (-26%), indicated in the capability index.

**Africa:** Eighty-two percent (82%) of respondents in Africa rated this trend as urgent and important, while 37% rated themselves not ready.

**South Africa:** Eighty-two percent (82%) of respondents in South Africa indicated urgency and importance to Talent acquisition and access, but 42% are not ready. Respondents were asked to rate the importance of the trend and readiness of the trend to their organisation to respond to the trend – the results show that 30% rated the trend as urgent. Forty-two percent (42%) rated themselves as not ready for the trend.

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“Talent managers and executives are most concerned about losing younger employees from both Generation Y (under age 30) and Generation X (ages 30 to 44). To retain these future leaders, many are considering a mix of retention initiatives, including greater financial incentives and flexible work arrangements. (Deloitte: Managing Talent in a Turbulent Economy)”

## Capability gap index

In terms of the capability ranking featuring all the countries, South Africa features as number five in the world ranking, with the fifth-largest capability gap (-34). Brazil has the largest gap at -44.

The capability gap is the difference between the respondents' urgency for the trend and their self-rated readiness. The gap reflects that organisations recognise the importance of this trend, and 42% do not feel ready for it.

When respondents were asked which of the five most important challenges they would face in the next 12 to 18 months, 48% of respondents rated talent acquisition as the most important challenge for South Africa.

### Talent acquisition and access

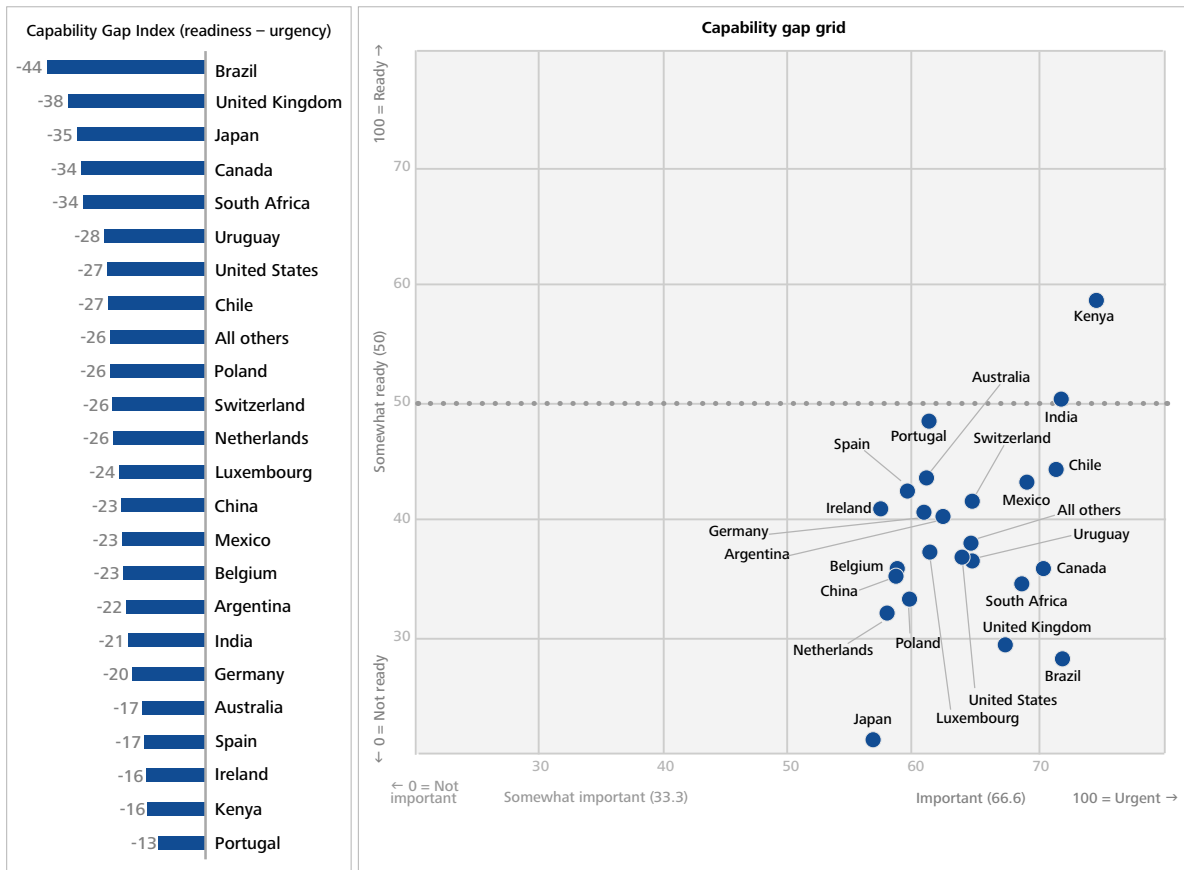


Figure 29 : Capability Gap Index: Talent Acquisition and Access

- Leadership  
77%
- Retention and Engagement  
71%
- Diversity and Inclusion  
70%
- Workforce Capability  
70%
- Talent acquisition and access  
69%**

▲ **82%** Urgent & important  
▼ **42%** Not ready

### South African perspective

The large gap shown in the graphic above indicates that organisations have rated themselves as not ready for talent acquisition and access. Many local factors have an impact on the availability of talent.

- There is a high demand for skills, which is currently not being met by tertiary institutions.
- Access to educational facilities is limited.
- The level of illiteracy and language barriers contribute to the education gap.
- The types of degrees that graduates are completing are not meeting current market needs. (More degrees are being completed in humanities and social sciences than in the professions required for a developing country.)
- The high level of migration of educated workers has an impact on the available talent.
- South Africa’s labour force currently comprises a greater percentage of unskilled and semi-skilled labour, than skilled labour.

### Talent Acquisition and Access by industry

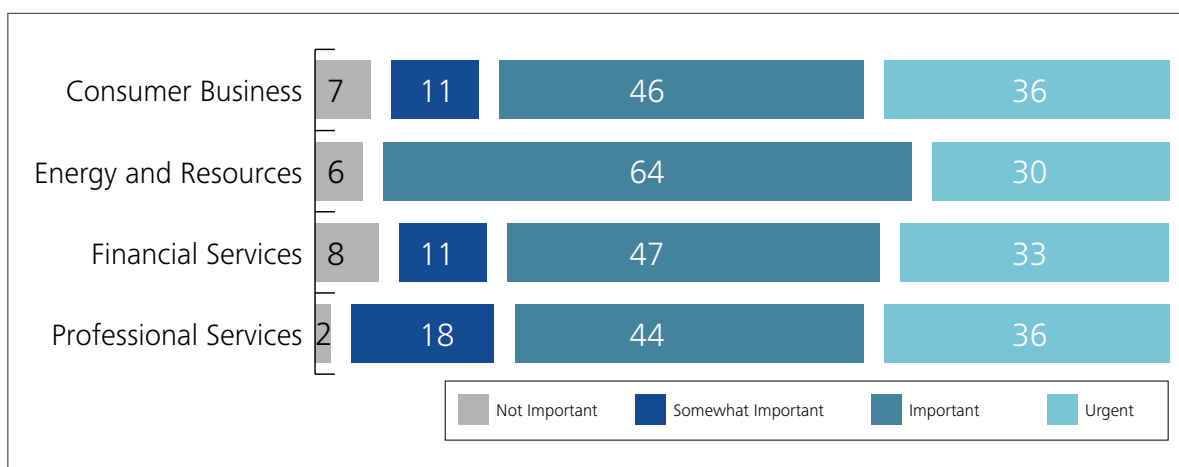


Figure 30 : Urgency of Talent Acquisition and Access by industry

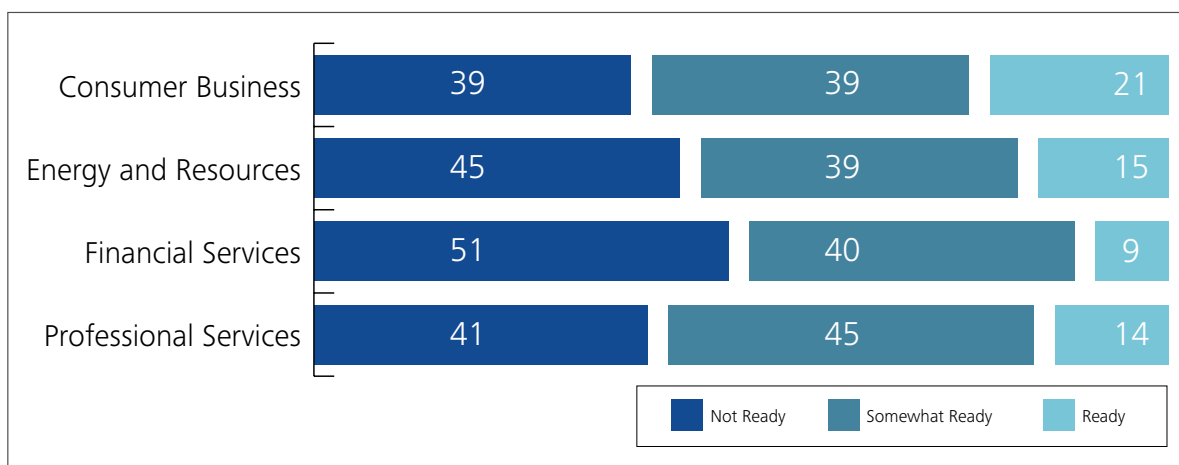


Figure 31 : Readiness of Talent Acquisition and Access by industry

In energy and resources, 30% of companies rated the trend as urgent, 64% rated it as important, but 45% are not ready for the trend.

In consumer business, 36% of companies rated the trend as urgent and 46% rated it as important, while 39% rated themselves as not ready for the trend.

In financial services, 33% of companies rated the trend as urgent, while 47% consider it important; however, 51% rated themselves as not ready for the trend.

Eighty percent (80%) in professional services rated the trend as urgent and important, while 41% rated themselves as not ready.

## Conclusion

Talent acquisition is the fastest-changing dimension of Human Resources. Building a globalised integrated employment brand is therefore becoming a key priority on the way forward for talent.

(Source Predictions for 2014: Building a Strong Talent Pipeline for the Global Economic Recovery – Time for Innovative and Integrated Talent and HR Strategies, Bersin by Deloitte/Josh Bersin, January 2013.) Available to research members at [www.bersin.com/li](http://www.bersin.com/li)

Companies can start by treating recruitment like marketing, and by using “big data” to deepen talent networks.

(Source: Deloitte Consulting LLP and Deloitte by Bersin, Global Human Capital Trends 2014: Engaging the 21st-century workforce, Deloitte Development LLC, 2014, <http://dupress.com/periodical/trends/global-human-capital-trends-2014/>)

South African companies should consider building the capability of existing talent from within their organisations. There is a need to pay closer attention to skills and talent development within their industry sector.





# Conclusion





This report has presented a high-level view of the top five trends for South Africa from the 2014 Deloitte Global Human Capital Trends Survey. For an in-depth global view of each trend, please refer to the full report – Global Human Capital Trends 2014 – Engaging the 21st-Century Workforce.

In summary, the 2014 trends not covered in the South Africa report are:

- **Corporate learning redefined:** Prepare for a revolution.
- **Performance management is broken:** Replace “rank and yank” with coaching and development.
- **The overwhelmed employee:** Simplify the work environment.
- **The reskilled HR team:** Transform HR professionals into skilled business consultants.
- **Talent analytics in practice:** Go from talking to delivering on big data.
- **Race to the cloud:** Integrate talent, HR and business technologies.
- **The global and local HR function:** Balance scale and agility.

A detailed breakdown of the South African results against all 12 of the trends surveyed is available from Deloitte on request. A list of our senior contacts is provided for your convenience at the end of this report.

It is clear that in a resource-constrained world, human capital specialists and business executives alike will need to revisit their strategies in respect of their talent requirements as a matter of urgency and develop distinct and focused strategies and plans to address the very real issues prevalent across the world.

Those businesses that rise to the challenge will, over the medium term, outperform their competitors through effective retention and utilisation



# Demographics

Two hundred and sixty-six (266) respondents from South Africa participated in the survey. The graph below is a summary of the demographic profile of the participants.

Thirty-two percent (32%) of respondents from large organisations (10 001+) participated. Twenty percent (20%) of respondents were from board level, and 12% were from the C-suite.





South  
Africa  
human  
capital  
leaders

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We welcome your participation in the 2015 survey. For more information, please refer to the website ([www.deloitte.co.za](http://www.deloitte.co.za)), or send us an email at [zahumancapital@deloitte.co.za](mailto:zahumancapital@deloitte.co.za).

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