

The modern organisation

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MANAGE HUMAN CAPITAL, NOT JOBS

Organisational theorists established that managing human capital is particularly beneficial in knowledge-based organisations whose core deliverables rely on employees' problem-solving skills rather than routine tasks. As we move progressively towards a world where repetitive tasks across the board are likely to be automated, it is likely that this will hold true for the bulk of businesses that survive.

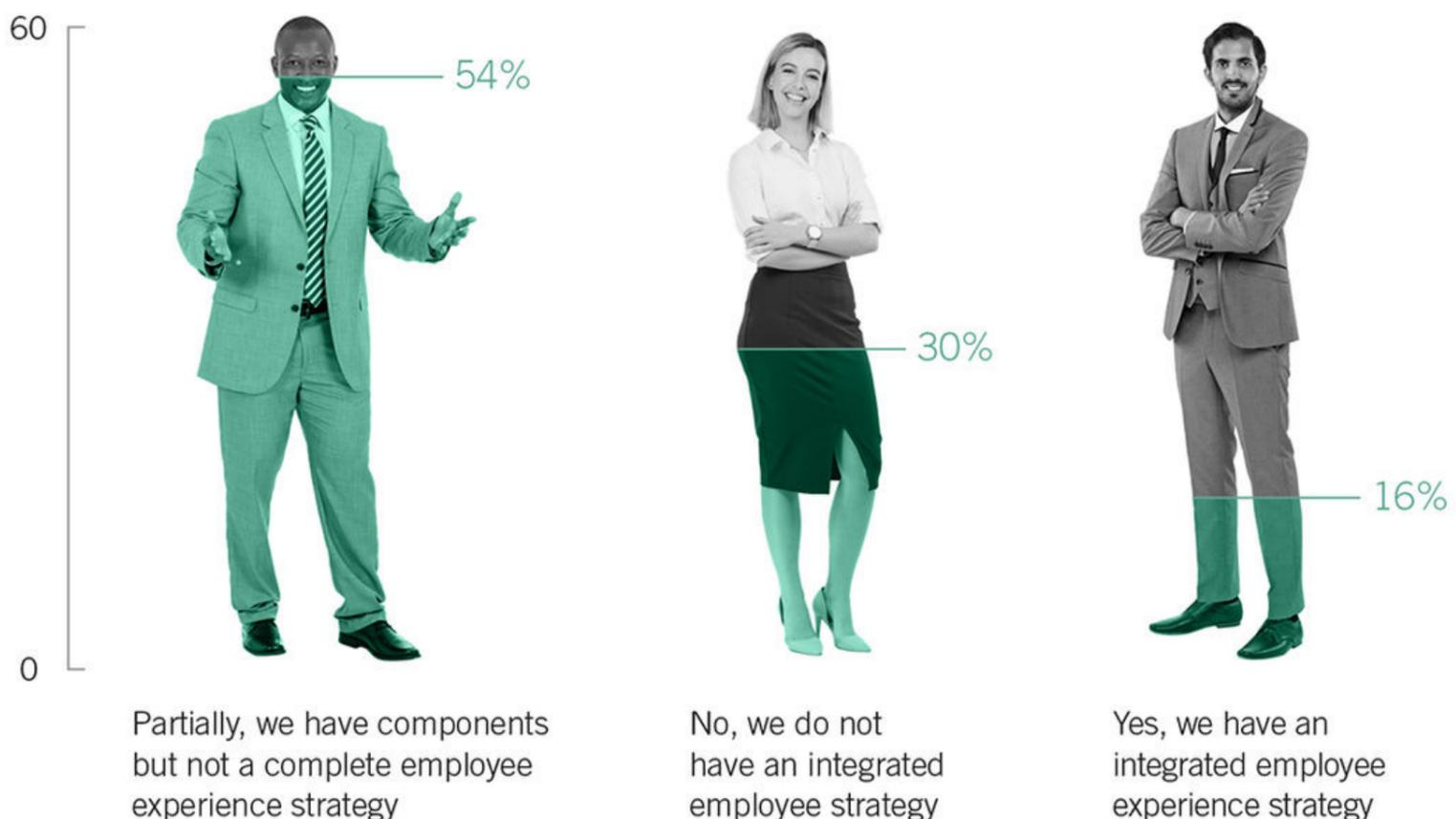
These organisations reward their employees by encouraging participation and long-term commitment – for instance, they are likely to empower employees with decision-making power and discretion on the job³. They reward employees for accumulating multiple skills and they protect their human capital by rewarding and reinforcing long-term commitment to the organisation through long-term compensation offers such as ownership or shares in the company. Routine, task-oriented organisations may require a different approach to that of knowledge-based organisations.

Co-creating individualised benefits

As we've seen, employees are as diverse and unique as the industry sectors themselves. Organisational theorists therefore recognise that no single set of employee benefits will meet the needs of all employees and organisations. However, if fairness, equity and inclusion are as critical to the success of organisations as they are to building organisations of the future, then the solution here would seem to be the co-creation of individualised employee benefits. This would facilitate the development of policies that are sensitive to all manner of workforce needs, not just those that fit neatly into such demographic buckets as age or generation, gender, race, religion and sexual orientation.

This approach requires being guided by the workforce on what is considered a benefit in a specific context and how to structure that benefit to meet both employee and business objectives. It means creating a unique employee experience through culture and engagement.

Figure 1: Organisations with an integrated employee strategy



With this said, the Deloitte report states that 30% of South African organisations indicated they do not have an integrated employee strategy in place, while only 24% are confident they are appropriately using compensations and rewards as part of a differentiated employee experience. Still, 66% of organisations measure employee engagement at least once a year. Increasingly, employers are beginning to appreciate that it pays to be responsive to what their employees think⁴.

But we need to go beyond deploying engagement surveys to something more tangible. It's clear that there's an opportunity for South African organisations to engage with employees more frequently to find out what their needs are, and how compensation and reward programmes can address those needs. These programmes could be integrated with both the organisational culture and central HR and leadership practices to create a differentiated employee experience. Key to this is the design of an all-inclusive process that is adaptable to the needs of both the current and future workforce.

Building blocks for the modern organisation

Consider what's required for creating the modern organisation: in a world where employee dependence on the employer becomes less and less of a necessity, employee retention will depend much more on whether the employee can see value in maintaining a close relationship with the employer. This is not about compensation as such, although we know from the section called '[Employer-employee relations of the future](#)' that the non-negotiables around compensation are transparency and fairness. It also doesn't speak only to employee benefits or other perks. Rather, what's required, as one employee phrased it, is: "a bit more effort on understanding who I am and what would make me work harder for you".

What this suggests is that in the modern organisation, the HR toolkit becomes considerably expanded. We see this expansion manifesting itself in four very specific areas:

> HR data analytics

It's no longer enough to simply guess what employees will be responsive to or benchmark oneself against other companies in the same sector with the idea of at least being competitive. Companies that are interested in repositioning themselves to be responsive to rapid change will be ill-served by employment policies that simply keep up with a retrospective picture of where their industry has been.

Employers sit on top of significant databases of employee information, and technological advances are making it far easier to produce useful insights from that data. The key here will be to demonstrate how employers can enhance both productivity and profitability by taking the time to do the analysis. In '[The promise of workforce analytics](#)', we highlight how HR data analytics can add value to reducing employee turnover and determining a company's retirement date policy.

> Integrated employee wellness

Employers have long recognised the value of employee assistance programmes (EAPs) for providing employees easy and cost-effective access to such support services as legal assistance, financial assistance, mental and physical health assistance and general family counselling services. For the most part, these programmes provide an as-and-when, on-tap resource for employees, and in that regard employers believe they add value.

But where employers are not getting value from these programmes is in determining whether the assistance programme is able to address the core of a given problem and whether that problem has actually gone away.

Two factors frustrate these outcomes. EAPs are designed to be stop-gap solutions, when many of the problems that need to be addressed, such as debt, addictions, chronic lifestyle health problems, and psychological and family dynamics issues, demand long-term solutions that target behavioural change. Additionally, the feedback provided to the employer from the EAP provides little insight into whether the intervention and support process is actually working.

Integrated employee wellness programmes provide a way to ensure the links between providing employees with essential support services, determining whether the problem at hand has actually been addressed, and assessing the return on investment from such an initiative, which might be derived from increased productivity and employee engagement. Most importantly, they achieve this without betraying the personal confidences of the individual employee.

The challenge here is that there are any number of models for delivery of these services. Some come with inherent conflicts and risks. In the segment '[Can holistic well-being programmes change the face of family care?](#)' we flesh out the pros and cons of the various models for financial well-being and we show how a similar, integrated well-being model can be applied to the issues around health.

> Ongoing expansion of employee skills and education

Every employer believes they are addressing the issue of skills development and training on some level. The *Skills Development Act of 1998* speaks directly to employers' obligation to do so. In fact, all companies with an annual payroll in excess of R500 000 are required to pay a Skills Development Levy of 1% of wages, which in turn is applied to a planned and structured approach to learning.

But none of these conditions address the issue of whether the employee is actually learning what they need to learn to do their job effectively or whether the employee feels they have enhanced their own personal value. Without this connection, skills training becomes a grudge activity from both the employer and the employee's perspective.

In the section called '[Solving for SMMEs and sole proprietors](#)', we discuss in depth the problems inherent in the skills development landscape for South Africa. And in '[Planning for a better ending](#)' we introduce a revolutionary approach to skills training that we think has the potential to change the meaning of ongoing education to our employees. Here is where skills development will genuinely become an employment differentiator.

> Customised employee benefits platform

Our previous chapters have been emphatic on two points:

- > Employee benefits have become devalued in the eyes of most employees simply because they speak only remotely to their specific needs.
- > Attracting and retaining talent demands a complete rethink as to how a customised employee benefit platform could redress this situation. Such a platform provides a way for employees to obtain cost-effective, life-enhancing benefits that speak directly to their specific needs while at the same time enabling the employer to deploy the kind of income and health protections that ensure ongoing employee productivity.

The last two segments '[Getting creative about employee benefits](#)' and '[Benefits that matter: Life-planning tools](#)' go to great length to describe not only the issues that matter most to employees but also what a customised employee benefit platform could look like in terms of its breadth of offering.

Each one of these elements should be seen as an essential building block for the modern organisation. Taken separately, each one addresses some aspect of the challenge set before us by the changing world of work. Taken together, though, they provide a powerful mechanism for protecting the sustainability of any business – and, of course, its people – in these fast changing times.

References

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- 3 Spreitzer, GS. 2005. A socially embedded model of thriving at work. *Organisational Science*, pp. 537–549.
- 4 Deloitte (2017).

