

FACT SHEET

HOW CEOs AND CHROs

CAN USE THE **SABPP**
TO CREATE EXCELLENCE
IN HR MANAGEMENT



INTRODUCTION

Despite the need for change, many organisations continue to operate according to industrial-age models, weighed down by legacy structures, practices, systems, and behaviours that must be confronted and discarded before true change can take hold¹. The way high-performing organisations operate today is radically different from how they operated even ten years ago. If the HR function is to continue to remain relevant it must transform, and to do so HR must:

- Have systems, processes, and infrastructure that are flexible enough to support the changing needs of the company;
- Develop the skills and competencies to fulfil its new role;
- Align HR priorities with the strategy of the company; and
- Re-evaluate the HR value-add.

Many HR functions start this journey with utilising technology and process re-engineering to manage and deliver existing HR services more efficiently. The specific goals include:

- Reducing costs through shared services centres, self-service and outsourcing.
- Streamlining HR technology and information management.
- Creating standard processes for HR across the enterprise.
- Implementing Employee Self Service and Manager Self Service platforms.
- Redesigning HR roles and Centres of Excellence and HR Business Partners (often referencing the work of Dave Ulrich)².
- Using metrics to track progress and report on trends.

The rationale behind all these activities is that this would create capacity for HR practitioners by freeing them from mundane tasks and the reduction in HR administrative costs would help fund strategic HR initiatives. Many HR departments have discovered that these initiatives are often too inwardly focused and the transformation that was meant to take two years often takes double that time or longer. On the positive side, many achieve their cost and other efficiencies and the advantages include process standardisation and reduced administration. However, few HR teams go on to develop strategic HR capabilities leaving them still unable to deliver what the CEO expects.

¹ Olivier, A., & Page, T. (2017). Deloitte Report: Rewriting the rules for the digital age. 2017 Human Capital Trends Report for South Africa. Johannesburg.

² (Ulrich, 2016; Ulrich, Allen, Brockbank, Younger, & Nyman, 2009; Ulrich & Ulrich, 2010)

The SABPP Role

The role of a professional body like the SABPP³ is to further the HR profession, the interests of individuals engaged in that profession and the public interest. The role of the SABPP is also in supporting the Chief Executive Officer (CEO) and the Chief Human Resource Officer (CHRO) to create excellence in Human Resource Management and can be described under the following headings: Expectations of the CEO:

1. Top-class HR professionals in role.
2. Best in class HR processes and systems.
3. HR providing value-adding solutions to business.
4. HR governance and risk management supporting the business.
5. HR's role in creating the organisation of the future.

Expectations of the CHRO

- 1-5 above, plus:
6. Driving HR Health of Discipline.
7. Promoting and enhancing the value of the HR profession.
8. Thought leadership.
9. Benchmarking.
10. Collaboration through advocacy and lobbying.

The SABPP has an important role to play in supporting organisations with these ten focus areas. The SABPP HR Management System Standards has been created to ensure the standardisation and best practice of HR within South Africa. The standards exist to create value and uplift the HR profession with excellence. It also creates the credibility for HR professionals, in their field of expertise.

Meeting The CEOs Expectations

Every CEO has certain expectations of the HR function in the company. These include:

Top-class HR professionals in role

The CEO would like the assurance that the CHRO that he employs and all the HR practitioners in the HR structure are competent professionals, in much the same way that he would have this assurance when he employs a professional engineer or a professional accountant. A professional accreditation of HR practitioners such as through the SABPP gives the assurance that the HR practitioner has met professional standards vetted by experts in the profession.

Practice note 1:

Companies should set professional accreditation as a standard for the recruitment of HR practitioners into the organisation. They should also support the registration and accreditation of their existing HR staff and make it a condition for promotion into more senior HR roles in the organisation.

Best in class HR processes and systems

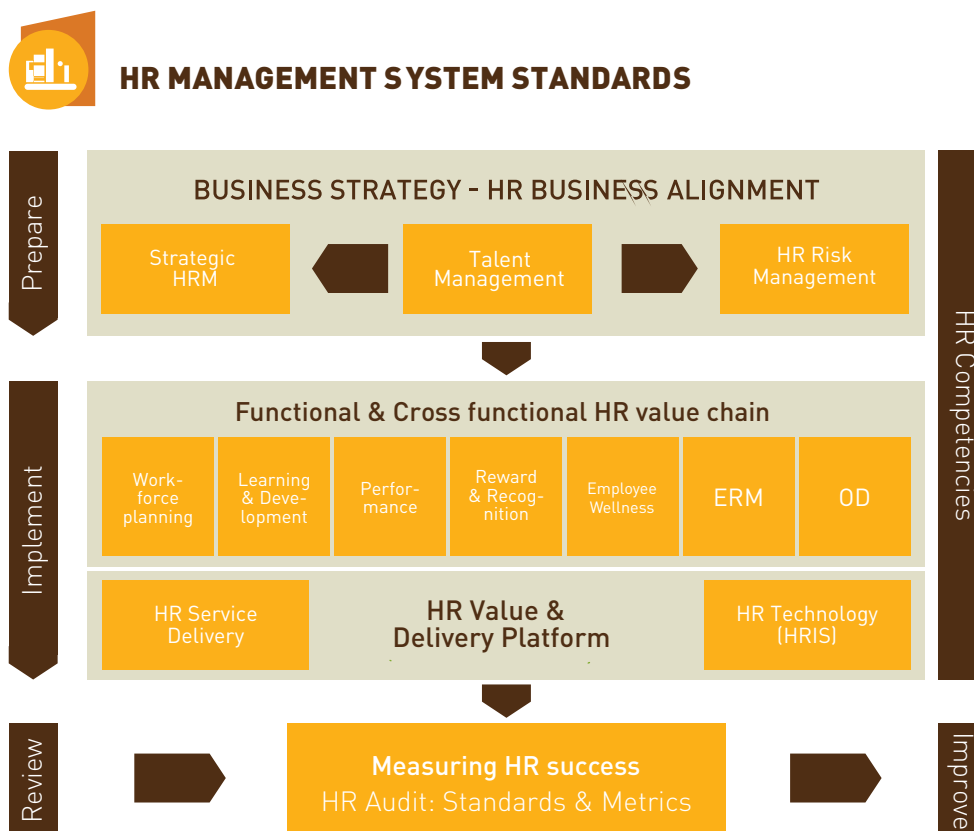
The CEO needs HR to assist in creating the strategic, structural and cultural alignment needed to deliver on the company's long-term goals. When she/he finds that this is not happening, it may be difficult to diagnose where in the HR system the problem lies or what good practice looks like. The SABPP provides a set of standards for each sub-discipline in the HR value chain against which the HR function of any organisation can be assessed. These include three standards for high level planning in HR:

- Strategic HR Management
- Talent Management
- HR Risk Management

There are also nine standards for the implementation and execution of key HR activities:

- Workforce Planning
- Learning and Development
- Performance Management
- Reward and Recognition
- Employee Wellness
- Employment Relations
- Organisation Development
- HR Service Delivery
- HR Technology

If HR cannot provide best in class processes and services, the CEO may look to outsource HR activities to those that can. The SABPP standards provide a well-structured diagnostic tool which would quickly help assess where the HR practices of the organisation are in line with professional standards and where they are lagging. This allows the CHRO to pinpoint which areas require intervention.



Practice Note 2:

CHROs should utilise the SABPP standards to audit their own HR processes and practices and identify areas of good practice and areas of weakness. This will allow them to put in place the required action plans to ensure that all sub-discipline areas are up to professional standards and provide the assurance to the CEO that HR overall is functioning at the required levels.

HR providing value-adding solutions to business

Even where HR has the right HR processes and practices in place, they may still fail to generate the integrated solutions across the business value chain that create real shift in the business. Business schools have long used the case study methodology to show how innovative solutions can be applied to real-life situations. The SABPP has published case studies⁴ which illustrate the kind of HR solutions which can create value-adding solutions for the business.

Practice Note 3:

Case studies can be used as a reference and as a teaching tool for the line managers and the HR function to collaborate in creating the integrated solutions for better business outcomes. Companies should also consider the publication of case studies in areas where they have demonstrated best practice and effective solutions.

HR governance and risk management supporting the business

In an increasingly connected, fast changing world, every business is facing business and people risk and greater governance pressures⁵. Black swan events (those of projected low probability and high impact) seem to be occurring more frequently and to be more significant. Every CEO understands that managing risk is essential “to ensure the effectiveness and efficiency of operations, to enforce compliance with regulations, to support business sustainability, to ensure reliable reporting to stakeholders and to ensure responsible behaviour”⁶. The SABPP has identified the management of HR risk as one of the most important opportunities that HR practitioners have for adding value to the organisation within the new governance dispensation in the country⁷.

Practice Note 4:

Every company should undertake a people and HR risk assessment and make this part of their risk management strategy. The SABPP provides frameworks for HR risk assessment and for implementing appropriate risk mitigation strategies.

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- ⁴ (Adele Thomas, Venter, & Boninelli, 2014; Adèle Thomas, Venter, & Boninelli, 2010) Thomas, A., Venter, A., & Boninelli, I. (2010). Addressing the nursing shortage at Netcare: a new remedy or the same prescription? *South African Journal of Labour Relations*, 34(1), 46–67. Retrieved from http://www.sabinet.co.za/abstracts/labour/labour_v34_n1_a4.html
 - ⁵ (Schwartz, Bohdal-Spiegelhoff, Gretczko, & Sloan, 2016) Schwartz, J., Bohdal-Spiegelhoff, U., Gretczko, M., & Sloan, N. (2016). *Global human capital trends 2016 -The new organization: Different by design*. Deloitte University Press. New York. <https://doi.org/http://www2.deloitte.com/us/en/pages/human-capital/articles/employee-engagement-culture-human-capital-trends-2015.html>
 - ⁶ (Meyer, Roodt, & Robbins, 2011, p. 1) Meyer, M., Roodt, G., & Robbins, M. (2011). Human resources risk management: Governing people risks for improved performance. *SA Journal of Human Resource Management*, 9(1), 1–12. <https://doi.org/10.4102/sajhrm.v9i1.366>
 - ⁷ (SABPP, 2014a) SABPP. (2014a). Fact sheet: HR risk management. *SA Board for People Practices*, 2014/6(July), 1–15. [https://doi.org/10.1016/S0002-8223\(97\)00353-2](https://doi.org/10.1016/S0002-8223(97)00353-2)

HR's role in creating the organisation of the future

In the Deloitte 2017 Global Human Capital Trends Report⁸, building the 'Organisation of the Future' has been rated as the number one priority by 90% of CEOs globally. In South Africa 83% of executives rated this as key, but 68% say their organisations and their HR teams are not ready for it. Understanding the key trends that will impact business and HR requires a consistent scanning of the external environment for salient cues about important changes that few HR functions practise. These changes can take many forms from legislative changes to demographic⁹ changes to the digitisation of HR¹⁰ and many others.

The SABPP facilitates scenario-planning workshops with some of the top strategists in the country¹¹ which would bring new insights and up-to-date information to HR practitioners in designing HR solutions for the future and the SABPP also publishes reports of the findings¹². They have access to many of the top academics in the country who can be called on to provide input and facilitate discussions on a wide range of topics.

Practice Note 5:

Many CEOs expect their CHRO to contribute to the strategic planning of the company by identifying the key people and HR trends which will impact the business. For the CHRO whose diary and work pressures afford little time to do his/her own research, the SABPP can be a useful partner in scenario planning and provide insights which will fuel proactive HR solutions.

Meeting the expectations of the CHRO

It is clear that the CHRO would be aligned with the expectations of the CEO and thus the elements described in points above would also apply to the CHRO. But the CHRO may have additional requirements:

Driving HR Health of Discipline

The CHRO is accountable for ensuring the health of the HR discipline in the organisation. This includes continuously improving the level of technical or functional performance within the discipline and ensuring the pipeline of competent top-performing HR practitioners. Some of the key elements driving HR health of discipline are described in the Table 1 below:

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- ⁸ Olivier, A., & Page, T. (2017). Deloitte Report: Rewriting the rules for the digital age. 2017 Human Capital Trends Report for South Africa. Johannesburg
 - ⁹ Millennials will soon constitute more than 50% of the workforce and their growing influence will change the nature of the workplace (Olivier & Page, 2017; SABPP, 2016a)
 - ¹⁰ Accenture. (2016). The Digitization of Human Resource: Digital HR Technology Comes of Age Contents. New York. Retrieved from https://www.accenture.com/t20170225T021819__w__/us-en/_acnmedia/PDF-7/Accenture-Digital-HR-technology-comes-of-age-US.pdf#zoom=50%25
 - ¹¹ SABPP. (2016a). SABPP LABOUR MARKET SCENARIOS 2030: People and Work – How will the South African Labour Market Change over the next 14 years? Johannesburg.
 - ¹² SABPP. (2016a). SABPP LABOUR MARKET SCENARIOS 2030: People and Work – How will the South African Labour Market Change over the next 14 years? Johannesburg.

AREA	KEY ELEMENTS
Setting standards for the HR discipline in the company	• Set minimum / standard operating standards, protocols, policies and procedures for the discipline/ sub-disciplines. • Specify discipline specific legal, audit and/or regulatory compliance and reporting requirements • Develop competency, skills and behavioural frameworks relevant to the discipline and/or sub-disciplines • Guide HR with applicable codes of practice and/or any other guiding principles to facilitate governance and ethical decision making • Assist line with communication of standards • Establish transformation objectives aligned to organisational values and relevant legislation • Assist with external assessment application and practices (e.g. for professional accreditation with external bodies) • Benchmark performance against leading edge companies and peers • Establish HR ROI metrics to set business expectations and manage the outputs of the discipline. • Environmental scanning and scenario building
Role definition	• Role descriptions and competency profiles approval • Ensuring that role descriptions are pitched at the correct level of work
Performance management	• Performance management guidance and equilibration • Identify obstacles to optimal performance for the discipline and action these • Facilitate cross-discipline relationship building and collaboration to enable integrated business solutions • Monitor engagement levels within the discipline and implement programmes to increase engagement and commitment
Knowledge management	• Central system and processes to manage and maintain discipline knowledge, information and general upkeep of the discipline framework • Communication processes and practices to support knowledge, information and context sharing

AREA	KEY ELEMENTS
Remuneration	• Review remuneration for discipline to ensure both internal equity and market competitiveness • Ensure appropriate people measures are in place in management STI and LTI schemes¹³
Talent Management	• Attraction, recruitment and retention of key talent for discipline • Talent pool management for discipline • Quality of the discipline talent review data base • For SA: HDSA target achievement; for other countries: localisation target achievement • Bench strength managed with a focus on readiness levels for succession • Medium- to longer-term people resource planning models including industry initiatives • Support coaching and mentoring practices • Promote branding of HR
Development	• Ensures skills matrixes and competency frameworks are in place and skills audits are conducted • Quality assures curricula development for training or in collaboration with universities, etc. • Liaison with professional associations and SETAs

Table 1: Building HR Health of Discipline

Practice Note 6:

The CHRO must implement a health of discipline framework for HR. The SABPP can support the CHRO in many of the elements with standards, best practice information in the HR Voice, and continuing professional development programmes.

Promoting and enhancing the value of the HR profession

Many CHROs would like to improve the brand of the HR function both within their company and externally. This starts with promoting and enhancing the value of the HR profession itself. Any CHRO who wants to uplift the HR brand needs to approach this in the same way as marketing would look at the company brand by defining the value proposition. It is also about creating the value-adding HR solutions that create the shift in the business and that can be held up as good practice in the field. The SABPP has a key role to play in this by educating CEOs and line managers on the value of HR, through accreditation, through the recognition of top performers in the discipline and in branding HR in case-studies, conferences and publications.

Practice Note 7:

The CHRO can partner with the SABPP in uplifting the brand of HR and showcasing value-adding HR solutions.

¹³ Short-term and Long-term Incentive Schemes

Thought leadership

The CHRO needs to bring thought leadership to a whole range of issues in order to guide the HR function. This can be in designing innovative solutions or in getting input of new ideas or research on a particular topic. An example of this is with the new women empowerment and gender equality legislation¹⁴, companies are looking for fresh insights on dealing with a whole range of gender-related issues. The SABPP publishes an annual gender report¹⁵ which cover a range of topics from pregnancy in the workplace to remuneration issues around equal pay for equal value, etc.

The SABPP recently published the 7th Annual SABPP Women's Report featuring women's issues in the workplace compiled in collaboration with the University of Johannesburg and Stellenbosch Business School, under the guidance and leadership of Professor Anita Bosch from Stellenbosch Business School.



Women's Report 2017

¹⁴ Government of South Africa. Women Empowerment and Gender Equality Bill (2013). South Africa.

¹⁵ SABPP. (2014b). SABPP Women's Report 2014: Work and women's reproductive health (edited by Prof. A. Bosch). Johannesburg. Retrieved from www.sabpp.co.za; SABPP. (2015). The SABPP women's report 2015: equal pay for equal value (edited by Prof. A. Bosch). Johannesburg.; SABPP. (2016b). The SABPP Women's Report 2016: Pregnancy in the workplace (edited by Prof. A. Bosch). Johannesburg.

Practice Note 8:

When faced with new challenges or the need to generate innovative ideas, accessing fresh insights and research can greatly enhance the CHRO's ability to design value-adding solutions. The SABPP can provide input on many of the topical questions of the day.

HR metrics and ROI

The CHRO must be able to measure the value-add or return on investment of the various HR activities. In selecting the appropriate metrics, the SABPP can provide guidance through their products such as the HR Metrics: Strategic and Quantitative Tools. It is also useful to have benchmarks of other companies to compare with and understand their strategy to improve and advance.

Practice Note 9:

When selecting the most appropriate metrics for the HR function, the CHRO can consult with the SABPP for tools and benchmarks to assist.

Collaboration through advocacy and lobbying

The SABPP can be the collective voice for the HR profession in advocacy and lobbying government or other key stakeholders on issues important to the profession. The SABPP can also be a channel for promoting relationships between key stakeholders and the CHRO. It has been said that HR must work 'outside-in'¹⁶ and understand the needs and expectations of a wide range of stakeholders. This is true of the traditional stakeholders with which the CHRO has to build relationships including government and other regulators, shareholders, customers, suppliers, organised labour, etc. But the relationship between business and society has received increasing focus in the last few years. Business cannot succeed in a society that is failing. The growing importance of sustainable business that contributes to community and societal development cannot be overlooked. While CSI has its place, the HR function has an important role to play particularly in the area of skills development. This can range from offering empty seats in the training room to community members, to training staff on life-skills in economic down-cycles so that should they get retrenched they have other skills to fall back on in securing an income to offering mentoring and coaching to students and graduates from disadvantaged communities. The SABPP can provide a networking forum to find joint industry solutions and have as part of its vision active citizenry.

Practice Note 10:

HR should play a key role not just in building organisational sustainability but also in nation-building. The SABPP can be their partner in many of these activities.

¹⁶ Ulrich, D., Allen, J., Brockbank, W., Younger, J., & Nyman, M. (2009). *HR Transformation. Building Human Resources from the Outside-In*. New York: McGraw-Hill Irwin.

The need for HR Evolution

In his article, “The Evolution of the Employee”¹⁷, Jacob Morgan captures the importance of the employee in current times. “Employees which were once thought of expendable cogs are the most valuable asset that any organisation has.”¹⁸ If this is the scenario played out in front of us, then how do HR professionals respond? One way is by truly understanding your talent, stakeholder expectations and your role in innovatively driving the HR strategy. HR professionals sit on the axis between employee needs and employer expectations, and therefore will have to deliver in the best interest of both stakeholders.

¹⁷ <https://www.forbes.com/sites/jacobmorgan/2014/09/02/the-evolution-of-the-employee/#50224f375461>

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There is a need for HR to evolve and rise to the opportunities that business presents. “Organisations have been transforming human resources for more than 20 years. Yet, 42% of global companies surveyed by Deloitte reported the impact of HR operations on organisational success was “weak” and 85% of global companies surveyed believe they must “transform HR to meet new business priorities”? Creating a high impact model may present a solution that takes transactional HR to strategic/business partnering HR. Thus, CEOs and CHROs can tap into the SABPP to create excellence in HR Management practice.

Partnering with a reputable professional body can create integrity and confidence in your ability to evolve and continuously develop your HR competency. The question still stands **“How will HR respond?”**

How different would
your life be if
someone didn't
tell you about
SABPP?

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September	8	HOW CEOs AND CHROs CAN USE THE SABPP TO CREATE EXCELLENCE IN HR MANAGEMENT

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