HR AND PAYROLL ALIGNMENT: Achieving a common goal

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Maslow’s needs in 2016

- Physiological
- Safety
- Love/Belonging
- Esteem
- Self actualization

Creativity & sense-making
Respect of and by others
Friendship and family
Employment
Basic human needs
It was a difficult academic year
It was a difficult year in business
Policy goals of NDP

- Maintain fiscal discipline & macro-economic stability;
- Achieve sustained GDP growth of 5.4%;
- Reduce unemployment to 14% by 2020 and to 6% by 2030;
- Overall civil service to improve efficiency and implementation;
- Promote market competitiveness;
- Reduce cost of living;
- Reduce impediments to investment;
- Create jobs via entrepreneurship and reduce regulation, as well as a public works programme.
Where are we now?

“We are where we are as a result of what unethical leadership did to us as a nation.”

Chief Justice, Judge Mogoeng Mogoeng
The role of HR ...

Human Resources

What my friends think I do
What my mom thinks I do
What my wife thinks I do
You’re Fired!
What society thinks I do
What I think I do
What I actually do
HR Challenges

- Skills and talent gaps in organisations
- Inconsistency in practice
- A lack of commitment to sound HR and people management
- Poor people management skills
- Poor HR management skills - culture
- Speed & complexity of change
- Risk & compliance environment
- A lack of measurement
One of the toughest things to be is consistent.
Top facts about HR

• Human Capital is the biggest concern for CEOs (PwC).
• Only 18% of CEOs feel confident that they have the right people in place to execute strategy (CEB).
• Human Capital is the biggest risk in business (HCI Africa).
• Skills crisis is the top obstacle to economic growth.
• Strikes cost SA R 200 million+ per day.
Bottom-line impact of HR

- SA losing R12 billion a year due to absenteeism.
- Only 19% auditors feel they use HR optimally (CG Index – Institute of Internal Auditors)
- World-wide 13% of employees actively engaged.
- Companies with engaged employees outperform others by 202% (Dale Carnegie).
- Companies with good HR Practices outperform others by treating HR as critical business function, these companies are 105% more profitable.
- Average ROI on wellness programmes: 300%.
HR-Payroll interface

- Payroll is the most consistent process in many organisations.
- It provides inputs & outputs into the salary and reward system of the organisation.
- Payroll is tangible evidence of the psychological contract between employers and employees.
- Payroll is at the heartbeat of economic activity for employees - basis for spending and investment (economic activity).
- Link with HR processes – reward, wellness, employment relations, HR service delivery.
Common goal …

• Fair & accurate reward for staff.
• Giving tangible expression of the psychological contract between employers and employees.
• Reward and recognition.
• Satisfied and productive employees.
• Retention of talent.
• Consistent practices – quality and good governance.
I don’t get it... after all the budget cuts to streamline the work force, why aren’t we moving faster?
HR Professionalism Priorities

HR Standards (2013)

HR Audits (2014)

HR Metrics (2015)
HR Standards Files

National Human Resource Management Standards

13 standards (2013)

National HR Professional Practice Standards

23 standards (2015)
BUSINESS STRATEGY – HR BUSINESS ALIGNMENT

- Strategic HRM
- Talent Management
- HR Risk Management

HR ARCHITECTURE

- Workforce planning
- Learning & Development
- Performance Management
- Reward & Recognition
- Employee wellness
- Employment Relations
- Organisation Development

HR VALUE & DELIVERY PLATFORM

- HR Service Delivery
- HR Technology (HRIS)

HR MEASUREMENT

HR Audit: Standards & Metrics

© SABPP HR MANAGEMENT SYSTEM STANDARDS
HR Professional Practice Standards

- Absenteeism management
- Career management
- Coaching & mentoring
- Collective bargaining
- Disciplinary procedure
- Dispute resolution
- Employment Equity & Diversity (Inclusion)
- Grievance procedure
- Leadership development
- Learning design
- Learning evaluation
- Learning needs analysis
- On-boarding
- Organisation design
- Performance appraisals
- Recruitment
- Remuneration benchmarking
- Selection
- Succession planning
- Change management
- Employer Branding
- Workplace learning culture
Implications & benefits

- A level of acceptable quality - consistency
- HR fully aligned to business strategy
- Good enough in terms of professionalism
- What is good or normal or usual
- A guideline for practice
- Business as usual vs fundamental change
- A foundation for reasonable expectations and sound judgement
- A basis for measurement (M&E)
468 HR Leaders developing HR Standards for South Africa
SELF RATINGS – OVERALL AVERAGE MAY 2016

400 responses

BUSINESS STRATEGY – HR BUSINESS ALIGNMENT

Strategic HRM 5.0

Talent Management 4.3

HR Risk Management 4.1

FUNCTIONAL & CROSS FUNCTIONAL HR VALUE CHAIN

Workforce Planning 4.4

Learning 5.7

Performance 5.3

Reward 4.7

Wellness 5.5

ERM 5.8

OD 4.7

HR Service Delivery 5.6

HR VALUE & DELIVERY PLATFORM

HR Technology (HRIS) 4.6

MEASURING HR SUCCESS 3.8

HR Audit: Standards & Metrics
So what now?
AUDIT SCORES – OVERALL AVERAGE MAY 2016

18 audits

BUSINESS STRATEGY – HR BUSINESS ALIGNMENT

Strategic HRM 6.0
Talent Management 4.8
HR Risk Management 6.5

FUNCTIONAL & CROSS FUNCTIONAL HR VALUE CHAIN

Workforce Planning 5.8
Learning 6.5
Performance 6.3
Reward 6.3
Wellness 6.6
ERM 6.6
OD 5.7

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HR VALUE & DELIVERY PLATFORM
HR Technology (HRIS) 5.6

MEASURING HR SUCCESS 4.9
HR Audit: Standards & Metrics
REWARD & RECOGNITION

DEFINITION

Reward is a strategy and system that enables organisations to offer fair and appropriate levels of pay and benefits in recognition for their contribution to the achievement of agreed deliverables in line with organisational objectives and values.

Recognition is a related strategy and system that seeks to reward employees for other achievements through mechanisms outside the pay and benefits structure.

SABPP (2013)
REWARD & RECOGNITION

OBJECTIVES

7.2.1 To design and implement an appropriate reward strategy aligned with organisation culture, objectives and employment value proposition, and achieving a fair balance between the needs of the employer and employee.

7.2.2 To deliver a fair and equitable reward system and process that is ethical, cost effective and sustainable.

7.2.3 To ensure your reward strategy is in line with current national and international industry and sector norms.

7.2.4 To ensure compliance with organisational governance principles and practices aligned to national and relevant international governance codes of practice and relevant legislation.

7.2.5 To design and implement an appropriate recognition strategy which meets employees’ need for recognition of particular efforts or achievements which are valuable to the organisation and are not catered for in the reward strategy.

SABPP (2013)
REWARD AND RECOGNITION SYSTEM

- Talent Management strategy
- Market trends – sector, national, international
- Legal and governance requirements
- Employee consultation/negotiation
- Individuals’ needs and wants
- REWARD AND RECOGNITION STRATEGY

Business objectives and culture

Talent Management strategy

Market trends – sector, national, international

Legal and governance requirements

Employee consultation/negotiation

Individuals’ needs and wants

REWARD AND RECOGNITION STRATEGY

RRM policies and procedures

Communication and training

Other HR processes eg performance management

BENCHMARK, MONITOR & EVALUATE
HR & payroll: It is all about alignment
International interest
2015 was our first year of HR Audits
What the Auditors are looking for?

**Quality approach**
- Sound?
- Systematic?
- Integrated?
- Reviewed & updated?

**Extent of application**
- Across whole organisation?
- Up and down the organisation?

**Quality of results**
- Positive trend in results?
- Sustainable?
- Targets met?
- External benchmarks?
- Approach vs results?
HR Audit - Certification
## Reward/Recognition Audit Evidence

<table>
<thead>
<tr>
<th>Reward Requirements</th>
<th>Type of Evidence</th>
<th>Sources of Evidence</th>
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| Reward strategy aligned with business strategy, culture, objectives and EVP; fair balance - stakeholders | Documents on reward strategy  
Remco minutes  
Employee surveys | HR professionals  
Line managers  
Employees  
Employee reps |
| Fair & equitable reward system/process that is ethical, cost effective and sustainable | Docs on reward system & process  
Cost analyses of reward system | HR professionals  
Line managers  
Employees  
Payroll officers |
| Reward strategy in line with national & international industry and sector norms     | Docs showing reasons for using benchmarks  
Docs on results of benchmarking | HR professionals  
Line managers |
| Compliance with governance principles/practices                                     | Docs showing results of rem  
governance processes  
Stats on pay & benefits | HR professionals  
Company secretary |
| Recognition strategy – meet employees needs/org                                     | Docs on recognition strategy and processes | HR professionals  
Line managers/Employees |
Conclusion

HR and Payroll are friends. Both interface as inputs and outputs in the employee ecosystem.

The HR Standards and Audits have changed the face of people management in South Africa. The HR Standards usher in a new period of institutionalising people management as a best practice for sound HR professionalism in organisations. As payroll practitioners you are the specialists who can make this change successful. Let us build an effective HR-payroll interface at all our companies!
We set HR standards!

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