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Typical HR/People Risks

Legislative Compliance:

While SA can be proud of its progressive labour laws, the fines for non-compliance can cripple an organisation. A full audit of legislative compliance requirements should be conducted regularly. In addition, the impact of missing reporting deadlines for Employment Equity and Skills Development can have a devastating effect on an organisation's BEE scorecard and consequently, on future business opportunities.

Insurances:

The HR or payroll departments are often responsible for organising employee benefits and making sure that insurance benefits (such as life-, risk- and health insurance and funeral benefits) are correctly in place. The impact of not doing this timeously can result in benefit claims against the organisation.

Fraud and Corruption:

Fraudulent transactions by employees who hold key positions, such as the procurement, finance and payroll departments, may be undetected for lengthy periods of time and can result in substantial financial losses for the organisation.

Cyber Security:

Software that is not updated and passwords that are not kept in a safe place or are not changed on a regular basis, especially when there is a change in staff, can result in confidential or sensitive information (such as payroll or client information) or the company's intellectual property being accessed.

Ethics and Employee Behaviour:

Employee behaviour can have a direct impact on the image of the organisation. More recently, we have seen some financial institutions being impacted by the poor ethical behaviour of their staff. By creating the right corporate culture and setting the tone with new recruits from the outset, organisation could potentially minimise the risk. Another potential area of risk includes uncontrolled social media behaviour.

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Critical Skills:

Each organisation has critical skills that are needed to ensure the continued success of the business. Not having a succession plan in place to ensure that there is a sufficient number of suitably skilled candidates could impact on the organisation's ability to continue to compete in a specific area.

Recruitment and Selection:

Poor recruiting practices which include CV's not being checked properly and qualifications and experience not being verified could result in appointing staff who may not have the necessary skills or attributes. HR practitioners should also ensure that individuals who are appointed not only meet the knowledge and skills requirements for the position but also that there is a behavioural fit when aligned with the culture and values of the organisation.

Safety:

Employees who do not adhere to prescribed safety directives are often the result of Line Managers who have continuously turned a blind eye. Aside from the obvious risk of injury from incidents or accidents, the risk to the organisation may only be known after years of exposure to a hazardous environment at the time of an employee's exit or even thereafter.

Social circumstances (human calamities):

A substantial amount of employees are affected by separation, divorce, chronic illness, stress, substance abuse and/or the death of loved ones. Such employees often become disengaged and unproductive. The extent and duration of the impact of such incidents may be different if the employee has access to professional assistance and support.

Diversity problems:

With South Africa's rich diversity in cultures, stereotyping is common and behaviours are often misinterpreted. Diversity management and awareness training can help employees understand each other better and have a positive impact on productivity.

Sexual Harassment and Discrimination:

Without clearly communicated policies and the consistent application of procedures and practices, the organisation can be at risk if claims of sexual harassment and/or discrimination are handled incorrectly.

Succession Planning:

Organisations should have identified key roles within the organisation where succession planning is imperative. It is almost impossible to recruit, appoint, orientate and train suitable candidates for certain technical skills and especially top management positions, within the normal notice period of a position, not even taking into consideration an unexpected change due to incapacity or death.

Strikes:

According to the Dept of Labour's annual Industrial Action report released in September 2017, the SA economy lost a total of 946 323 working days as a result of 122 work stoppages in 2016. This translated to approximately R161m in lost wages. The impact on production outputs are not only limited to the duration of the strike period, but for months afterwards as employees grapple with the economic impact of arrear accounts.

Absenteeism:

A study conducted by Occupational Care South Africa (OCSA) has indicated that up to 15% of South African employees call in sick each day, which costs the economy around R15b per annum. Organisations should have a return-to-work interview system in place to be able to understand and analyse the reasons for absenteeism in their organisation and to implement measures to monitor and manage it effectively. It's impact is not limited to additional payroll costs, but also on productivity and the morale of colleagues who have to carry the additional workload.

Presenteeism:

Disengaged staff has a similar impact on production outputs as what absent staff has and is often the product of disengaged or untrained leadership.

Performance:

Clearly defined performance standards and systems for measuring and managing performance should identify and address skills gaps and incompetence, If they exist but are subjective and not applied consistently at all levels within the organisation, it can have a negative impact on employee morale.

Staff Retention:

The loss of skills and experience, organisational memory and well-established relationships with suppliers and customers can have a substantial impact on organisational success. Employee surveys and implementing and monitoring exit interviews are relatively inexpensive methods of finding out why staff leave and enabling organisations to implement measures to retain their human capital.

Employee Wellness:

With HIV/Aids, Hypertension, Diabetes being prevalent in our workplaces, it is inevitable that these and other chronic conditions will have a notable impact on productivity and attendance, and ultimately profits, if not managed correctly.

Training and Development:

Risks in training and development include not securing the right training providers and consequently not seeing any results from training initiatives, key employees leaving shortly after completion of lengthy and expensive training programmes or employees not completing the studies paid for by the company.