

CHAPTER 3

THE FORMULATION OF A SYSTEMIC MODEL FOR AN INTEGRATED MCD STRATEGY

*Tell me, I will forget. Show me, I may remember. But involve me and
I will understand.*

Chinese Proverb

3.1 INTRODUCTION

It is undeniable that there is a need for career-pathing and development for DSGNS in the new South Africa. Management succession or career-pathing is a critical issue in many organisations where it is necessary to increase the pool of competent human capital and to create unique value in the market. One of the new challenges is to create a strategic MCD model for the automotive business sector.

The purpose of this chapter is to examine the theoretical context of a new integrated MCD model for DSGN career advancement. This MCD model has been specifically developed for automotive organisations in South Africa, but can also be used in other, similar manufacturing environments. Various existing models and theories form the integral foundation of this strategically formulated HRM model (illustrated in Figure 3.8). The researcher has adapted various concepts and theories from the literature (as discussed in Chapter 2) to form a new working model for South African automotive organisations.

Some of the basic MCD techniques on which the new model is based include:

- the revision of models of organisational strategic HRM;
- the selection of methods and priorities for strategic MCD;
- the proposal of a new systematic model for strategic MCD within an HRM framework; and
- the formulation of a new strategic business plan for an integrated MCD model.

The following MCD formulated HRM planning components were used:

- reviewing organisational MCD, integrated with an HRM strategic model;

- considering the futuristic dimension of a strategic MCD model;
- ensuring effective linkage of the organisational agenda and MCD competency processes;
- engineering the emergence of a new flatter form of organisational HRM structuring;
- adapting to the shift in the career development role played by organisational advisory forum in the strategic HRM business focus that makes provision for an MCD advancement model for DSGNS ;
- adjusting the role of line managers to encourage them to adopt and be committed to MCD programmes;
- linking the MCD programme activity cycle to the strategic business plan;
- realigning employee equity/personnel policies and administration;
- constituting the core advisory forum for an internal monitoring and evaluation structure; and
- structuring external HRM to monitor the macro environment

3.2 THE ORGANISATIONAL HRM STRATEGIC MODEL AND ITS IMPACT ON MCD

In a fast-paced global economy, change is the norm. On the one hand, environmental, social and technological change, increased multinational automotive business in South Africa (and between South Africa and the rest of the world) and the increased scarcity and career development cost of DSGN competencies make long-term planning risky; on the other hand, such planning remains absolutely essential. HRM strategy must fulfil its role in planning for and providing human capital in such a way that the mission and business strategy of the organisation can be realised. Furthermore, HRM must determine the most effective utilisation of the organisation's resources. It must craft and execute the strategy in ways that produce the intended business results. Without such a strategy, management would have no road map to follow and no action plan to produce the desired results.

Building strategic human resources as an activity addresses a wide variety of people issues that are relevant to a business strategy that crosses all the functional areas. The HRM strategy and policy must be fully integrated with all the relevant and significant aspects of the organisation (such as appointments, remuneration, performance

management, and many more). Figure 3.1 presents a comprehensive picture of the aspects that make up HRM strategy and policy.

The strategic process is led and co-ordinated by that part of management in every department which is responsible for HRM. The networking relationship between HRM and career development plan facilitates the people development process of realigning the functional strategies that have an impact on MCD for DSGNS and the integration advisory forum with the overall corporate HRM strategic plan. These activities result in an interface between the overall organisational strategy and the strategies of other functional units, as proposed in Figure 3.1, overleaf (adapted from Mathews, 1998:21).

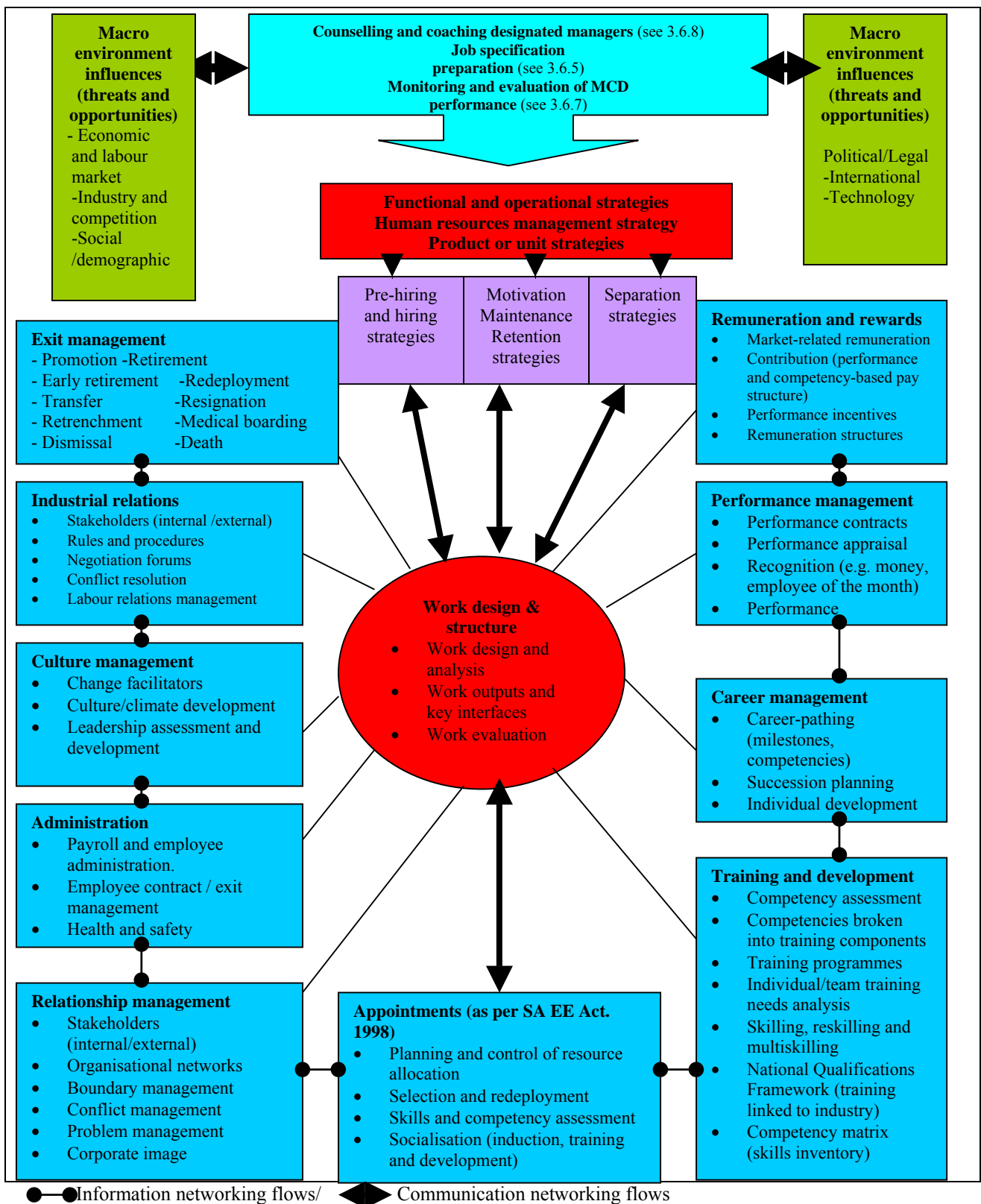


Figure 3.1: A proposed strategic HRM model building approach (adapted from Mathews, 1998:24)

Among the activities indicated in Figure 3.1, the following activities are the ones most likely to be assigned exclusively to the HRM department:

- compensation and benefits issues, such as insurance administration, wage and salary administration, unemployment compensation, pension plans, holiday/leave processing and flexible benefits accounts;
- affirmative action and employment equity;
- job analysis programmes;
- pre-employment testing; and
- attitude surveys (research).

In addition, the HRM strategic processes include carrying out some activities jointly with other departments in the organisation, including interviewing, productivity/motivation programmes, training and development, career planning, disciplinary procedures and performance appraisals. For the purposes of this study, HRM career programmes and training and development practices are linked with the MCD strategic processes that balance the needs of both the organisation and managers. These strategic HRM investments need to be effectively managed and developed to ensure long-term rewards, by leading towards the greater organisation's productivity (an economic benefit) and to move up competent human capital (meeting the emotional needs of managers).

The sub-strategies (Figure 3.1) of hiring, retention and separation interact with the overall HRM strategy. Corporate and functional unit strategies are driven from the top by the organisational HRM strategy, which is in turn influenced by changes in the external environment. Anthony *et al.* (1996) have demonstrated that the HRM strategy should be consistent with other functional strategies (finance, production and marketing) as a shared responsibility, and should be integrated with the corporate strategy. Informed timeous decisions can be made effectively when external labour market signals and variables are continuously assessed, and where human resources management and labour market issues are aligned (Anthony *et al.*, 1996). Seen in this light, the focus and role of HRM units in South African automotive organisations are very important, particularly given the magnitude of changes in the macro external environment.

According to Walker (1992), HRM strategies are management responses to emerging issues, derived from both an internal scan and an environmental assessment, to sustain competitiveness by managing people. He maintains that HRM strategies are the means to align HRM with the strategic objectives of a business.

In large corporations, the HRM Department (previously the office known as the Personnel Department) is often sub-divided, but aligned to clearly defined operational functions, such as HRM planning, recruitment, selection, MCD and education, performance appraisals, health and safety, compensation and reward systems, fringe benefits as well as other subsidiary elements. The term “personnel” has now been given a new thrust and “personnel management” is now referred to in the literature as HRM, as it involves people issues. Given its current application, the term “strategic human resources management (HRM)” has evolved as the contextual paradigm (Swanepoel *et al.*, 2003:151).

Walker (1990) asserts that HRM strategies involve every facet of management practice, and he highlights the following key strategic considerations and actions that HRM must perform:

- plan future staffing by examining the utilisation of current staff and projected changes in the work load;
- control demand for personnel in short supply, increase the supply of talent, and enhance the recruitment and the retention of the required talent; and
- utilise management education as a vehicle for promoting change.

According to Stacey (1996), MCD is an important HRM implementation tool, because it motivates people and provides the skills required for HRM strategy implementation. He states that the objectives of MCD programmes need to be consistent with corporate strategy and should consist of measurable changes in performance. MCD therefore permeates the entire domain of an organisation and has an impact on all functional departments, including the top management hierarchy.

Human and Hofmeyr (1985) outline the fundamental principles of MCD as follows:

- A large proportion of MCD occurs on the job, where meaningful on-the-job assignments and opportunities are given to potential managers to promote self-development.
- Individual MCD needs must be matched with specific HRM strategies. Some strategies are more appropriate in some situations than in others.
- A designated manager who has acquired skills and knowledge in an MCD programme must transfer those skills on-the-job in order to apply what he/she has learnt.
- Different types of skills need different development strategies. For example, technical skills may require formal training, reinforced by on-the-job applications. Conceptual skills may require planned job experiences (such as in a mentorship programme) and on-the-job application (as in a coaching programme).
- A potential designated manager's line manager plays the most important role of all in MCD.

According to Michael (1993), the success of executive MCD programmes depends on their successful implementation. Promoting strategic change in turbulent environments, Michael (1993:27) asserts that "leading edge firms rely more on experiential learning techniques than on classroom lecture and case studies approaches". He also maintains that companies should focus on the broader issue of MCD for high profile talent. Organisations should prioritise fundamental issues such as addressing the effects of globalisation, sustaining competitive advantage, managing diversity and change, promoting outdoor leadership, doing team-building exercises and MCD visioning. It is essential to integrate these aspects "by tying them to the specific strategic issues of the organisations" (Michael, 1993:39).

The guidelines suggested by researchers such as Walker (1992), Human and Hofmeyr (1985) and Anthony *et al.* (1996) reflect the underlying principles of sound MCD and of a strategic HRM focus and functioning in general, and they can be applied to South African automotive organisations in particular.

3.2.1 The role of HRM strategy in organisational functional areas

Organisational success is influenced by the extent to which HRM strategies and practices are closely linked with, and contribute to, the organisation's strategic objectives and plans. It is also influenced by the degree to which the various aspects of HRM are synchronised with each other and managed in an integrated and coherent way.

All strategic activity should be aimed at adding value to the operational business, and quality of work life to employees. Hence strategic activity must support continuous organisational success in transformative environments. An important aspect at HRM's strategic role is its ability to (Lambert, 1997):

- respond to the needs of a company's overall business performances;
- recognise and value the right competency factors to ensure recruitment that enhances the company's human capital effectiveness;
- effectively develop human capital and organisational productivity in line with external (customer) needs;
- integrate the strategic business plan and top management leadership and not focus only on monitoring human resources and policy application;
- influence MCD in order to grow a strategic advantage in the next decade (leading change and making a valuable contribution towards the organisation's competitiveness); and
- focus MCD activities on a broad range of skills, so that (increasingly) scarce human and intellectual capital is managed and maintained.

3.3 THE FUTURISTIC DIMENSION OF THE STRATEGIC MCD MODEL

Strategic MCD initiatives can and should be a key focus for a company which wishes to facilitate organisational change and competitiveness. These initiatives should include both the targeted disadvantaged population and the elements that enable companies to create and sustain superior organisational capabilities. The cultivation of those capabilities is the strongest contribution that MCD can make.

Walker's (1990) findings indicate that there is a need for organisations to manage change. In the South African context, this should extend to strategic HRM activities,

with a particular focus on the MCD of DSGNS to meet the needs of the automotive business in South Africa. Veldsman (1996:43) concurs with Walker's (1990) survey findings when he states that "the true challenges facing the top management of organisations is to shape, innovatively and proactively, destinies for their organisations by ensuring sustained competence and capacity in a radically redefined world". According to Veldsman (1996), people are key resources in the process of future creation and the actualisation of strategic decisions. Watson (1996) offers a similar view when she refers to HRM strategies as "drivers" of the process of integrating MCD with business plan strategies.

Future strategic HRM issues must be addressed if MCD initiatives are to contribute effectively to the creation of superior organisational capabilities (Ready *et al.*, 1992:31):

- The initiatives must be linked to the HRM strategic imperatives of the organisation.
- Individual and organisational development must be addressed in parallel with the MCD process.
- A comprehensive, system-oriented approach must be developed to create and maintain positive organisational momentum.
- The top management must be involved in future challenges and directions in the strategic HRM/MCD and business plan partnership capabilities that
 - bridge the gap between HRM and the business plan;
 - define new requirements for top management and line management, and build the parameters necessary to link HRM and business issues;
 - reassign revised strategic HRM responsibilities and MCD activities to the human resources personnel;
 - manage MCD for potential designated managers' job rotation and mobility bound for higher responsibility through strategic HRM roles;
 - position the designated MCD activities in the best way to become strategically HRM-focused and business-driven; and
 - best organise and manage MCD strategically within "World-Class" HRM functions.

Vicere (1997) surveyed several large companies around the world in 1982, 1987, 1992, and 1997 to determine the most-favoured MCD techniques. These techniques are listed

in Table 3.1. The popularity of each technique is indicated by the percentages of companies that use these techniques next to each technique.

Table 3.1: Most-favoured MCD techniques

Survey results on most favoured “MCD” techniques	1982	1987	1992	1997
	%	%	%	%
Job rotation	20	72	58	64
In-company MCD programmes	34	47	56	39
Task forces / special projects	28	32	39	68
External MCD programmes	37	48	33	30
On-the-job training	20	28	28	45
Coaching/mentoring	37	26	22	32
Performance feedback	48	6	9	30
Teaching/consulting with other employees	19	1	5	9

Source: Vicere (1997:94)

Responding companies reported that task force/special project assignment, job rotation, and on-the-job training were the methods they most frequently used for development. In-company educational programmes, coaching/mentoring, performance feedback and external educational programmes comprised the second tier of methods. Teaching or consulting with fellow employees appeared at the bottom of the list. Experiential methodologies have gained increasing popularity, while traditional programmes (especially external programmes) have dropped in prominence. Interestingly, performance feedback, highly regarded in 1982, fell out of favour in 1987 and 1992. Performance feedback's impressive and prominent return in 1997 reflects the increased use of 360-degree feedback as an appraisal and developmental tool which collects appraisal data from many sources to form a combination of peer, subordinate, self-review and sometimes customer appraisals.

Mullins (1996) states that many multinationals embrace the 360-degree appraisal process of subordinates as a form of evaluation which leads to direct identification of individual performance problems better than a traditional top-down appraisal system approach could. The key steps that a company must follow to implement a 360-degree

appraisal system are to communicate the goals and need for 360-degree appraisal; to train employees to understand the appraisal instrument process and feedback sessions; and to let top management reinforce the goals of the 360-degree appraisal and update the process when necessary.

The results of these studies reflect a shift in user perspective toward career education and MCD. Work experience and company-specific educational programmes have emerged as the core focus of MCD efforts. These findings support the evolution of a “new paradigm” for MCD. This new paradigm is likely to create co-ordinated MCD strategies that blend job experience and educational initiatives, guided practical experiences and targeted performance feedback in order to facilitate ongoing MCD at all levels of the organisation. This type of process is focused not only on individual development, but also on the ongoing development of the organisation as a whole.

Most organisations struggle with the challenge of how best to match individual and organisational development needs with the most appropriate developmental experiences, techniques and methodologies. The knowledge creation cycle depicted in Figure 3.2 (overleaf) provides a framework for dealing with this challenge (Vicere, 2001). This cycle is discussed in detail below.

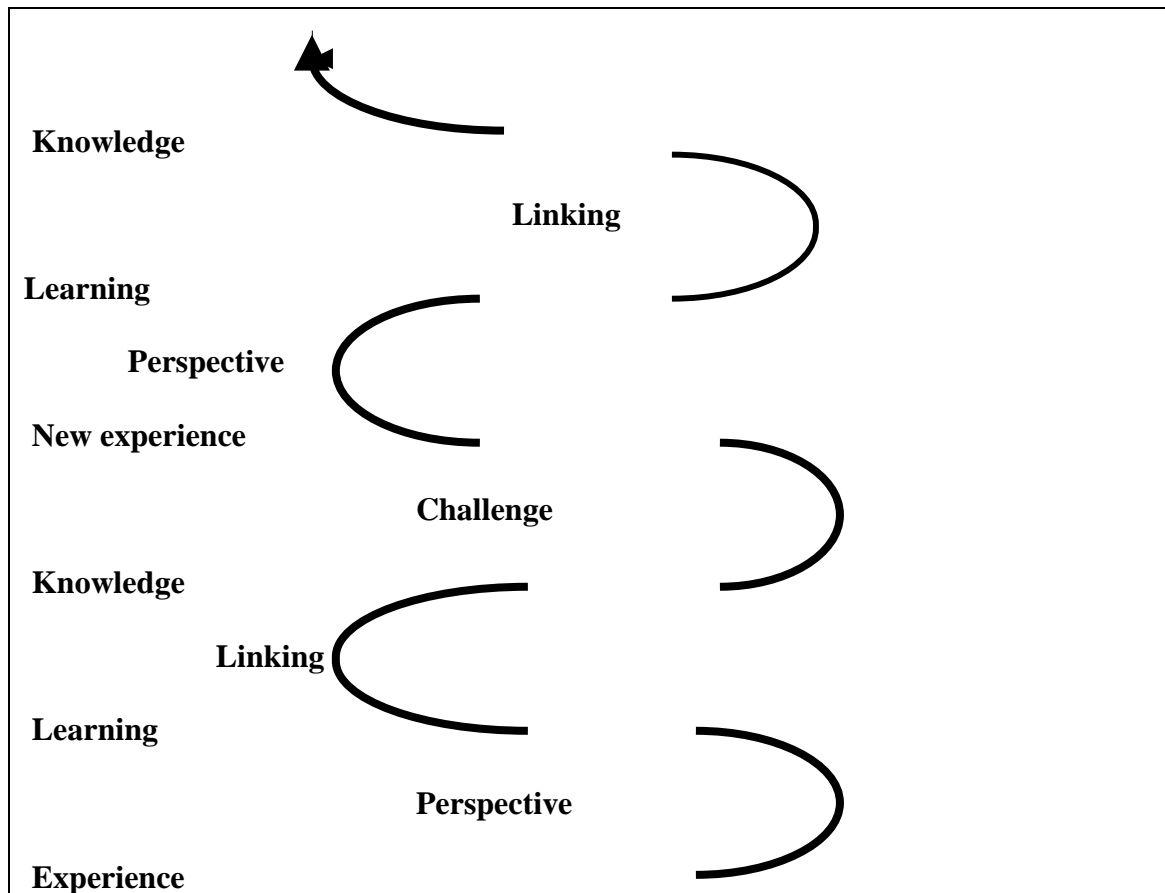


Figure 3.2: MCD – the knowledge creation cycle (Vicere, 2001:95)

A knowledge cycle is a model for mapping MCD processes. It portrays MCD as a constantly escalating process that builds on the experience base of the leader to create an ongoing cycle of both individual learning and organisational knowledge creation (Nonaka, 1991). An understanding of the knowledge creation cycle can enable an organisation to enhance dramatically both its ability to learn and its awareness of the appropriate use of various techniques for MCD programmes. Each stage of the cycle has implications for MCD, and these stages and their implications are discussed below.

3.3.1 Experience

There is an old saying that “experience is the best teacher”. This appears to be especially true when it comes to MCD. A study has found that leaders tried to attribute most of their current success to past work experience (McCall *et al.*, 1988). It is quite reasonable, then, for companies to pay a great deal of attention to providing high-

potential DSGNS with challenging and varied work experiences. It is through such experiences that managers have the opportunity to learn, grow and develop.

McCall *et al.* (1988) found that there was no such thing as generic work experience. Instead, they found that different types of work experience provide different kinds of opportunities for career development. That is why one fundamental objective of MCD is to provide developing managers with both the tools and the opportunities to gather knowledge, and to improve based on lessons gleaned from their experiences.

3.3.2 Perspective

The most commonly used techniques for helping managers to gain perspective or to learn from their experiences are

- classroom education (external, internal and consortium);
- feedback approaches;
- personal growth approaches;
- new learning technologies; and
- coaching/mentoring.

The classroom is a valuable and readily accessible forum for giving managers an opportunity to prepare for and learn from their experiences (via customised programmes or seminars). In addition to classroom-based programmes, feedback approaches to MCD, relying primarily on 360-degree assessment, have been rapidly gaining in popularity. These initiatives, often delivered in a classroom format, are designed to assist managers to gain a better understanding of their leadership styles and their ability to influence the people around them. Finally, mentoring can make a large contribution to a manager's ability to learn from work experiences. A brief discussion of each technique and its potential contribution to MCD appears below.

3.3.2.1 Classroom-based approaches

There are two classroom-based approaches that can contribute significantly to MCD: a skills-building approach (in which complex managerial behaviours are broken down into skills that can then be taught to managers) and a conceptual approach (which

focuses on the presentation of ideas and concepts for management to consider) (Vicere, 2001).

To maximise the value of skills-building approaches, organisations must ensure that the skills being taught and the message being delivered are well known and accepted throughout the organisation. Moreover, skills-building approaches are most likely to be effective when the training cascades down from the top of the organisation.

Programmes based on the conceptual approach are essential in creating an understanding of something as complex as an MCD challenge. If the conceptual models presented are simple and straightforward and supported by films, case studies, models, simulation or forms of hands-on exercise, this approach may be very successful as a training tool.

The three primary delivery modes for classroom approaches are external management education programmes, company specific programmes and consortium programmes. The strengths and weaknesses of these modes are discussed below.

External management education programmes are open-enrolment management development programmes, which are among the most commonly used manager career-pathing development techniques. Perhaps the best known of these experiences are university-based offerings such as long-term residential executive business school programmes on leadership development strategies (Vicere, 2001). The benefits of university-based executive programmes are their strong base of case study applications and simulations. They offer opportunities for practice (Vicere, Taylor & Freeman, 1993) in that

- perspective is provided by exposure to other viewpoints and networking;
- subject specialists' vision is broadened;
- there is reflection on the notions of a career, work roles, personal styles and effectiveness and renewal is encouraged;
- exposure to faculty experts is possible and the latest management information is provided in a high-quality academic setting;
- there is exposure to a variety of programmes (that cannot be delivered as economically or effectively within the company);

- in-company programmes are complemented; and
- rewards in terms of self-esteem are provided.

Company-specific programmes are increasingly turning to **internal customised executive education/MCD programmes** to address the critical demands of a changing environment. Formerly, these programmes tended to focus on skills-building to help companies in their transition to join the global competitive environment, and to help promote a broader conceptual understanding of the strategic directions of the organisation. Based on the Penn State surveys, some benefits of internal programmes are listed below (Vicere, 1997).

- programmes are more specific to the organisation and its needs;
- an organisational culture is developed;
- teams are built and change is implemented;
- savings in both time and money are achieved;
- better control of content, faculty and participants can be obtained;
- external programmes are complemented;
- interaction with top management is provided; and
- the availability of resources and scheduling efficiency are increased.

From the above discussion, it appears that external, open-enrolment programmes serve a different purpose and generate different outcomes from internal, company-specific programmes. External programmes seem to focus more on individual development, while internal programmes seem to effect organisational development more. As such, both types of experience can contribute significantly to the MCD process when they are used appropriately. Both internal and external programmes aimed at achieving MCD best practices are intense.

A third and relatively new form of classroom-based MCD programme attempts to blend the perspective-broadening benefits of traditional open-enrolment programmes (such as university-based programmes) with specific company programmes. This is known as the consortium model (Vicere, 2001). Typically, representatives from member companies participate on a committee that oversees programme design and delivery. In addition, teams of participants from member companies attend the programme, enabling

the discussion to be both specific to each individual organisation, and enriched by the perspectives of other teams.

The consortium model holds a great deal of promise and can add value to participation by blending individual and organisational development in a focused manner (Vicere, 2001). A good example of a sector using the consortium model is the utility industry in the United States. In these corporations, emerging DSGNS/leaders have already participated in MCD programmes. Collaboration among the membership has resulted in a learning model that allows participants to regulate and apply their own learning in the work environment. The managers learn how to learn the lessons their particular job offers each day by implementing some of the supporting techniques used daily, such as continuous improvement techniques (CIT), management value-adding techniques (MVA), total quality management (TQM) and fault tree analysis (FTA). This cooperative effort is a win-win opportunity for both the business and academic communities (Vicere, 2001).

3.3.2.2 Feedback approaches

Conger (1992) describes feedback approaches as initiatives that operate under the assumption that many who aspire to be an effective manager or leader already possess, in varying degrees and strengths, the skills they need. The aim of the programme, then, is to point out to participants their own key strengths and weaknesses, so that they can work to strengthen their weaker skills, and can act with confidence when relying on their strengths. Feedback-based programmes tend to rely heavily on 360-degree feedback (see Table 3.1 and the discussion of it).

The consistencies or inconsistencies across the various ratings are then used as the basis for discussions with the individual about performance, potential and development (O'Reilly, 1994). The use of 360-degree programme assessment, other forms of testing, peer and staff feedback and goal-setting can help an individual leader to learn about his/her strengths as a leader, confront his/her weaknesses, and develop a plan of action for improvement (Milkovich & Boudreau, 1994).

To maximise the potential contribution of the feedback approach, it is essential that the company manages the development context, making sure that the feedback has meaning for the participants and that the resulting development plans are linked to appropriate elements of the company's HRM infrastructure, especially its development, appraisal and reward systems (Conger, 1992).

3.3.2.3 Personal growth approaches

According to Conger (1992), personal growth approaches assume that leaders are individuals who are deeply in touch with their gifts and passions. Therefore, only by tapping into, and realising their passions, can people become managers or leaders. Thus, if training can help managers to get in touch with their talents and sense of purpose, they will presumably have the motivation and enthusiasm to formulate inspiring visions and to motivate those who work for them. Conger (1992) also notes that the goal of personal growth approaches is to help participants to understand the status or self-assessment for which they have given up their sense of power and efficacy in their personal and professional lives. This is accomplished through outdoor adventures that involve some degree of risk-taking, such as high-rope courses (Wagner, Baldwin & Roland, 1991), or indoor experiences that force participants to reflect on the discrepancy between their personal aspirations and the current state of affairs (Vicere, 1997). Administered appropriately, these experiences can be both eye-opening and empowering. If a manager's career in leadership is in part an emotional manifestation of his/her passionate interests and aspirations, then this is where a significant portion of training must take place (Conger, 1992).

3.3.2.4 Technology-based learning

In addition to the above approaches, there is increased interest in the use of electronic media and telecommunications to develop a manager's career. A recent article noted that most organisations are currently using new technologies to supplement traditional programmes and methodologies (Coyle, 1995). For example, participants are often kept in touch with electronic media networks during a multiphase MCD programme through email, voice mail, or video-conferencing. Networks based on various forms of groupware are also becoming more freely available.

This groupware is defined as a tool designed to enhance productivity by allowing users to share information and by allowing individuals to customise their MCD programme viewing electronically to suit their needs (Rifkin, 1995). The term “groupware” can include technologies such as group decision support systems, teleconferencing, videoconferencing and desktop conferencing systems.

Through the use of groupware, groups of people at various locations can be electronically linked to discuss issues, solve problems, analyse data or simply network (Kirkpatrick, 1993). All these tools enable the creation of a “virtual classroom”. These types of courses, offered by growing numbers of providers, establish the foundation for an organisation to engage in interactive distance training programmes. These can be distributed to multiple sites by using multimedia technology (Vicere, 1997).

Despite the growing use of this technology, technology-based learning is still “finding itself” as a tool for MCD. It has enormous potential, but the role technology will play in the future of MCD still has to be determined.

3.3.3 Learning

Shaw and Perkins (1992:31) note that learning is “the capacity to gain insight from one’s own experience and the experience of others and to modify the way one functions according to such insight”. When managers are given an opportunity to step back and see how their experiences have contributed to their growth and career development, they are far more likely to learn further competencies. This type of learning is the cornerstone of individual career development. However, more must be done if an individual manager’s learning is to be turned to knowledge, so that it forms a permanent part of that leader’s intellectual repertoire and contributes to the organisation’s collective knowledge base.

When markets shift, technologies proliferate, competitors multiply and products become obsolete almost overnight. Successful companies consistently create new knowledge, disseminate it widely throughout the organisation, and quickly embody it in new technologies and products (Nonaka, 1991). Converting learning to a knowledge cycle,

both at an individual and organisational level, demands new competency updates in the MCD process (see Figure 3.2).

3.3.4 Knowledge

Nonaka (1991:56) notes that “making personal knowledge available to others is the central activity of the knowledge-creating company”. It takes place continually and at all levels of the organisation. When groups of individual managers have an opportunity to work together, share personal learning and solve real business problems, they can develop a framework for creating new organisational knowledge. In effect, the managers collectively craft new ways of thinking, operating and performing in the organisation. This new knowledge can serve as the basis for transforming an organisation’s culture and its operating perspective by making the organisation what Davis and Botkin (1994) call a “learning business.”

Strategic MCD initiatives are geared not only toward developing individual leaders, but also toward creating opportunities for leaders to share their experiences across the organisation, in order to grow the overall “intellectual capital” of the business. By implementing strategic MCD processes that include team-based action learning activities, organisations are able to lever their intellectual capital and thereby enhance organisational development. When such team-based organisational development initiatives are closely linked to the strategic agenda of a firm, the organisation can create considerable momentum for transformation in terms of career development (Vicere, 1997).

3.3.5 Challenge

The challenge is to continue the creation of new knowledge, to become learning organisations, which continue to provide new challenges to MCD (McGill & Slocum, 1994). These challenges include new opportunities to learn, through

- rotational assignments (action learning on various departmental experiences);
- stretch assignments (task force and project assignments); and
- developmental assignments (start-ups, turn-around, international and staff-line).

By engaging managers in a continuous learning process that includes new experiences and new opportunities (allowing them to gain new perspectives) individual learning is stimulated. Ultimately, new linking opportunities and new opportunities for organisational knowledge are created. This, in turn, facilitates ongoing renewal throughout the organisation.

3.3.6 Putting the cycle to work

A revision of MCD initiatives can be a key mechanism for revitalising a company and crafting organisational competitiveness. Combining an understanding of the knowledge creation cycle with a focus on an organisation's strategic imperatives sets the stage for purposeful MCD.

An example that clearly highlights the benefits of MCD is the case of the Financial Services unit of Westinghouse in the United States. Nonaka (1991), who acted as a business change agent consultant in order to transform the operating culture of the company, defined a set of five strategic imperatives. These imperatives (set out in Figure 3.3, overleaf) focused on both financial stability and business growth. Using these imperatives, MCD competency was developed to ensure that Westinghouse's managers had the necessary skills and capabilities to achieve the company's strategic imperatives (Vicere, 1997).

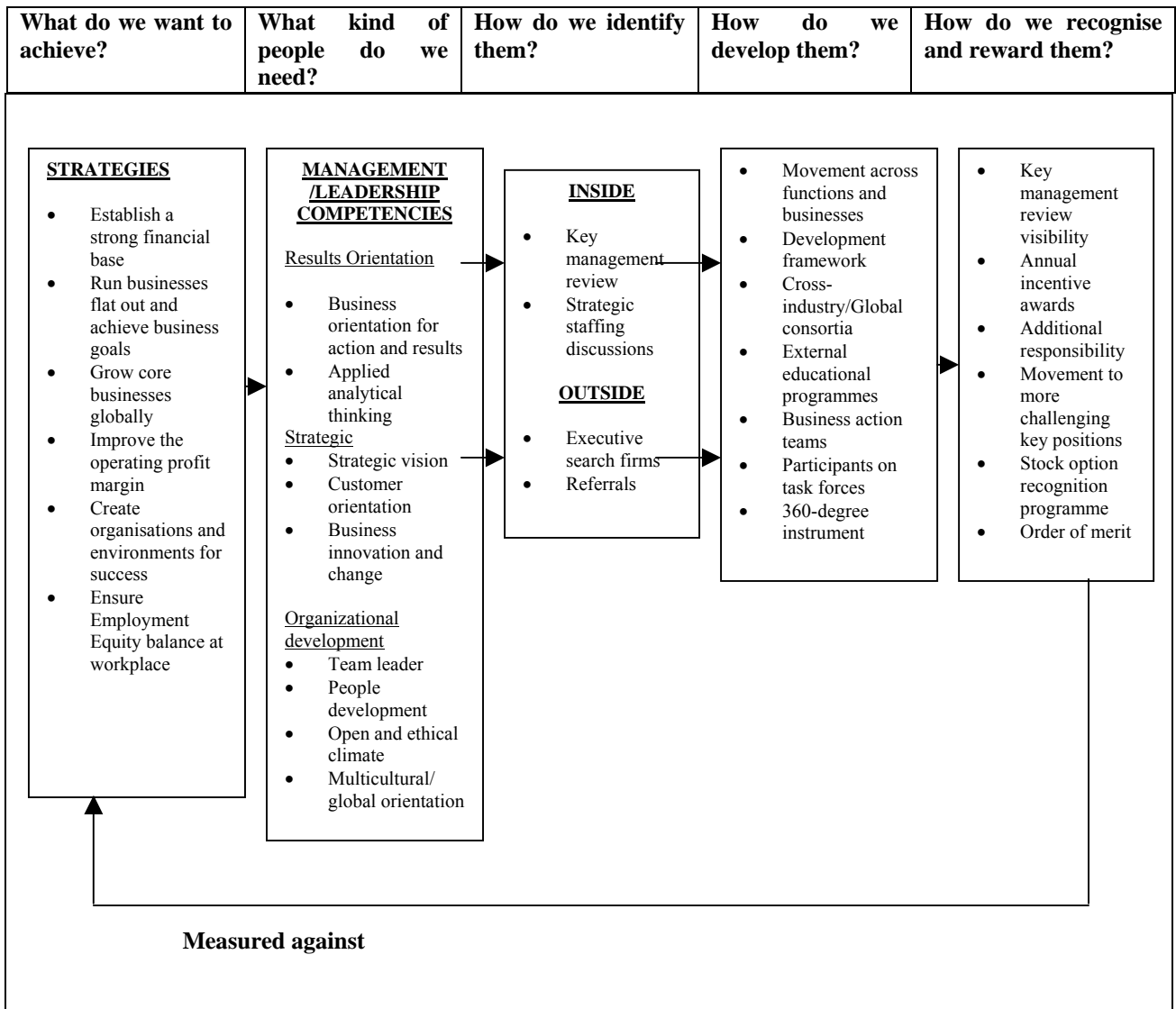


Figure 3.3: MCD – an integrated approach in the strategic context of the Westinghouse firm (Vicere, 1997:107)

Assessment processes were revamped to profile the company’s management talent pool. A set of MCD initiatives was designed to help communicate the strategic imperatives and competencies throughout the organisation and to address critical skills or perspective shortcomings that existed within the talent pool. These MCD initiatives included topical workshops, executive education programmes and discussion sessions with the CEO, and action learning initiatives. The entire process was reinforced by linking it to the company’s performance review and compensation systems. The company’s MCD initiatives played a critical role in the reorganisation efforts by serving

as a communications medium and as a mechanism for engaging managers in discussions on the strategic context of the company (McCall *et al.*, 1988)

3.4 BUILDING AN EFFECTIVE METHOD TO LINK AN ORGANISATION'S STRATEGIC AGENDA AND MCD PROCESSES

The Westinghouse case (Vicere, 1997) illustrates the power of linking an organisation's strategic agenda with MCD processes. It also highlights the need to link various methodologies to address the “why, what, how and who” of strategic MCD, as set out in Figure 3.4.

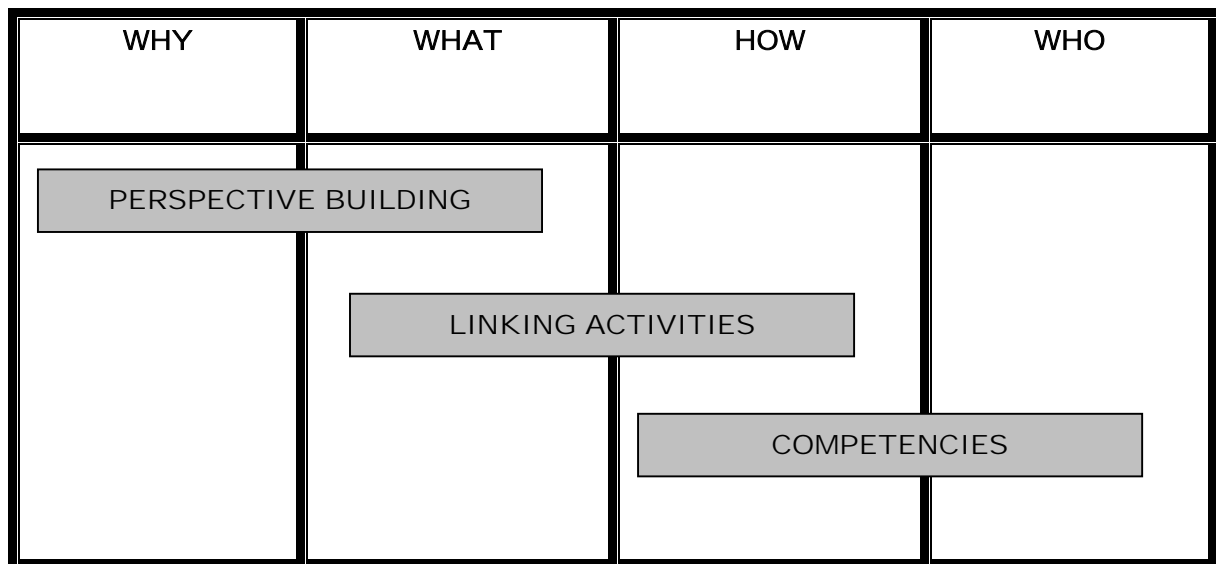


Figure 3.4: Elements of MCD (Vicere, 2001:119)

As the model in Figure 3.4 suggests, perspective-building activities involving various conceptual, skill-building, feedback or personal growth approaches seem to be the most effective in addressing the “why” and “what” of strategic MCD.

These activities provide excellent forums for outlining challenges, for presenting information, for discussing and clarifying issues, and for comparing ideas, practices and processes for creating awareness of why individual managers and their organisations need to change in order to perform more effectively than before.

Perspective-building is an effective method for addressing the “why” of organisational and individual development, and it can introduce managers to “what” needs to be done for them and their organisations to maintain effective performance levels. However, transferable learning is more likely to occur if discussions of “what” needs to be done are linked to actual hands-on practice in critical thinking and problem-solving. Performance appraisal systems and action learning projects are very effective vehicles for ensuring that the lessons learnt in programmes are linked to the real-world work environment (Vicere, 1997).

In addition, Figure 3.4 illustrates that these activities provide organisations with an opportunity to assess the “how” of strategic MCD by providing a forum in which particular skills, concepts or capabilities can be applied to management decision-making in a guided fashion, and can thereby be readily integrated into individual and organisational management practices.

3.4.1 The role of competency models

The creation of organisational competency models addresses the question of “who” is most likely to succeed in a management position, contributing greatly to appraisal and succession planning processes. This bridge to selection and appraisal helps to link the MCD process to HRM systems within the organisation, giving it greater credibility, accountability and impact. In addition, an analysis of the database created during competency assessments can help frame the objectives and directions of next-generation MCD programmes, bringing the process into a full circle model.

Companies today spend an enormous amount of time and money on developing career management competency models. The idea is to define a set of competencies for each job in the organisation with a listing of things the job holder must be able to accomplish (Esque & Gilbert, 1995). These job-specific competencies become the basis for hiring, developing and compensating employees within those jobs.

However, companies that place too great an emphasis on management competencies run the risk of developing a “programmatically framework”, which often results in their doing a very good job of training yesterday’s leaders. Companies would be well served to adopt

a “competitiveness framework” which focuses on both today’s and tomorrow’s challenges. The process of exploring competencies should be directed toward one goal: creating competitive capabilities and a sense of preparedness for the future (Ready, 1993).

Ready (1993:119) has defined three types of competencies:

- enduring competencies, related to a sense of identity and purpose within the organisation;
- contextual competencies, related to the strategic agenda of the firm; and
- process competencies, related to the ability of both individual managers and the firm to continuously learn, improve and grow.

Based on these classifications, Ready (1993:121) has crafted an international competitive capabilities inventory which blends an assessment of the strategic organisational capabilities essential for competitiveness in the global marketplace with an assessment of an individual leader’s capabilities.

When they are carefully worked into the strategic MCD process, competency models can be a powerful tool for defining management roles and expectations, clarifying organisational directions and directives and linking MCD to HRM processes such as appraisal, succession and compensation. However, when they are ineffectively used, competency models can be a mere symbol of the *status quo*, an anchor in past behaviours that can rapidly become bad habits in a changing marketplace (Eckenrod & Bradley, 1994).

3.5 A PROPOSED FOUNDATION FOR BUILDING A SYSTEMIC MODEL WITHIN AN MCD FRAMEWORK

3.5.1 The new role of career management

In this section, various existing models and theories are used to form an integrated foundation on which a new strategic HRM model is built (illustrated later, in Figures 3.8a and 3.8b). The researcher has adapted several concepts and theories from the literature on HRM by several experts, such as Vicere (2001), HRM in South Africa

(2002) and Veldsman (1996) to formulate the new working model. This new framework for organisational design did not come about as a single move. Instead, it emerged in fits and starts that together reflect a fundamental shift in management thinking.

Throughout the 1980s and early 1990s, global competition and enhanced information technology gave rise to a dramatic restructuring of markets around the world. Established organisations were challenged to rethink their competitive strategies and operational processes. Many once-dominant competitors seemed nearly powerless to fend off the onslaught of new competitors that did not follow traditional rules (Davis & Davidson, 1991). As a result of this environment of intensified competition, many established organisations lost their market share and saw dramatic declines in their profit margins. To deal with these competitive pressures, numerous actions were taken, perhaps the most significant of which involved extensive downsizing efforts that still continue. Downsizing in itself was a reasonable response to the competitive pressures of an emerging global economy (headcount reductions justified organisational expenditure on replacement technology) (Mathews, 1998).

Many “new” competitors were much younger and much leaner and, thanks to increased utilisation of information technology and related capabilities, they were significantly more streamlined in their organisational processes. These “new” competitors often move faster, are more efficient and more in touch with the marketplace than their “traditional” competitors. Hence, first-wave responses to this new competitive environment tended to involve attempts to “do more with less” by flattening organisational pyramids and incorporating new technologies, thereby gaining efficiency and improving cycle times (Henkoff, 1994). Figure 3.5 (overleaf) illustrates how “traditional” operations are becoming barrier-crossing “boundary-less” organisations that develop within the new challenging competitive environment. Strategic HRM reinforces new learning to get younger managers’ involved in the MCD processes.

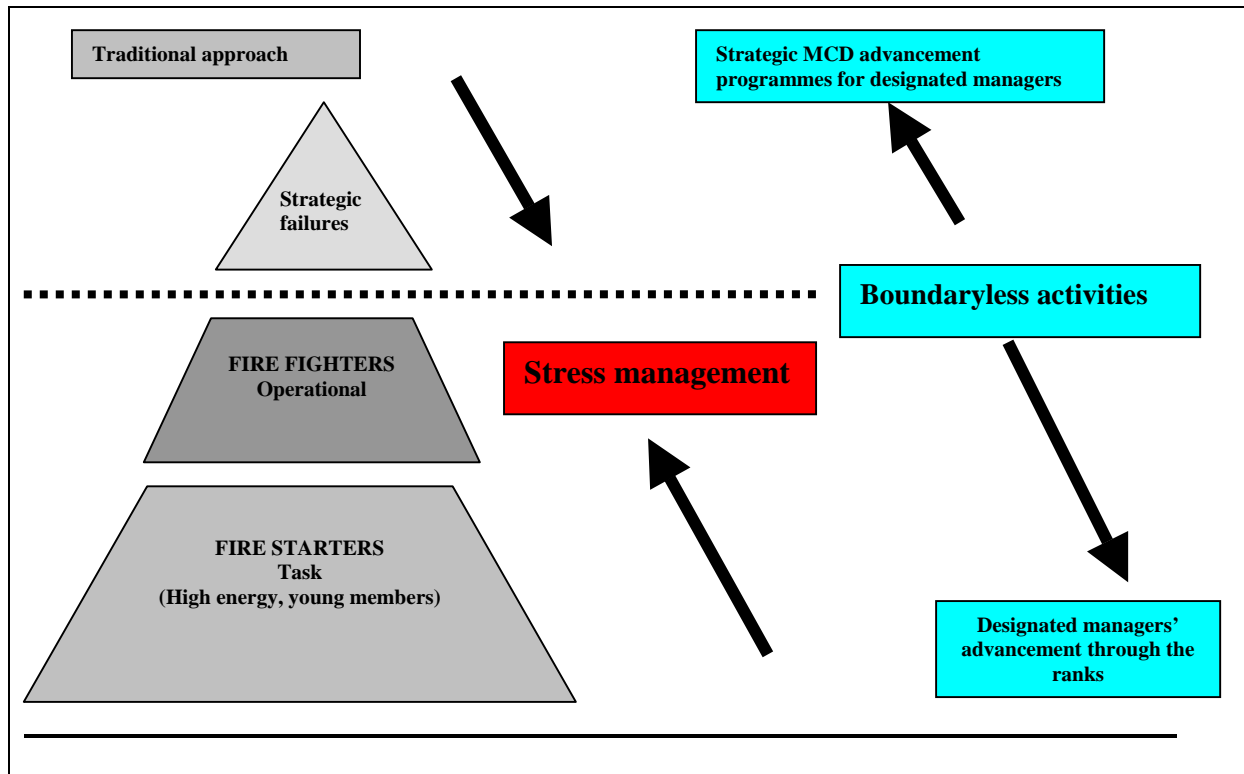


Figure 3.5: An HRM pyramid from the 1990s making way for new strategic MCD advancement (adapted from Vicere, 1997:73)

Figure 3.5 shows the traditional HRM pyramid of the 1990s, suggesting that the “Fire Starters” (Junior Managers) at the lower levels are young, highly competent employees with the latest training in information technology trends who want to cross the pyramid security barriers for a challenging work environment. The “Fire Fighters” (Senior Managers) at the core of the pyramid themselves grew up from the bottom levels and may have stagnated for a long time. The core managers protect their working environment and act by using a filtering process to communicate only success stories up the corporate message channels and to omit the failures. Figure 3.5 illustrates the following comments:

- Senior Managers incubate death at the lowest level of employees:
- there is no growth to mobilise staff;
- affirmative action or employment equity is not actively implemented;
- there is no MCD;
- there is no diversification;
- Senior Managers live with the legacy of the past;
- traditional management styles are followed;

- Junior Managers can be intimidated easily for HR/ business change;
- management communicates only good news;
- operations feedback avoids revealing poor industry performance;
- education and training has no job relevance; and
- training lower-level staff makes higher management feel insecure.

Appraisals and reward systems appear to work favourably, with the senior managers' gaining corporate creditability on all success stories. The "Fire Fighters" feel intimidated by the high-potential innovators and competencies at the lower level of the pyramid and are afraid to be overtaken by the talents needed for a global organisation.

The working environment illustrated in Figure 3.5 (above), of which the Fire Starters and fire fighters are examples, of which creates new challenges and threats, leading to new tasks and requiring continuous changes within the strategic MCD business plan focus. These anticipated changes influence organisational issues by leading to (Ready, 1993)

- increasing globalisation;
- intensified competition;
- higher prices of raw materials;
- shorter product life cycles;
- difficulties in covering expenditures for research and development during commercialisation;
- increasing flexibility within the whole company; and
- the implementation of new forms of inter-company and international co-operation.

Changes within companies create new pressures and require new management concepts. In particular, there are fundamental changes in the values of the younger generation who will move up the corporate hierarchy into senior management. A new MCD model requires a revision of company values, policies and action. Companies need to resolve conflicting demands, because they must (Vicere & Fulmer, 1998)

- innovate and yet maintain their traditional focus and values;
- provide scope for individual development and meet demands for employee participation;

- decentralise and provide autonomy, but also integrate and co-ordinate activities in different parts of the organisation.

At the foundation stages of the new model, as set out in Figure 3.6 (overleaf), there is an oval cycle of activity for MCD approaches that gives greater opportunities for the “Fire Fighters” and “Fire Starters” to become high-powered, dynamic teams.

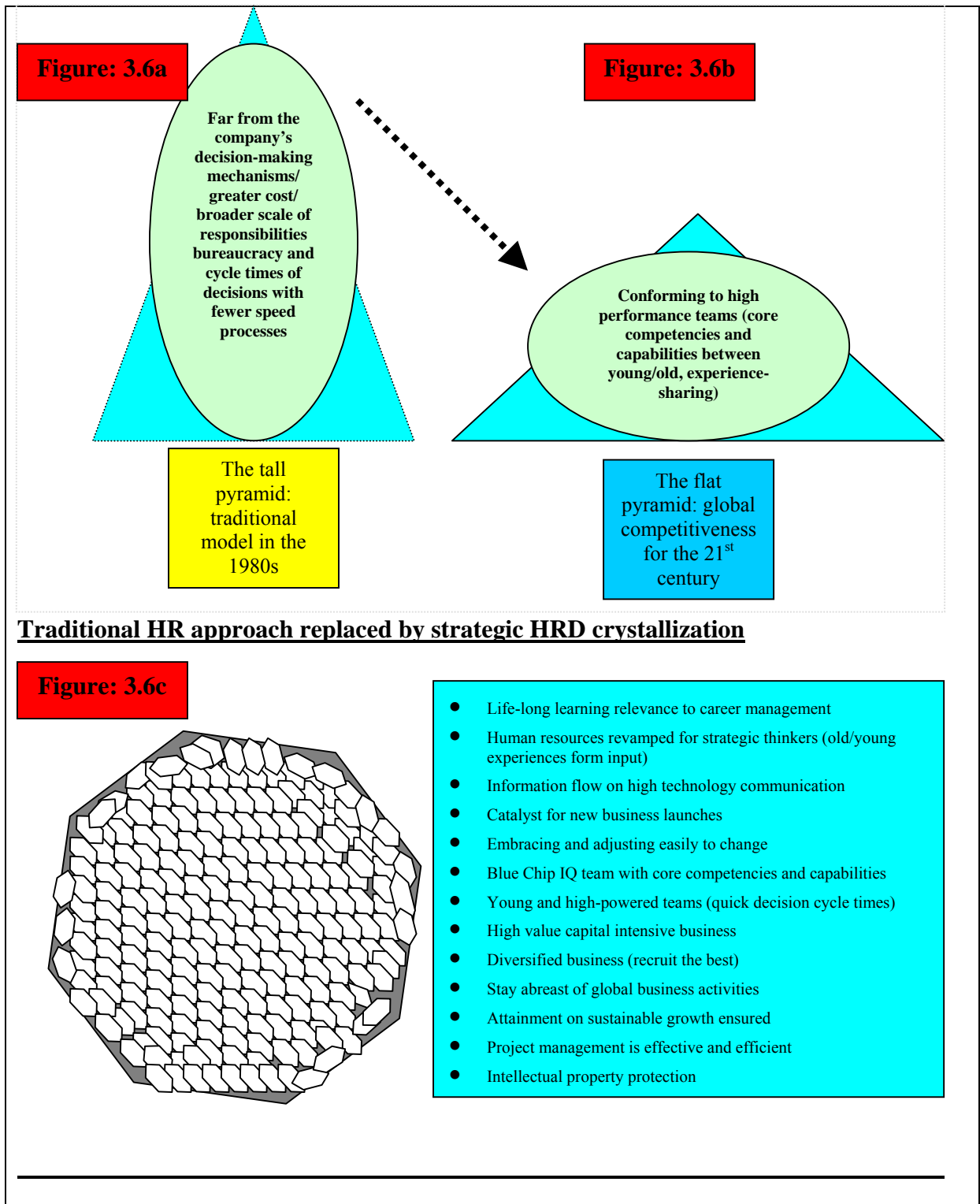


Figure 3.6: A proposed model of oval activity for designated MCD advancement (adapted from Vicere, 1997:73)

Teams can be established to tackle and resolve complex global competitiveness problems and eliminate obstacles that hamper communication. The team can also focus

on strategic organisational issues. The following are key pointers to crystallise the core areas of competencies in the flatter pyramids:

- A key team leader for organisational change must drive the proposed MCD model (and not the individual managers of the pyramid hierarchy structures).
- Stress is reduced for the decision-makers when the pyramid reporting structure is revised to a flatter HRM structuring.
- New ideas and competencies of new team members are allowed to be built up, so that knowledge is also transferred from experienced leaders to the new team members.
- The thinking processes of “Fire Fighters”/“Fire Starters” are integrated (forming high-powered teams) that revitalise the organisational business logic and sustain strategic business levels by rekindling the competitiveness of a firm.

3.5.2 The emergence of a new, flatter form of organisational structuring

The evolution of the new organisational form can be traced by means of the simple set of symbols depicted in Figure 3.6a. The traditional organisational model is depicted as a tall pyramid. With the evolutionary onset of the global competitive environment with its dynamic, unpredictable changes, the traditional model has become dysfunctional. The tall pyramid organisational form has fallen prey to first-wave downsizing and delayering efforts, resulting in the flatter organisational pyramid, as portrayed in Figures 3.6b and 3.6c).

At least theoretically, the flat pyramid holds great promise, proclaiming greater cost-effectiveness, because fewer people are needed. It brings the customer closer to the firm’s decision-making mechanisms. It eliminates unnecessary layers of bureaucracy. It gives workers broader scope responsibilities. It also speeds up decision-making and cycle times. These are all potential benefits.

Nevertheless, a key explanation for the inability of the flat pyramid to deliver competitiveness is revealed in Figures 3.6b and 3.6c, in the “oval of activity”. At the risk of oversimplification, this symbol depicts all the activities and processes in which an organisation engages to accomplish its work. Most companies seem to be caught up in a restructuring nightmare. Rather than restructuring with a purpose, they move

through a vicious cycle of continuous shrinking, with no focus on creating unique value in the marketplace, and no focus on growing and developing the organisation as a competitive entity.

3.6 A NEW SYSTEMIC MODEL FOR AN INTEGRATED DESIGNATED MCD STRATEGY

The present study has identified the problem of the acute shortage of skilled DSGNS and, hence of the necessity for career-pathing and development for managers in South African automotive organisations. Moreover, the added roles and the locus of strategic HRM activities need to be redefined in the light of the new challenges and demands imposed by both internal and external macro-variables. These variables include political/legal, economic, social, technological, global trends and the quality of managers' work lives.

In developing the strategic model (see Figures 3.8a and 3.8b), it was acknowledged that there has been a lack of adequate research in the area of designated MCD within the automotive sector. Hence, there is a need to produce a model which contextualises the research problem, and adds to the existing body of knowledge. According to Anthony *et al.* (1996:18), strategy is defined “as the formulation of organisational missions, goals and objectives, as well as action plans for achievement, that explicitly recognise the competition and the impact of outside environmental forces”.

A survey conducted by Walker (1990:27) has revealed that “change and variety are the watchwords of HRM development”, as human resources departments assume added responsibilities when they are faced with new challenges like the career-pathing and development of a DSGN understudy. This represents a shift in the focus of HRM and MCD. Figure 3.7 compares traditional personnel management to the new paradigms of the MCD process.

The marginalised “Personnel Department” <i>Traditional paradigm</i>	Integrated strategic HRM - MCD <i>New paradigm</i>
The “Personnel” function focuses on administrative personnel issues. Personnel/HR departments are marginalised and do not “add value” to organisational strategic goals.	The HRM specialist’s function/role is redefined in the context of global business requirements and continuous improvement.
The Personnel/HR function “serves” top management.	HRM function “serves” from the top/down, from strategic to operational structure levels (management and employees).
The CEO pays lip-service to the importance of human resources, but does not act on it and talks often of interventions.	CEO supports and drives the HRM culture of the organisation – both symbolically and functionally.
Personnel/HR has a short-term focus with negligible vision or strategic focus.	HRM has a long-term, strategic focus which flows directly from the overall organisational vision and strategy.
Personnel/HR is regarded as a cost centre.	HRM is regarded as a profit centre, making a measurable contribution to improving organisational performance.
There are high levels of centralised decision-making, with HR “marginalised” and excluded from key strategic business decisions.	The HRM specialist at board level participates at the highest level of decision-making in every area of the business, influenced by government’s new labour legislation and international world class business HR practices.
There is a lack of clear, integrated human resources strategy.	The HRM department and management agree jointly on strategy and policy, which are critically aligned with the overall business vision, strategy and policy.

Figure 3.7: The two paradigms (adapted from Watson, 1996:10)

The strategic importance of the new paradigm is that organisational integration is maximised; management commitment is obtained; and flexibility and quality of work is the result (Watson, 1996).

According to Watson (1996), the new paradigm provides an appropriate framework for HRM practice in modern organisations. She proposes that at the micro level, the MCD and development strategy should focus on the acquisition of world class competencies and skills in the following core areas: technical skills, management competencies for global business operations, project management skills and high performance teamwork skills development. These management competencies and skills for designated management groups should be integrated with key areas such as Affirmative Action (an amendment of imbalances between the appointments of DSGNS and Non-DSGNS in the past), diversity management (coping with a changing working environment and culture) and the forging of new relationships and partnerships with unions and multinational businesses, including in the automotive industry.

The literature review of strategic HRM linked with MCD theory discussed in Chapter Two was used to form the main building blocks in formulating an integrated model for designated MCD. This proposed model (shown in Figures 3.8a and 3.8b) provides an integrated, systematic model for designated MCD that is linked to the strategy of a human resources central management monitoring structure. In developing the model, it has to be acknowledged that there is a lack of adequate empirical research conducted in the area of D_{SGN} MCD activities. The need to produce a model which contextualises the research problem and adds to existing body of knowledge is thus recognised.

This model focuses on large automotive organisations' top management commitment to put in place affirmative action interventions to lend support to career-pathing and development initiatives to build capacity among previously disadvantaged managers.

The proposed model (see Figure 3.8a) is intended to provide a working model within which the issues relating to MCD at the level of the organisation can be discussed. It is clear that there is a cycle of four stages, leading outward from organisational strategy, which provides the context for MCD. From this comes some attempt to formulate policies governing MCD, which, in turn, lead to the MCD practice unique to each organisation. These activities comprising MCD practice feed back into aspects of organisational performance, which in turn affect subsequent organisational strategy and the relationship with the environment. In Figure 3.8b, the model explores the strength and direction of relationships relating to the different stages of the model.

The main thrust is a positive approach towards career development strategy for future D_{SGNS} to meet the global competencies capacity requirements of automotive organisations. This model clearly links the organisational mission statement with theoretical strategy formulation to enhance the integral developmental capacity of D_{SGN} MCD.

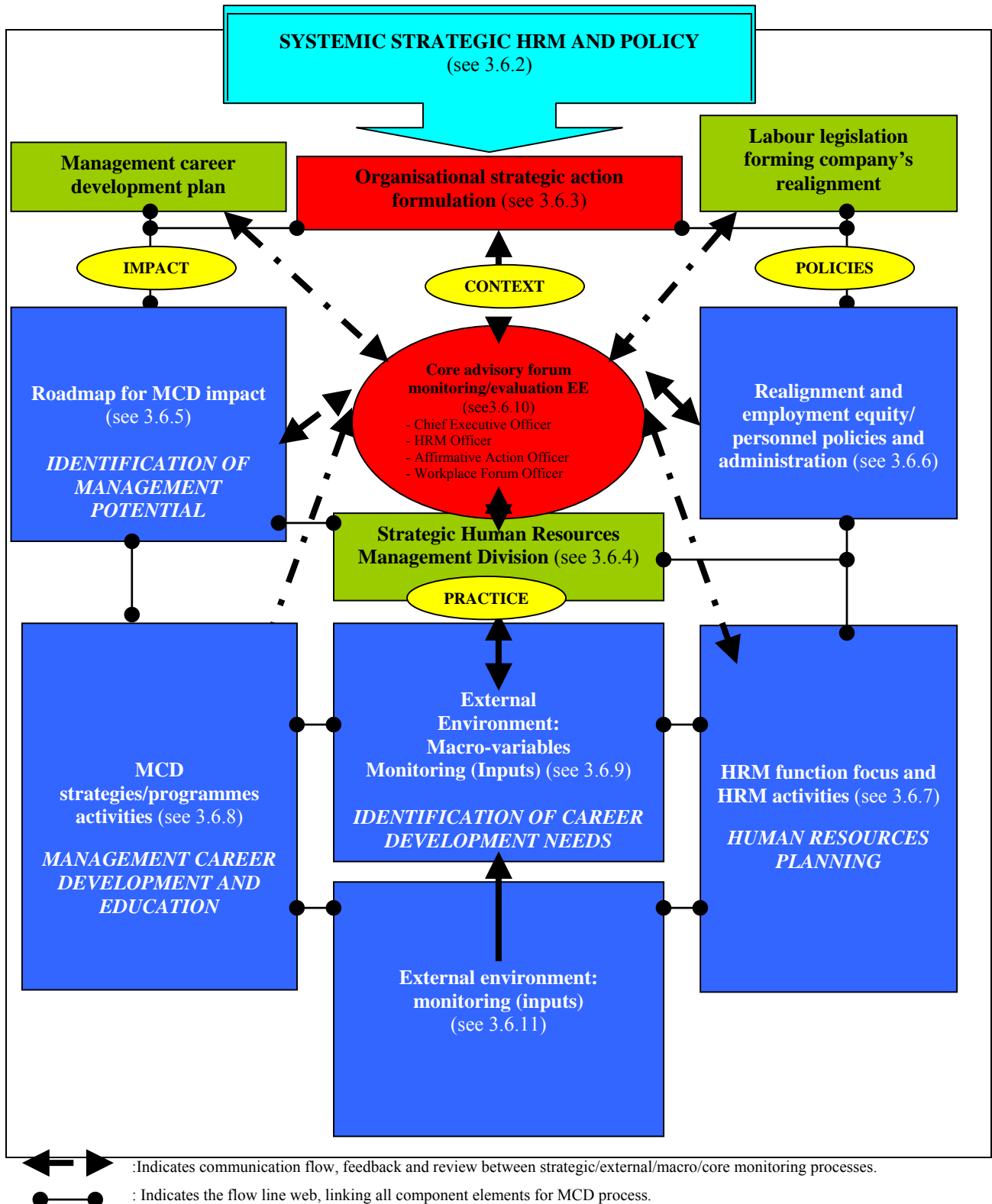


Figure 3.8a: Brief overview of a proposed integrated designated MCD strategy
(adapted from Thomson *et al.*, 2001:31)

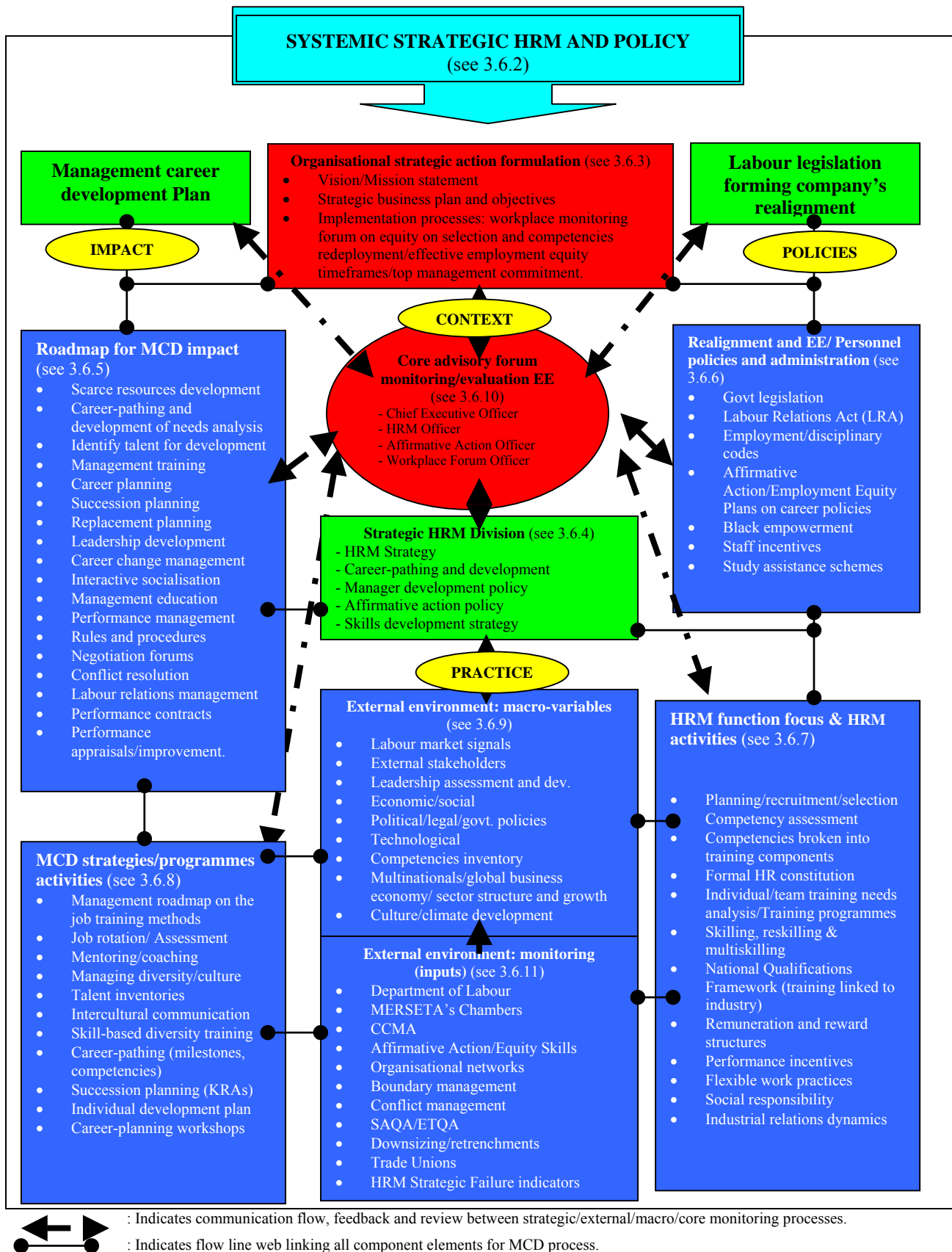


Figure 3.8b: A proposed detailed formulated strategic model for designated MCD
(adapted from Thomson *et al.*, 2001:31)

3.6.1 Critical assumptions in a new MCD model

It is necessary to outline the critical assumptions of the new model (see Figures 3.8a and 3.8b) and the key principles in order to contextualise the model.

- The model is formulated for D_{SGN} MCD, but should be equally applicable to non-designated managers. The title of the new proposed model is consistent with the central focus of this study, in terms of the perceived benefits for designated managers' career advancement in the automotive sector.
- The MCD strategies and approaches illustrated in the model are not the only interventions that can be used. Other approaches, methods and strategies would also be appropriate, depending on the type of needs identified, the phase in which the organisation is (the start-up or maturity phase), and the environmental forces that influence the organisation.
- The impact of the Employment Equity Act (Republic of South Africa, 1998a) and the Skills Development Act (Republic of South Africa, 1998b) – see Chapter 2 – on the training and development of future D_{SGNS} has been taken into account.
- The management of diversity and cultural change, sensitivity-based diversity career planning and development to facilitate designated MCD strategy, as highlighted by Carnevale and Stone (1994), are included.
- The importance of the shift in the focus in HRM strategies, as well as the realignment of human resources functions and the concomitant impact on designated MCD and development initiatives, as discussed by Veldsman (1996), have been taken into account.
- Development at the post-employment stage (for managers who have been identified internally and who show potential for further career advancement) has been added.

3.6.2 Strategic overview of the proposed new model for integrated designated MCD

The model integrates the key principles of HRM career-pathing and a development strategy including eight major components (collated individually in frames). Multiple flow lines, like a “web”, shows links between the components and their elements, which surround a core integral controlling and monitoring structure (Mathews, 1998:21). The broken lines with two-way arrows indicate communication flow, feedback and the

review process of the relevant components at strategic and external (macro) monitoring levels. In this way, continuous interaction between components and the bipolar relationships of the elements contained within the components are shown, with the dotted lines indicating the elements contained in the external environment which affect the company-specific model for internal strategic formulation and the monitoring of MCD. This method was developed to eliminate superfluous flow lines, clearly demarcating the linkages to avoid confusion.

The four main components which have an impact on the new model are

- organisational strategic action formulation-monitoring/evaluation processes (contexts);
- internal MCD strategies/ programmes (practices);
- Employment Equity personnel policies and HRM functions (policies); and
- external macro-environment influences (impacts).

The Core Advisory Forum, internal monitoring and evaluation component structures contain core elements with sub-sections that demonstrate the interconnecting links of two-way interaction. The processes are guided by the organisational action formulation strategy.

3.6.3 Taking action on organisational strategic MCD formulation

A chief executive positions an organisation in terms of the organisation's vision and strategic action in general and a committed approach to designated MCD in particular. The organisational vision is articulated in the corporate mission statement, thus forming an essential feature of the strategic intent. Drawing upon systems thinking, four stages can be seen as providing inputs, processes, outputs and outcomes and thus also potentially acting as independent and dependent variables for statistical analysis. These four different stages are linked either directly or via complete influenced MCD activities (i.e. context, policies, practices an impact).

Although policy is a crucial variable, there is a spectrum of strong and weak management policies which are themselves a matter of choice rather than being driven solely by context and circumstances. The same is true of the linkages to the other stages.

Unfortunately, the outcomes or impact of a policy framework and a set of development activities (that are sought by the organisation and are the rationale of the whole MCD system) are very difficult to measure in terms of actual improved performance.

While the new model is far from exhaustive, it does provide a framework within which the system can be explored, both conceptually and statistically. The four direct or complete activities for the different stage linkages can be discussed as follows:

- **Context (inputs)**

The aspects of the external and internal environment influencing an automotive organisation's strategy are many and varied; the main ones are included in Figures 3.8a and 3.8b, but they are themselves difficult to capture without further analysis. It would, for instance, be very difficult to capture organisational strategy in a holistic sense. The external environment is measured in terms of organisation size, sector and the nationality of ownership. The internal environment is measured by the growth of the organisation over the previous three years; and the centralisation of and responsibility for the implementation of career-pathing and the development of designated management. It is contended here that these inputs comprise important contextual factors influencing the equity policy, method, amount and effectiveness of designated MCD provision in a given firm. The automotive sector is potentially important in that it relates to career management; a planned career structure, succession planning and a policy of appointing managers for a career (rather than solely a job).

- **Policies (processes)**

It is sometimes assumed that an MCD policy is derived from a company's human resources policy, but this may well not be true. The term "development policy" may be something of a misnomer, since a large proportion even of organisations well outside the small business classification do not have an explicit policy to deal with MCD processes. It may therefore be more reliable to infer the strength of a policy from what is done rather than what is stated (Fox & McLeay, 1991). Nevertheless, the mere existence of a written policy is an important indicator that creates a "policy" cluster, along with the priority given to designated MCD by the organisation and the extent of perceived responsibility. A policy, however, needs to

be implemented, and the processes and methods by which this is done are of great importance for the outputs and outcomes of the system. The policy process could include a system of appraisal or some other form of management and development training needs analysis, or a choice of training method (mentoring, coaching or succession/career planning), according to Thomson *et al.* (2001).

- **Practice (outputs)**

The range of activities and the amount of time spent on them can vary considerably from company to company, department to department, and manager to manager, as well as from time to time. Possible outputs of MCD might be better trained and developed managers, designed to bring the portfolio of competencies closer to the desired optimum, or some alternative career goal such as bringing the managerial culture into line with revised business objectives.

Management can focus on two dimensions of career-pathing and MCD practice: the volume, as measured in average training days per manager and the type of development undertaken. However, as noted by Scarbrough, Swan and Preston (1999) not all MCD is necessarily under the aegis of the organisation; managers can undertake it outside the organisation, either by themselves or through an agency such as a professional institute.

- **Impact (outcomes)**

While the impact of MCD on both the organisation and the individual can be far-reaching, it often proves very difficult to measure the bottom line or other performance impact on investment. Successful management of change, a decreasing turnover among key staff, improved productivity or quality of service may all be tangible outcomes of judicious MCD and development. In addition to these outcomes, there are softer, but by no means unimportant outcomes, such as enhanced job satisfaction or organisational commitment.

Finally, even if no identifiable improvements can be seen, there is the question of whether things might not have changed for the worse without development. Each individual manager brings with him/her a background and a set of predispositions, aspirations and expectations which affect the MCD experience. DSGNS have become

increasingly concerned about their future and more aware of the need for career development, whether through the employer or externally, on their own initiative. One could argue that there is a cycle of context, policy and processes, activities and impact for every individual similar to that for the organisation, although with somewhat different factors, as discussed by Thomson *et al.* (2001).

Top management commitment is critical for the success of MCD and development intervention. It also acts as a smoothing agent for pockets of resistance to change and possible opposition by individual line managers within the organisation. According to Goseteli (1997), resistance to change relates to an individual's understanding of survival and requires a process to be objective in order to prevent a stereotyped formation of ideas. He states that "only education and training leading to understanding and self-confidence can overcome the resistance to positive change" (Goseteli, 1997:33). The top management commitment is vital towards the corporate strategic vision and has a shared responsibility by means of collective efforts and achievements. The MCD budget set aside by top management should be seen as an investment in a company's human resources, and should reinforce commitment.

The mission statement and strategic plan also embrace other macro-imperatives incorporating the business strategies or objectives of HRM in functional departments within the organisation (the core system) which are also aligned to the strategic business plan. The final element of the strategic planning process is the evaluation phase, which includes monitoring, feedback and review. According to Oliver (1997), competitive leverage for the future is underpinned by the management of complexities with careful monitoring and control structuring. The monitoring mechanism is shown in the web core of Figures 3.8a and 3.8b and a snapshot of the motivational process (in Figure 3.11) that makes up the "Core Advisory Forum's" internal monitoring structure framework. These structures are joined by a broken line single two-way arrow to "organisational strategic action formulation", "external macro-variables" and "external monitoring inputs" to indicate on-going interaction. Its MCD importance is highlighted in the following section.

MCD and other development initiatives form only one component of the business plan emerging from a HRM department, which is linked to the corporate strategic plan.

Walker (1992) contends that business strategies are becoming increasingly people-management intensive and hence command specific top management attention. Oliver (1997:36) observes that “successful leverage can only happen when the human element can encompass the detailed complexity of work at the operational level and deal with the uncertainty and complexity at the strategic and international levels”, using judgement, knowledge and experience to optimal effect.

3.6.4 The shift in the HRM focus in this MCD model

The role of HRM is critical for organisational strategic planning, and enables top managers to prepare for and plan future human capital requirements. HRM is used in the business plan strategy, and anticipates future MCD activities. Figures 3.8a and 3.8b show the link between organisational executive action in terms of strategic formulation and the HRM department. There is ongoing interaction between operational planning and the implementation of organisational strategy (consistent with the HRM strategy). The HRM department's elements aggregate the needs of the other functional departments' cost centres in terms of staffing requirements within the MCD dimension. These requirements increase the number of potential D_{SGN} managers identified within a career development plan, and organisations can simultaneously achieve their equity targets.

HRM which liaises with top management is responsible for the implementation of a successful strategic MCD activity, and for drawing up the following policy documents:

- overall strategic action policy for MCD formulation and human capital cost investments;
- an overall generic MCD policy for the organisation (a proactive approach to solving HRM problems);
- a designated MCD policy, focusing on capacity-building for all profit centres, as a future-oriented approach to HRM control; and
- an affirmative action policy, setting out clearly defined targets for each managerial occupational level.

The rationale for these written policy documents is to identify future organisational demands and supplies of D_{SGNS} and to manage MCD programmes so that any

discrepancies are eliminated. More specifically, the purposes of a written HRM policy, as stated by Thomson *et al.*, (2001), are

- to reduce HRM costs by helping top management to anticipate shortages or surpluses of DSGNS and to correct these imbalances before they become unmanageable and expensive;
- to provide a better basis for planning MCD that makes optimum use of managers' existing supportive attitudes;
- to promote greater awareness of the importance of MCD throughout all departmental levels;
- to eradicate all forms of discrimination and the sensitive issue of disclosure of relevant information by organisations;
- to provide more opportunities for the MCD of DSGN groups in future growth plans and to identify specific available skills; and
- to provide an affirmative action policy.

These company policy documents provide an alternative intervention for evaluating the effects of strategic HRM actions against the policies.

In the context of this study, the MCD of future DSGNS applies to individuals identified for development at the earliest possible employment phase in an organisation. These may include:

- individuals who are literate and identified as having potential from the category of the lower management forming the operating management band level, which is justified by the strategic business plan;
- subordinates from any section or profit centre of the organisation who are identified as having talent;
- newly-appointed individuals who are identified for further MCD (targeted for business expansion or new product lines);
- junior managers who are identified for further education, training and MCD;
- DSGNS who are identified as high flyers for executive MCD, education and training, for senior positions or senior management at board level.

It is important that, during policy formulation, alignment between HRM and the strategic business plan objectives, the affirmative action and MCD policies is achieved, and that they complement one another so that policy contradictions are eliminated. The

MCD policy must focus specifically on identifying D_{SGN}s with high potential in order to put them on a fast track for more intensive MCD. The MCD policy must focus particularly on D_{SGN} MCD, and the broad objectives are the following:

- eradicating all forms of discrimination and discriminatory practices;
- obtaining top management commitment, funding and line managers' support for the MCD intervention, to make the policy operational;
- furnishing top management with information and an estimate of targets the organisation should attain with regard to the number of D_{SGN}s and women required to reflect equitable demographics at each occupational level;
- evaluating performance and assessment on an ongoing basis in order to optimise development;
- creating structures for employee participation concerning their MCD for equal promotion opportunities to ensure a motivated and fully committed workforce;
- establishing MCD goals and time scales for implementation;
- obtaining the support and co-operation of unions and employee workplace employment equity forum representatives for the MCD initiative;
- determining a logical framework for the integration of core activities relating to D_{SGN} MCD and improving the quality of the work life of candidates;
- equipping D_{SGN} managers with competency and abilities and guiding them toward taking greater responsibility for and being more responsive to change;
- involving top management, senior managers, line managers, employee workplace forums and trade union representatives in evaluating progress made towards D_{SGN} MCD and reviewing policy to allow for adjustments (see the central internal monitoring structure in Figures 3.8a and 3.8b); and
- identifying the skills, abilities, attributes and knowledge that need to be developed and are required for a motivated and fully committed potential candidate.

3.6.4.1 Role of line managers in the adoption of MCD programmes

Companies must adopt a wide range of mechanisms to assist line managers to determine their MCD paths. Performance appraisals or 360-degree evaluation methods that adopt structured career development tools (like assessment centres, career planning workshops and psychometric testing) can be used to assess and develop high-potential managers. Typically, the results from these tailored plans of action must prioritise MCD

competency needs and set up a plan for core development activities to address a manager's career path (for example, by doing of periodic career reviews, relying on information on job vacancies and new career paths, providing informal mentors/coaching and fast tracking programmes). The responsibility rests with line managers to perform the role with increasing efficiency, not only in carrying out effective monitoring, but also in ensuring that information is relayed back to the HRM central strategy function.

The HRM central strategic monitoring function can act as a guide to overall HRM policy implementation within the organisation in terms of being regionally, nationally and globally strategic in the formulation of HRM plans and designated MCD activities. The human resources department is not solely responsible for all policies, training and development – individual line managers are more involved in DSGN MCD planning which requires a higher use of individual personal development plans. Line managers must be involved in MCD activities, especially in briefing, monitoring, debriefing and showing responsibility for high priority involvement and the effective use of HRM development resources. Line managers should also be actively involved in the process of developing subordinates. Given the impetus for change and the shift in the focus of HRM functions, the role of strategic HRM is central to policy formulation and implementation, and is a vehicle for effective delivery with tangible benefits.

3.6.5 Road map for MCD impact

“Strategic action formulation” (see Section 3.6.3) is linked to a “centralised monitoring structure”. It demonstrates top management involvement in the process of MCD. However, the primary responsibility for giving strategic thrust to the executive road map and outcomes rests with the HRM department, with its own HRM strategy. The HRM director is directly involved in setting the strategic plan in motion and in evaluating the outcomes. Hence the flow line joins the human resource department to the component of the executive plan road map formation. In Figure 3.8b, the main features are reflected under the sub-headings “Strategic road map for MCD impact”, formation lines joining the “MCD strategies/programmes activities” components.

The strategic road map is the ultimate strategy lending muscle to the organisational commitment to D_{SGN} MCD in the eyes of existing employees, as well as external interest groups, via the training policy entrenched in the mission statement. It is a committed response to the strategic imperative of developing D_{SGNS} and recognising the forces shaping the future in relation to organisational effectiveness and transformation.

The executive road map, jointly networked with the HRM department, indicates that the effective implementation of management plans falls under the jurisdiction of each functional line manager. It procures collaborative support, committing line managers to the executive vision and action, and sets in motion agreed time scales for attaining objectives, with realistic budgets. Similarly, the executive road map also applies to senior executives or managers, soliciting their time and securing their involvement in the identification of corporate talent for executive positions (related to placement and succession planning for the future). Thus, the executive road map becomes a shared responsibility, and acts as a catalyst for MCD for potential D_{SGN} groups of high achievers.

The systematic procedure proposed in the model identifies system flow potentials and develops justifiable MCD procedures to address the components of the executive plan. This strategic plan must initiate and implement overall MCD policy in terms of the strategy, by equipping and motivating line managers overseeing individual development

plans. In order to align business plan objectives with an MCD policy within an HRM strategy, the following guidelines suggested by Harrison (1997) can be followed:

- conduct a career development needs analysis as a point of departure for the MCD intervention, and identify the type(s) of skill category that require(s) attention (technical or non-technical service support at all managers' operational levels or bands);
- determine the current competencies status and global business competencies needs at each level in the organisation;
- determine the current and future demand for DSGNS for various occupational levels in order to develop management competency resource pools;
- identify internal talent to replace top level managers (succession-planning) lost due to natural attrition;
- conduct a human resources audit at each occupational level to determine the demographic profile (race and gender) of personnel in the organisation;
- meet targets set within the affirmative action policy parameters for the external recruiting and internal promotion of DSGNS based on the agreed criteria of competence and merit;
- determine the adequacy of in-house training facilities, the qualifications of trainers and the proportion of funding set aside for the career development of designated personnel;
- continuously gauge trends in the labour market, demand and supply forecasts, and internally evaluate the organisational personnel records and inventory; and
- inform the Chief Executive Officer and senior managers in leadership development and mentoring about existing senior DSGN talent in executive positions on organisational boards.

3.6.5.1 Key factors in the increased demand for MCD

The following are the key factors which create MCD demands (Arnold, 1997):

- the need to contextualise organisational strategies and policies within the national skills authority system for registering new competency skills;
- the momentum resulting from increased demands for DSGN MCD, where most workplace revolutions occur when organisational changes take place (for example, a new product cycle is launched);

- the competitive environment, which affects MCD due to increased business (for example, a new export market);
- MCD critical warning indicators, which mean that companies are in danger of falling behind their competitors (MCD can be seen as an organisation's early steps to gain an advantage in the market);
- managerial insecurity, where few managers expect to have a career for life in any given organisation and most recognise that they must prepare for change before it overtakes them (this helps to generate the concept of a "career development contract of employability" with employers, in which the DSGNS are developed with a view to being employable in the external market);
- the rate of return to MCD (looking back, it was one of the most alarming features of MCD before the 1980's that there appears to be a very low rate of return to MCD – an Mabey and Thomson (2000) survey reveals that the main increase in earnings potential was generated by the higher level of mobility which MCD allows and also indicates that there were significant gains in salary from undertaking MCD life-long learning in post-graduate studies);
- the self-reinforcing demand (Ronen, 1989) that the more education and MCD people undergo, the greater the demand for more (as more managers have training and as more gain qualifications at all levels, so they recognise the value of MCD, which in turn creates a critical mass effect with regard to competent managers); and
- a better supply of DSGNS resulting from considerable expansion of the MCD programmes that create a further demand for brighter people to enter managerial positions.

Organisational MCD policy frameworks must be expanded in these areas. These written statements of policy must help to give greater recognition to career development. Internal procedures such as the growth of appraisals have helped to create a workable system and a more permissive attitude to individuals' interest in qualifications. Career development generally helps to unlock latent demand and transform it into effective demand.

3.6.5.2 *Linking the MCD programme activity cycle to the strategic business plan*

There has recently been much interest in knowledge management, as the global economy becomes increasingly knowledge-driven (Leadbeater, 1999), but less attention has been paid to the implications of this for MCD strategies and programme activities. MCD must have a strong strategic HRM component, career development and promotion planning that is becoming increasingly “boundaryless” and will provide a range of competencies to DSGNS who are interested in advancing their careers.

The following objectives can be achieved by using the proposed model (refer to Figure 3.8b):

- MCD will form part of the overall organisational philosophy;
- HRM strategic issues will be addressed by MCD long- and short-term programme priorities that link educational and external networks;
- MCD budget resources can be shared (by HRM staff and facilitators);
- responsibility for MCD implementation is allocated to a “Core Advisory Forum”;
- a common MCD competency language will be adopted;
- selective and planned job rotation will be introduced; and
- a performance appraisal system (360-degree evaluation) will evaluate DSGNS’ levels of MCD competency progress (maintaining life-long learning).

Figure 3.9 (overleaf) illustrates the MCD actions undertaken by top managers that can be connected to business plan objectives (or the mission statement) of an organisation. The cycle at the top level of the figure shows how the MCD plan is conventionally derived from HRM policy and plans, and supports the mission and objectives of the organisation.

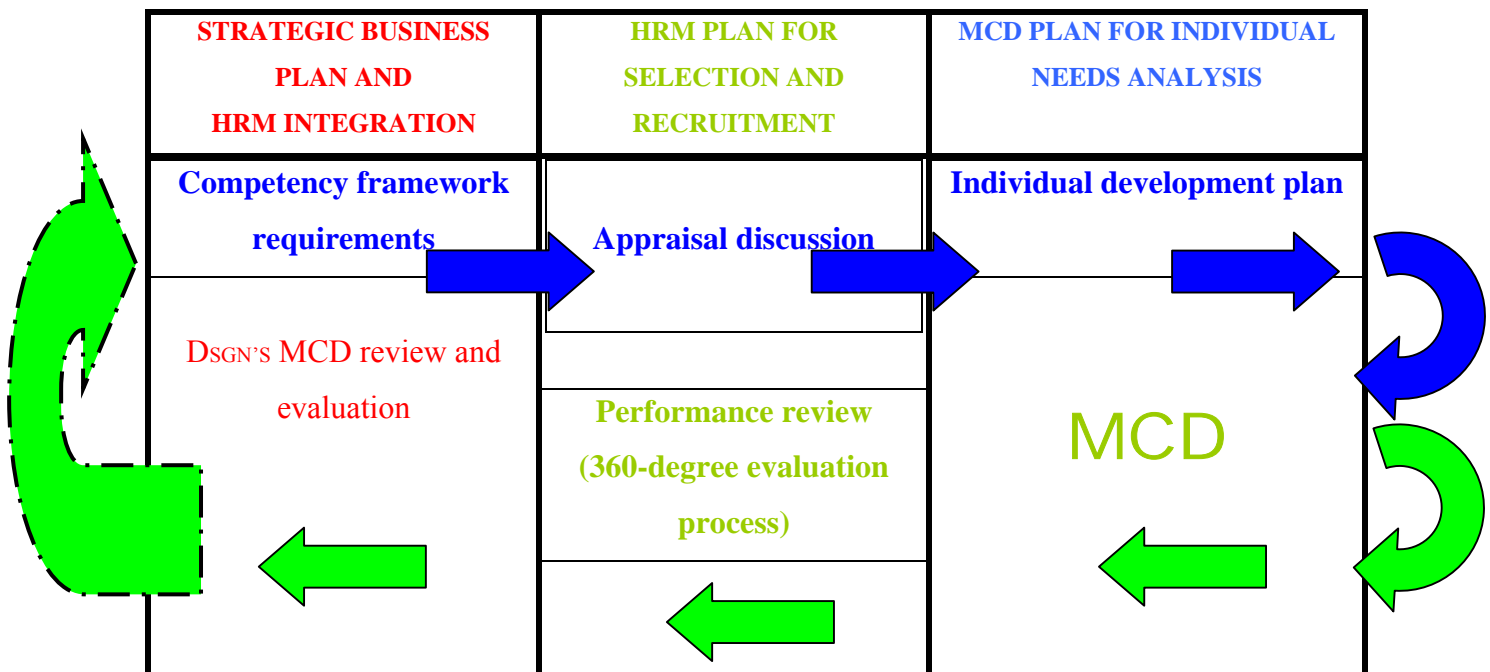


Figure 3.9: Proposed map of MCD linkages to the organisation's mission
(adapted from Kotter, 2002:34)

Looking at the downward thrusts in Figure 3.9, one sees that the strategic business plan and HRM integration are translated into the behavioural requirements that form the competency framework audit. At the strategic level, the organisation must periodically review the outcomes of its MCD activities, as well as its succession planning and fast track programmes, in order to assess its managerial capability to achieve the business plan objectives. Strategic HRM is primarily based on the central MCD activity cycle, linked to the strategic business plan. This is shown by the arrows in Figure 3.9.

This representation focuses on the four key areas of MCD assessment dimensions (competency framework requirements, appraisal discussion, a personal development plan and performance review). Each of these areas can greatly assist an organisation in developing relevant competencies. Human and Hofmeyr (1985) suggest that some forms of MCD are more appropriate in some situations and therefore the MCD actions chosen should be matched to the individual's development needs. The scarcest types of skills may need different developmental strategies from other skills. Cascio (1995) supports this assertion, noting that the choice of a particular strategy should be guided

by the flexibility with which it matches identified needs and the incorporation of appropriate learning principles.

3.6.6 Realignment and Employment Equity/personnel policies and administration

This component of the model is linked with the strategic road map for MCD impact, and it includes elements such as “Personnel Policies and Administration” and “HRM” functions.

The strategic intent of top management is embodied in the organisational mission statement and is translated into strategic business objectives. It is manifested in HRM strategy and designated MCD through a collaborative effort on the part of top management and line managers. The positive outcomes include:

- top management commitment to equity policies that comprehensively cover each of the target groups’ MCD and the full range of issues important to the DSGN group members;
- ongoing communication and consultation with target group members and HRM networking that paves the way for inviting comments, suggestions and input, creating a feedback mechanism to evaluate the DSGN MCD strategy in particular (such an endeavour attempts to allay resistance to change, possible apprehension, anxieties and feelings of insecurity, so that the policy regarding DSGNS’ development does not fail);
- managerial careers that may come to resemble those of performing artists, where individuals with distinctive contributions come together to work on short-term projects; parties share an interest in effective collaboration; the long-term management, reputation, image and visibility improve and distinctive portfolios are developed (perhaps concepts like trust, teamwork and professional commitment grow in importance as organisational commitment and loyalty decline);
- the highlighting of the strategic importance of DSGN MCD and affirmative action implementation at top management levels (in preparing the physical environment, top management should take note of changes in the organisational structure with the knowledge that more designated groups will be recruited, trained and promoted

within management ranks, in keeping with organisational transformation policies, affirmative action and employment equity policies); and

- effective processes for implementing and monitoring MCD progress on actions included in the employment equity plan of the HRM strategy. This process will effectively advocate a radical shift in HRM focus towards factors affecting MCD processes, policies and functions. Top management should be willing to recognise and deal with dysfunctional areas of the organisational employment equity plan and their influence to win sufficient MCD programme support.

Watson (1996) and Veldsman (1996) have commented on a radical shift in the HRM focus in the light of factors in the external environment which call for a realignment of HRM processes, policies and functions with top management involvement.

3.6.6.1 Human resources policies and administration

The magnitude of changes occurring in the South African automotive sector, due to global export expansion, has prompted these organisations to re-evaluate existing personnel policies and administration. In particular, external factors such as government policy, the national and international economy, and the national and regional labour market influence management career paths and strategies. Internal factors such as whether the organisation operates in an internal labour market or whether it adopts a planned career structure also drives career policies (as do the kinds of career anchors managers have, and at what career stages they are).

The proposed model suggests that career development policy (what priority is given to career development and what responsibility the organisation assumes for it) will influence what MCD practices and procedures are employed. So, for example, an organisation with a “strong” career development policy is likely to take responsibility for MCD, give it high priority, and express it in a written form, as well as offer more “relational” contracts, succession-planning and planned career structures. Perhaps it will also attract, select and retain DSGNS with particular career anchors.

The kind of policy that is adopted is likely to influence the outputs of career development practice (an organisation with a “strong policy” is likely to carry out more

of the required activities across the whole spectrum and those with a “weak policy” may do much less, or restrict themselves to activities that merely encourage individual career planning). In turn, output development is likely to promote satisfaction with career advancement, positive assessments of policy processes, procedure success rates and their impact on the organisation.

Top management should re-engineer its policies and practices, particularly those involving DSGN MCD, around five fundamental guidelines (Van der Krogt & Warmerdam, 1997):

- Develop and establish an employment equity task team that is bound by a workplace constitution to eliminate unfair discrimination and promote equal opportunities for all.
- Implement affirmative action measures to redress the employment disadvantages experienced by designated groups, in order to ensure their equitable representation at all occupational categories and levels in the workforce.
- Participate in policy decisions related to the integrated success of Employment Equity for
 - the employment equity policy;
 - the affirmative action policy;
 - the employment equity plan;
 - training and career development goals and initiatives;
 - deviation control procedures;
 - dispute resolution related to employment equity;
 - socio-economic empowerment policy; and
 - all HRM polices throughout the employment cycle.
- Improve the quality of life for all employees.
- Promote black empowerment (DSGN) issues for social and economic equality.

3.6.7 HRM function focus

The term “HRM” tends to be used in three ways (Watson, 2002):

- to refer to an academic area of study which brings together what were previously the separate fields of personnel management, industrial relations and aspects of “organisational behaviour”, such as motivation, leadership and work design;

- to refer to all those aspects of managerial work that deal with employees (sometimes used interchangeably with “people management”); and
- to refer to those activities that were once referred to as personnel management, but justify a re-labelling to “HRM” when they take on the features identified in the left-hand column of Figure 3.10 (overleaf). In this usage, “HRM” is a new approach to handling human resources and employment issues in organisations (HRM functions are listed in Figure 3.8b).

With the impact of the Labour Relations Act (Republic of South Africa, 1995b) and the proposals on Employment Equity (Republic of South Africa, 1998a), a new thrust has evolved in human resources planning in South African automotive organisations, with the emphasis on redress, workplace demographics, welcoming diversity, work re-organisation, career-pathing and development. This sub-component flowing from human resources policies and administration is bound by a single link to the core of the internal monitoring structure. DSGN development and affirmative action policies require expanded role functions and human resources activities. Hence, the functions or activities are extended to the human resources department and are consequently added responsibilities for human resources director/managers.

Key features aspired to by “HRM functions”	Alleged characteristics of personnel management rejected by “HRM functions”
HRM functions take on a strategic emphasis and a strong business or “bottom-line awareness” (see Figure 3.8b).	Personnel management is said to concentrate on managing conflicts with employees.
With HRM functions, employment and resourcing issues become the concern of all managers.	Personnel management is said to keep employment and resourcing issues as its own specialist concern.
HRM specialists’ work as “business partners” with other managers (insofar as human resources specialists are retained, rather than their expertise being outsourced or “bought in” from consultants).	Personnel managers are said to relate to other managers, sometimes, by advising them on employee issues and, at other times, by policing them to ensure compliance with corporate personnel policies and procedures.
HRM functions develop a personal and high commitment relationship between the employer and each individual employee.	Personnel management is said to find it acceptable to have either a low commitment, arms-length relationship with each individual employee or to relate to employees’ collectively through the mediation of a trade union.
HRM functions are associated with a high trust organisational culture, making significant use of teamwork and other “indirect control” devices that make close supervision, detailed procedures and strict hierarchies unnecessary.	Personnel management is said to be associated with lower trust relationships with employees, more “direct” management controls and relatively bureaucratic structures and procedures.

Figure 3.10: Summary of key features on HRM contrasted with traditional personnel management (Storey & Edwards, 1997:43)

The Employment Equity Act, No 55 of 1998 (Republic of South Africa, 1998a), raises the issue of external monitoring of equity plans and other policy documents with subtle measures regarding incentives and sanctions. Some HRM functions are to establish an equity forum task team model (see Figure 3.8b) to monitor human resources processes.

These activities should be redefined to include:

- human resources planning (staff personnel planning and career development);
- recruitment, pre-and post-selection;
- compensation policies and benefits;
- working conditions;
- training and development;

- flexible work practices;
- social responsibility; and
- industrial relations dynamics.

HRM planning, as suggested by Anthony *et al.* (1996), should dovetail with the macro-strategic planning process and the HRM strategy, and translate objectives into future quantitative and qualitative personnel requirements.

According to Morobe and Raubenheimer (1994), it has become necessary to develop a framework for organisations to quantify the future human resources needs of organisations. Thereafter organisations should commit themselves to specific targets for DSGN career development. Beach (1980) states that organisations that experience an undersupply of required skills should reduce their dependency on external recruitment by formulating retention, retraining and human resources development strategies.

The purpose of the Skills Development Act (Republic of South Africa, 1998b) is to strengthen, restructure and address the shortages of DSGN talents, especially in the professional, technical and executive fields. This is of particular concern to automotive organisations in South Africa. The Act stresses the need to initiate MCD plans internally.

Recruitment and selection procedures need to be carefully reviewed to avoid any form of perceived discrimination. It is therefore important to formulate policy guidelines on recruitment and selection which are consistent with HRM strategy, so that discrimination is not perceived to exist. In this regard, job specifications and a careful synthesis of job evaluation need to be re-visited. Key attributes and qualities should be listed to avoid any form of discrimination. Similarly, job advertisements should be carefully framed and worded and placed in the media aimed at a black audience as well in traditionally white media to avoid discrimination and accusations of unfair methods of recruitment (Storey & Edwards, 1997).

3.6.8 MCD strategies/programmes/activities

In Figures 3.8a and 3.8b, the sub-components of “MCD”, career-pathing and development initiatives for the occupational advancement of D_{SGN}, include career planning, succession planning, mentoring/coaching and replacement planning. This initiative should be a guide to the development of internal D_{SGN} to ensure leadership capabilities for the future.

Social responsibility is part of an organisation’s social investment and should not be confined within corporate boundaries. It also extends to involvement in social upliftment in communities. Some automotive organisations, especially Original Equipment Manufacturers (OEMs) and 1st tier companies, have made tangible contributions in this domain. These contributions are seen in the organisations’ responses to HIV/AIDS, their sponsoring of community projects such as rural infrastructural development, of clinics, schools, sports fields and recreational facilities. In a company-specific milieu, top management is committed to the health and safety of its workforce, particularly with regard to the proliferation of AIDS and to programmes to combat AIDS. In recognising the historical disadvantages of black employees, organisations should address their social, health and developmental needs as well (AIDC, 2002).

3.6.9 External environment component – macro-variables

The last component of the model in Figures 3.8a and 3.8b shows the outer boundary, outside the company-specific environment. It consists of two sub-components, namely external monitoring: inputs and macro-variables. Each sub-component is linked by a single line that, with the central internal monitoring structure, signifies communication flow lines, as there is ongoing interaction between the two. This provides a rationale for HRM, aligning the organisational external macro-environment with internal networking flow lines and indicating the areas which could be managed by means of a strategic approach to HRM. As is explained in Figures 3.8a and 3.8b, as a result of environmental uncertainties, strategic planning is implemented to cope with changes in the environment. These changes require HRM practitioners to anticipate long-term HRM needs, instead of concentrating only on short-term needs.

There are various elements of the external environment (macro variables) that prompt strategic MCD planning. Some of them are discussed below. It is no longer possible to take a short-term view and decide how to deal with these issues as they occur. It is essential to anticipate and, where possible, to prevent these problems, for the following reasons:

- Human factors such as creativity or productivity become more important when there is competition with foreign markets. South Africa is now part of a global economy which makes many new demands. The strategic business plan must accommodate and manage changes if the organisation wants to survive economically.
- HRM must be alert to technological changes in the world, to ensure the continued growth of MCD skills relevant to the market.
- Government and political changes often result in changes in the law. So, for example, as a result of major political changes in South Africa, the following labour legislation has been promulgated and has had a significant strategic impact on HRM:

- the Labour Relations Act, No 66 of 1995 (Republic of South Africa, 1995b);
- the South African Qualifications Authority Act, No 58 of 1995 (Republic of South Africa, 1995a);
- the Skills Development Act, No 97 of 1998 (Republic of South Africa, 1998b); and
- the Employment Equity Act, No 55 of 1998 (Republic of South Africa, 1998a).

The external environment changes all the time and HRM practitioners must remain up-to-date by following media reports, talking to important role players and service providers in an attempt to promote MCD for business relevance.

The aspects contained in the sub-component of the macro-variables are labour market signals, external stakeholders, leadership assessment and development, economic/social, political/government policies, global business economy and culture. Each of these variables, depending on labour market flexibility, exerts pressure on automotive organisations. The most notable amongst these for South African automotive organisations is the State's interest in the implementation of the Employment Equity

Act (Republic of South Africa, 1998a), the ramifications of the new Labour Relations Act, No 66 of 1995 (Republic of South Africa, 1995a) and the new Skills Development Act (Republic of South Africa, 1998b). The influence of this legislation on human resources career development for the majority population and on employer organisations cannot be overemphasised in this study.

The External Monitoring (Inputs) sub-component falls outside the scope of company operations. It is linked to the sub-components of key interest groups (professional institutes, trade unions, SACOB, etc.) and macro variables, revealing their mutual interaction.

3.6.10 The Core Advisory Forum (internal monitoring and evaluation structure)

The “core internal monitoring structure” is shown as the real core of all the organisational components for corporate executive action. It is linked to the HRM department component, which influences strategy formulation and implementation. Both monitoring mechanisms are crucial for the integration of a designated MCD strategy. For the implementation of strategic plans in accordance with stated strategic objectives to be successful, the dimension of monitoring and evaluation requires special attention.

After implementing the strategic planning process depicted in Figures 3.8a and 3.8b, the final phase must be the evaluation by the Chief Executive Officer, HRM Officer, the Affirmative Action Officer and the Workplace Forum Officer/Employees’ Representative. This phase is intended to identify any inherent gaps, deficiencies or loopholes in the planned strategy. It leads to corrective action which may subsequently entail a process of dynamic re-planning if inherent deficiencies are discovered. The element of control falls within the jurisdiction of top management, whose prerogative it is to monitor the success or failure of the strategy implemented.

In Figures 3.8a and 3.8b a distinct core component is included to reflect the importance of internal monitoring mechanisms, aligned with the external sub-components of monitoring. This main core component, the “Core Advisory Forum” is the internal monitoring and evaluation mechanism linked to the HRM department. It falls under the

main domain of the “Strategic HRM action structuring” component. The “External Monitoring” component is located directly below the “External environment” links of the model.

Often well-planned mission statements and corporate strategy formulation lose their intended direction because of a fatal flaw in the way the policy has been formulated or a lack of proper control mechanisms to monitor the implementation of the intervention. Within the scope of this study and for the success of the proposed model, it is critical for an internal monitoring body to be established to oversee the implementation of the designated MCD strategy and employment equity plans. This initiative involves the establishment of an internal monitoring body to serve as a control and audit mechanism, which will facilitate networking with any external monitoring body.

The establishment, scope and functions of the internal monitoring mechanism are partially influenced by the statutory role of the external monitoring body under the auspices of the Department of Labour. Automotive organisations have to submit equity plans for external audit and must have their own in-house monitoring body, namely a “Workplace Forum Officer”. The Department of Labour may also conduct an organisational audit to evaluate the workforce profile of a company at all occupational levels.

The model shows the sub-component “Internal Monitoring” under the main component headed by “Strategic Action Formulation”. Its position reflects the notion that the final accountability of the Core Advisory Forum as an internal monitoring structure rests with the Chief Executive Officer. However, it is envisaged that the responsibility may be delegated to the HRM Director/Manager and the Affirmative Action and Workplace Forum Officers for action. The model shows multiple lines joining all functional components of the model to the Core Advisory Forum for “internal monitoring”, to indicate ongoing interaction and communication with and feedback to top management. Consequently, the main core component of the Core Advisory Forum for the purposes of internal monitoring should not be seen as a mere appendage to the organisation.

Figure 3.11 illustrates the Core Advisory Forum’s reflection of the commitment by top management motivational process and HRM’s strategic demonstration that it can effectively deliver the designated MCD programme (as articulated in the strategic

business plan in Figures 3.8a and 3.8b). It is the responsibility and role of the HRM director to incorporate several strategic functions that support the overall organisation's HRM career development programmes so that they can be effectively integrated with the strategic business plan focus.

The following "snapshot" of the Core Advisory Forum's internal monitoring and evaluation structure process provides a clear set of guidelines for the development of potential DSGNS, as emerging from this study (see Figures 3.8a and 3.8b). It is these guidelines which constitute this development model's Core Advisory Forum, as shown in Figure 3.11. This model motivates the strategic MCD process to establish targets and plans to promote and advance designated managers up the corporate ladder. The strategic HRM process plan in Figure 3.11 should alleviate the critical shortages of designated skills and management personnel by allowing designated staff to move to senior career-pathing positions through the Core Advisory Forum's involvement, as stated by Leibowitz, Kaye & Farren (1990):

- human resources personnel planning;
- the identification of management potential;
- the identification of MCD needs; and
- the MCD strategic planned process (needs analysis, assessment, recommendations, problem-solving, design, implementation, monitoring and evaluation).

Kotter (1996) reveals that forming a Core Advisory Action Forum allows top management to demonstrate its support and commitment to designated MCD programmes by sharing their expertises of importance and urgency. It also signals a belief in collaboration and teamwork, which may be a new message in some organisations. It also links organisational needs with individual career opportunities. It harnesses potential competency and addresses the need for designated MCD, provides challenges, matches interests, values and personal styles.

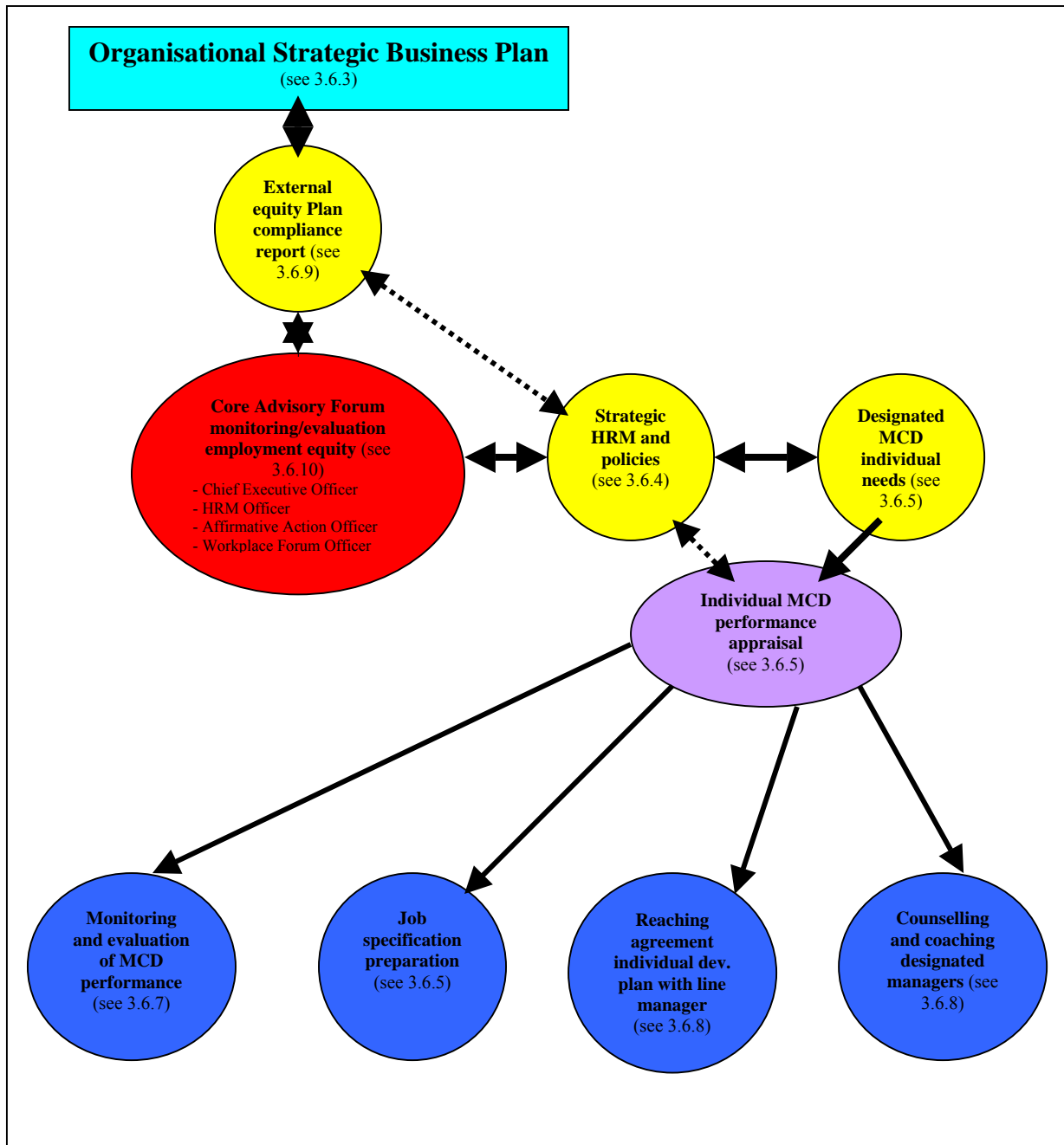


Figure 3.11: Core Advisory Forum's strategic HRM motivational process

The following strategic functions illustrated in Figure 3.11 are necessary within the Core Advisory Forum:

- two-way communication between HRM and business managers before a strategy is finalised (this implies that HRM managers are accepted as valuable and contributing members of the strategic management team);
- the support of organisational strategy by HRM managers on a number of fronts (the strategic HRM should be designated to support organisational strategy; HRM staff

should be involved in designing the strategy to ensure that they have ownership of the strategy and are motivated to implement it);

- HRM processes with a common architecture, for example, an appraisal scheme which measures the same behaviour with regard to individual MCD needs (this behaviour is developed via the MCD programme and may be rewarded by means of a numeration system);
- a reporting function performed for top management, line managers and all employees using multilateral communication networks and feedback assessments;
- effective and timeous reviews of human resources strategies, policies, procedures, methods and functions, in consultation with top management as soon as new information comes to light or when a review is pending;
- linkages and ongoing networking with members of the external monitoring body to ensure that the employment equity plans (together with the other policy interventions) are consistent with executive action to accord with strategy and the business plan; and
- close liaison with the Affirmative Action Officer and line managers to ensure that targets are set so that the MCD of D_{SGNS} is aligned with the corporate objectives that have been agreed upon.

The thick lines with two-way arrows emanating from the Core Advisory Forum's internal monitoring structure and connecting with components situated inside and outside the organisation indicate the communication flow and feedback. This communication occurs after the Workplace Forum Officer has completed his/her organisational audit of equity plans and policy documents. The Core Advisory Forum's internal monitoring body evaluates the feedback report(s) and, depending on the nature of the report(s), engages in corrective action or remedial measures with the purpose of reviewing the corporate strategic plan and business objectives. It also monitors the implementation of internal plans concerning affirmative action and D_{SGN} development policies that address skills shortages. The ongoing feedback provided by line managers acts as a feeder enabling an evaluation of any gaps that are experienced and these may entail revising corporate strategy and mission.

This process is represented by the thick lines and two-way arrows, showing the link between the Core Advisory Forum's internal monitoring structure component and the

Strategic Action Formulation component. The element of control is vested in the office of the Chief Executive Officer, who becomes the custodian responsible for policy implementation and is ably assisted by the senior managers/directors who form the top echelon of corporate management. The in-house Core Advisory Forum's internal monitoring body or structure should include

- the Chief Executive Officer/or a member of top management;
- the HRM director/manager;
- an Affirmative Action officer; and
- a Workplace Forum Officer/Representative nominated by staff.

It is possible to include other senior managers, but care should be taken not to make the body too unwieldy. At the same time, a broader representation of all parties for inclusive participation and transparency is essential. The chairperson of the Core Advisory Forum's internal monitoring body should be the Chief Executive Officer, with the HRM managing director/manager as the vice-chairperson. It is imperative for top management to be seen to be actively involved to reflect genuine commitment.

More importantly, the commitment of top management is demonstrated by the provision of the necessary budget for the effective delivery of designated MCD programmes, as articulated in the corporate mission statement and strategic business plan. Since the HRM director/manager, as vice-chairperson, acts as the chief advisor, the role of this incumbent is of major significance, according to Van der Krogt and Warmerdam (1997).

It is important for all parties in the organisation, including employees at the operating management level, to be kept up-to-date by means of open and regular communication to ensure that there is no gate-keeping of information. This creates a climate of mutual trust and interaction, where an opportunity is accorded to all employees, including managers, to debate issues, free-wheel ideas and solicit co-operation and support.

Thus, evaluation and control of the integrated designated MCD strategy, as the final phase of strategy implementation, falls under the curatorship of the central internal monitoring body. The review process indicated by the lines occurs frequently, as and

when information is communicated by an external monitoring body regarding the evaluation of equity plans and policy interventions.

Lastly, strategic HRM planning should be justified by applying one or more of the following two techniques (in the internal HRM functions and linked with a single line to the central core monitoring forum):

- Identify how the HRM function can be used as a high-leverage variable to enhance performance. This involves indicating opportunities which have been lost or not taken advantage of because of a lack of strategic HRM planning, obtaining the results of research on strategic HRM planning, or indicating the advantages of strategic HRM planning (for example, increases in the organisation's commitment to MCD).
- Gain acceptance by means of coalition-building. Include key line and staff managers in the HRM information process. The HRM practitioner has the choice of adopting a direct approach to convince top management, or of gradually building a support base.

3.6.11 External monitoring structure – macro-environment

In terms of the equity plans framework outlined in the Employment Equity Act (Republic of South Africa, 1998a), policy documents submitted by employers are subject to an audit by an external monitoring statutory body. The external monitoring body is promulgated by law and its composition is envisaged to include representatives predominantly from State bodies, and possible non-statutory bodies. In the case of the automotive industry, these may include the following:

- the Department of Labour;
- the Motor Engineering Related Sectorial Training Authority (MERSETA);
- the Council for Conciliation, Mediation and Arbitration (CCMA);
- Affirmative Action Commission representatives;
- the Employment Equity Advisory Council (EEAC);
- the Education and Training Quality Assurers (ETQA); and
- key interest groups' representation from recognised trade unions and the Black Management Forum (BMF).

The exact composition of the external monitoring body is not dictated. It has been contended that representation from the above bodies will legitimise the establishment of the body. Representatives from the Affirmative Action Commission must establish an Affirmative Action Policy Development Forum working committee with achievable aims similar to those of the external monitoring body. This vision emphasises promoting the interests of designated groups and administration (De Villiers, 1996). Hence, external monitoring of equal opportunity policy is significant. Similarly, the inclusion of State representation from the Education and Training Quality Assurers (ETQA) body as an offshoot of the Department of Labour is necessary for accreditation purposes. It is anticipated that Employment Equity legislation will oversee the establishment of an external monitoring body to conduct organisational audits, evaluate equity plans submitted by employer organisations, make recommendations, and be empowered to impose sanctions and offer incentives. Its role is critical in the light of the evaluation of training and development initiatives by employer organisations for historically disadvantaged groups (MERSETA, 2002).

3.7 CONCLUSION

There has been a significant shift in South African industries in the drive to align organisational HRM infrastructure with labour legislation. The career advancement forces of MCD are moving away from quick-fix education and training initiatives towards a more integrated, system-oriented approach. Strategic players in MCD and HRM are changing and redefining their roles and boundaries. Rare opportunities to shape the future are emerging for those organisations that understand the forces at work.

Executive education and MCD, viewed from the strategic context described in this chapter, can have a powerful, positive impact on corporate performance. For that to happen, however, an organisation must have a well-defined, well-aligned set of strategic imperatives that frame how it plans to build its competitive advantage in the market. This strategic agenda must then serve as the basis for the establishment of developmental processes that facilitate progress toward the future. Competency models are created to help organisations institutionalise the “how”, as well as to define and delineate “who” is likely to succeed to a management position, how he/she will perform his/her duties, and how the company will assist people to develop to their fullest

potential. Together, these elements comprise the basic tool kit for creating a strategic MCD process.

MCD initiatives are mounted not to “run programmes”, but to address potential gaps in career management skills that could impair an organisation’s ability to achieve its strategic imperatives. Therefore, it is essential that evaluation and assessment focus on performance, both individual and organisational. The first step in the evaluation process, then, should be an assessment of the MCD task on hand. A plan of action should draw heavily on the HRM strategic system’s framework for MCD, and efforts that facilitate progress towards strategic imperatives. Finally, techniques for assessing and evaluating effectiveness need to be built in throughout the system to ensure its integrity. The MCD plan must be frequently discussed by the employee and his/her senior and updated as agreed during MCD discussions. It is critical that MCD is a joint process involving both the individual and manager.

The strategic MCD model proposed in this study is presented against the background of the constraints that have been imposed on D_{SGN} MCD by the lack of adequate research on D_{SGN} career development in the South African context thus far. This MCD model contextualises discussions around the four cycle dimensions’ stages that lead to HRM organisational strategy (namely contextual aspects or inputs, the career development policy framework, activities and outputs and the outcomes or impacts of the executive Core Advisory Forum).

Briefly, MCD will become increasingly influential in a digital-based economy. This will be the real driver of professional continuous MCD. D_{SGNS} will have to appreciate the need for MCD for future job (or employability) security and mobility. Strategic HRM models will assist considerably in ensuring that D_{SGN} MCD creates, absorbs and transfers knowledge and applications that will eventually address the need to create a pool of D_{SGNS} who possess scarce competencies in the automotive sector. There is also a contingency factor in this model, such as the nature of labour markets and career patterns which influence the general nature of the specifically required competencies, that will adjust the balance between the external and internal MCD policy updates.

There is a need to create a shared vision to improve understanding and communication on all activities involving designated MCD, at all hierarchical levels and between sub-systems, to enhance organisational effectiveness and efficiency. The automotive sector's top management should be prepared for greater individual responsibility and to help develop strategic career-pathing interventions, with the focus on developing an adequate cadre of D_{SGNS} for the future.

The MCD model that is proposed in this chapter shows a systemic integrated approach linked to HRM strategy. High priority investment in a D_{SGN} MCD model linked to the strategic business plans of organisations will contribute to and support the automotive sector's quest for D_{SGN} career advancement processes (black people, people with disabilities and all women) and ND_{SGN} (white male) groupings. The next chapter describes the research methodology utilised to support this survey to formulate the MCD model characteristics required for career advancement.