Human resources:
more of a business partner in 2010

A new kind of manager and employee can be expected in successful organisations. The manager will have to learn new skills and, amongst others, become a competent leader who will have the capacity to lead his or her team to outgrow their rivals.

Research was done by the Universities of Pretoria and Unitec in Auckland, New Zealand on the HR priorities in 2010. The research was undertaken by Prof Andrew Marx (top) of the University of Pretoria and Proff Piet Nel (top right) and Andries du Plessis (above) of the School of Management and Entrepreneurship at Unitec.

This is the final article on the report.

The previous article, the first in this series on the research findings on the HR profile at the end of the decade, dealt with HR’s roles and activities in the modern organisation as well as planning and strategy.

In this article we will focus on organisations and staffing and some concluding remarks.

HR departments are structured in different ways in organisations depending in their size and industry. There is a tendency globally for HR managers to report directly to the HR director or the CEO rather than to the general manager or line managers because the HR manager will be more of a business partner in 2010 than currently.

This was generally reflected in the results of the survey. It will be the responsibility of HR to be part of the executive team, setting goals and doing the strategic planning.

It is anticipated that HR managers, with their teams, will still be involved in the functional areas of HR such as recruitment, selection, training and so forth although more flexibility will be allowed. The ratio of HR staff will remain about the same in the future, according to the results of the survey.

From these results, it can therefore be deduced that there will be a decrease in staffing managers from outside the HR field. It is quite clear that the manager of the future will have to have an HR background or at least tertiary education in HR which is supported by just over 80% of the respondents.

Surprisingly, the amount of non-managers – i.e., staff not in managerial positions, with no HR background will increase by about 6% in the future.

Tertiary institutions will remain the main source of recruitment for HR staff with external hires and secondary schools on the decrease as favourites for recruiting HR staff. These figures support the fact that it is a global tendency to have well educated HR staff in service to ensure successful organisations.

Change agents

A business has to accommodate and integrate various groups, individual differences and norms with the goal of improving the business. As change agents and leaders, HR managers will have to implement all the programmes and practices for change to stay globally competitive.

Their experience and commitment will be of the utmost importance. Strategic management, of which HR will be an integral part, is the set of managerial decisions and actions that determine the long run performance of an organisation.

The payoffs to successful strategic planning depend on a complete system of complementary practices. Strategic management is also the monitoring and evaluation of external opportunities and threats in the light of an organisation’s strengths and weaknesses in order to generate and implement a new strategic direction.

Managers and employees have different roles in the organisation; therefore they have different rights and responsibilities. They have shared rights with employees such as recruitment, selection, testing and appointment of workers while assessing their attitudes.

HR managers are compelled to do research of the market before deciding on remuneration. An HR manager must take calculated risks and be proactive rather than reactive. The respondents’ views are
that line managers will have to take more responsibility in the future for doing appropriate market research and taking calculated risks as well.

Organisations need to create environments that are conducive to the growth and development of all employees which is mainly the task of HR. It is the responsibility of HR and management to make relations and to share feelings and constructions to create social reality.

HR managers as managers and change agents must have intercultural skills. They have this expertise and experience. They should not set boundaries around themselves.

The HR manager should take calculated risks and, whilst remaining cautious, must break away from the familiar world to the more uncertain and competitive future; the HR manager must also have a more entrepreneurial attitude.

A healthy organisation is able to link the past to the present and the future with the present in dealing with change. It is therefore critical to have an HR department in the organisation with all these skills.

It is evident therefore that there is an increasing trend towards global integration of markets and technology. Not only do customers worldwide buy similar products made by global firms, but these firms develop their ideas and manufacture their products wherever the results are best.

An organisation can experience these opportunities and pressures simultaneously, making participation in international markets necessary as well as strenuous. Organisations send their staff overseas to gain international experience.

These experiences can be extremely expensive taking into account not only travel and relocation costs, but also the ‘down time’ it takes for people to relocate and settle.

The respondents definitely want more employees including managers, with more international experience in their organisations because of globalisation. By having more internationally experienced employees in an organisation, international differences can be overcome and this establishes a successful global business or to maintain their competitive edge.

Businesses competing in global markets typically vary in where they locate their activities across countries. HR professionals in the increasingly global market must get cross-cultural training and international assignments.

Employees in global companies need to have an appreciation and respect for different cultures, they must have cross-cultural communication capability and work well with individuals from multinational backgrounds.

In terms of issues relating to foreign language capability, there is little difference between what the respondents regard as important in 2002 and what the requirement should be in 2010. They did not foresee that by establishing a nascent business it could grow into a major location of industry activity.

One obvious reason businesses locate in a region is to benefit from the local pool of workers whose skills are most probably specific to the needs of the business. The employees will therefore be locals who can speak the local language and the respondents felt that it is not necessary to have the capability of a foreign language although it can always be an advantage.

HR information systems will automate several processes of human resource management. Following from this is e-HRM which is changing the way that HR departments develop and plan. Information technology is used to allow faster access to information and decision making.

Computerisation of HR activities may streamline operational aspects of HR management and reduce much of the administrative burden of this functional area. HR practitioners amongst the respondents all supported the importance of computer literacy in organisations because they are well aware of its advantages.

A prediction is that HR’s responsibility would shift from hands-on, face to face, service delivery to systems design and maintenance functions. Consequently, HR professionals will need more information technology knowledge and skills than they have had in the past.

Providing e-HR will enable HR to play a consultative role with line managers and take a more active role in the organisation’s strategy formulation and implementation. Thus, human resource professionals with knowledge and skills in both HR and information technology will be uniquely positioned to make the HR function a value adding contributor to their organisations.

Leadership defines what the future should look like and motivates and inspires people with that vision to make things happen. To be effective HR needs to be linked to all levels of general business. The operational level determines line and functional delivery to systems design and maintenance functions. Consequently, HR professionals will need more information technology knowledge and skills than they have had in the past.

Contemporary HR therefore needs to take place at both a strategic and operational level for maximum organisational effectiveness. Strategic HR planning is one of HR’s activities to add value to the functioning of organisations, but has little value if line managers are not involved in it.

Most HR practitioners see themselves as offering a supportive role at present and that less than half aspire to leadership positions in the future. HR professionals may often be in leadership positions that allow them to have a broad impact on organisations and may be tapped for their advice and expertise on strategic organisational changes that are necessary for competitive advantage.

As a result, it is important that they are knowledgeable about how various factors may directly or indirectly affect the reputation of an organisation, its customer loyalty, skill sets, growth potential and even its bottom line.

Human resource functions have often taken the initiative in developing and introducing succession planning and career development processes for managers and employees in other company functions, but in order to be seen as credible, HR leaders need to vigorously develop their own capabilities.

A vision of the business environment

The respondents were required to select and rank the five changes which currently have the most impact in the business environment and also in 2010 from a list of 19 environmental factors which might affect human resources management.

The items on the list are roughly categorised in five groups:
- organisational initiatives to operate more effectively
- economic changes
- demographic and societal changes
- resource availability and
- political issues and governmental ruling

All respondents indicated that national and international competition are two of the most important factors in the business environment to consider. The results for 2002 showed that 66.7% of the respondents rated this as a top priority. The same tendency occurs for 2010 where 69.2% respondents indicated it as a top priority.

It can be concluded that the future will lead to increased national and global competition for South African organisations.

It is interesting to note that the perception of the respondents is that government regulations were playing an important role in 2002 (90 respondents chose this option, which presents a rate of 65.56%). Regarding 2010, it is a high priority (45.95%) as well.

This means that there is a perception that government regulations will decrease significantly by 2010. There would be less involvement by government in the business environment, according to the respondents.

Globalisation of corporate business structures seems to be almost as important for respondents in 2010 as it was in 2002. There is only a drop of 0.8% from 60.42% in 2002 to 59.62% in 2010. This issue will therefore remain important.

Comparing the respondents’ view and the number of entrants to the work force, it is evident from the results that 40.91%
of the respondents indicated reduced entrance in 2002, but 55% was convinced that fewer people would participate in the South African work force in 2010.

The anticipated drop in work force numbers could be contributed to factors such as AIDS, emigration and the brain drain that might play a significant role in the future.

Globalisation of the economy is the 5th most important aspect highlighted by respondents, attracting a response rate of 40.85% (71 respondents). However, according to the respondents, this issue would increase in importance towards 2010.

The response rate was 53.33% (90 respondents). It could be concluded that the business environment would become more global and organisations would face more competition in the economy.

With reference to knowledge management and harnessing intellectual capital, there is not much difference between present and anticipated importance (44.83% in 2002 versus 45% in 2010).

The importance of total quality management and customer satisfaction would become even more important by 2010 (45.35% of the respondents), than it was in 2002 (40.51% of the respondents).

All other responses attracted a response of less than 40% in terms of the priorities listed by respondents and could therefore be regarded as less important changes that need to be anticipated and planned for 2010.

The work force implications for human resources mean that awareness of these implications should therefore be focused upon. In fact, a number of respondents gave no weight at all to a number of issues for 2010 in terms of the priorities they had to award.

These are, for example, inadequate skills of entrants, cross-border application of employee rights, changing work force demographics, greater concern about confidentiality and a growth of electronic business.

**Conclusions**

Organisations are faced with the demands of rapid rate change: the market is fast becoming a global village and in the competition for customers and suppliers, it is becoming apparent that an understanding of other cultures and languages is important.

Not only is there diversity offshore: with the migration and movement of people, local businesses are becoming increasingly varied in age, language, religion as well as ethnicity. In order to utilise this diversity, the HR function can add value by encouraging and enabling managers to grow in their knowledge and skills of other cultures.

For organisations where this is practicable, HR and line managers could accumulate valuable international experience and the capability to communicate in a relevant foreign language.

A valuable aid to achieve this is the use of information technology. Computer literacy can enable HR to free itself to focus on the strategic aspects of managing organisational change and handling the diversity it brings. These factors could enhance the effectiveness of HR in providing leadership not only of its own function, but also of the organisation.

It is important that HR leaders should not only keep up with the pace of business, but also lead the way. However, many foreign countries like China, are growing rapidly in leading world markets.

The challenge to HR is to come out of its comfort zone and pro-actively respond to these changes; the future may depend upon it.

It is concluded that the results support the fact that cultural change, managers’ role in that change, diverse work forces and change in organisations are of great concern to management.

HR managers will have to be the change agents and leaders with the implementation of all the programmes and practices for change. It is not just the role and responsibilities of HR managers that will change in the future, but also the traditional roles of managers.

They will be strategic partners focusing on aligning human resource strategies and practices with the business strategy and execution.

Managers will have to be sensitive in communicating and negotiating changes with trade unions so as to avoid labour unrest and demoralised union members. They will have to keep these unions and all other stakeholders informed and ensure that they promote their external relationships to have a positive diverse work force.

South Africa has a diverse work force coming from neighbouring countries, but the local employees are from different origins and cultures as well. South African organisations employ thousands of these citizens from neighbouring countries.

With the different languages and cultures in this country, it becomes very difficult for any manager to accommodate all the cultures. The 2010 manager, therefore, will have to be ultra sensitive to each culture. Diversity has become an increasingly important factor in organisations as the work force will become more heterogeneous.

A new kind of manager and employee can be expected in successful organisations. The manager will have to learn new skills and, amongst others, become a competent leader who will have the capacity to lead his or her team to outgrow their rivals.

The challenges posed by diversity and change demand HR managers to intervene pro-actively by recognising the nature of these two forces and implementing the necessary strategies to channel them in a positive direction to ensure successful change.