

Human resources: what should the profile be in 2010?



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 (photo) of the University of Pretoria and Proff Piet Nel and Andries du Plessis of the School of Management and Entrepreneurship at Unitec.

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For a number of years now, the buzzword, and almost a cliché, is that human resources are organisations' most important asset. This certainly applies to South Africa as well.

To gain and maintain a competitive advantage, management must therefore treasure its human resources. To sustain a competitive advantage, organisations rely not only on technology, patents or strategic position, but on how they manage their human resources as well.

For the past decade, businesses and other organisations have been facing more crises of organisational challenges including the need to change the way it does business than ever before. Diversity and change also require management.

Adapting to change, however, occurs in many forms and is necessary to remain competitive. Globalisation is also a reality and implies that the world is free from national boundaries and is really a borderless world. The increased movement across borders of people, products, services and capital are some of the driving forces behind the globalisation processes.

The empirical research represented in this article, sought to obtain inputs from HR practitioners in South Africa as to what their profile in particular and HR in general ought to be in 2010 and what organisations could do in this regard to remain competitive.

Research focus

Organisations operate worldwide in a very dynamic environment. The fast changing world definitely influences the future role of HR management in South Africa as well. This means that it is uncertain what the role will be and how organisations should develop staff to be competent to meet competition and remain in business.

To make it even worse, South African organisations have to compete not only locally, but globally. Being a developing country, South African organisations have to adapt as quickly as possible to the fast changing world and to use their available resources to the best of their ability.

That includes a change and adaptation of the HR management function in the future. What the future role and capabilities

of HR practitioners ought to be, what the function itself could look like and what the focus of business should be in this regard, was the focus of the research that was undertaken.

HR goals

The most important HR goals for both 2002 and 2010 are linking HR to business strategy, retaining qualified employees (although a decrease in importance from 61,9% to a 53,85%), high productivity, quality and customer satisfaction (51,96% in 2002 and 53,85% in 2010). Attracting highly qualified applicants also showed a decrease from 55,41% to 44,49% in 2010.

It is interesting to note the declining importance of the goal reputation as an employer of choice from 53,57% in 2002 to 31,25% in 2010. This represents a drop from 5th place to 11th.

Another significant decline in importance is that of cost effectiveness. It falls from 6th (42,86%) to 15th place (27,73%) over the 2002 to 2010 period which may reflect a view that the pure cost of HR programmes will be less of an issue than, for example, retaining qualified employees.

HR roles and activities

Most organisations are focused on the future in terms of their assessment of the business environment and the principle goals of the HR function. This, however, does not mean that the participants believe that their HR functions and executives are capable of dealing with the new, more business orientated agenda for human resources.

This is reflected in their views on the role of human resources and who should be responsible for carrying out key HR functions.

Respondents were asked about various attributes of the human resources role through a series of paired alternatives. The overwhelming response to those questions was that current human resources roles are not what they should be in the year 2010. It ultimately shows a new role model for the HR function and HR specialists.

With regard to group/team focus of employees, the question was: is it an HR function to focus on teams/groups of employees?

There was a decrease of 14,12% from 2002 to 2010 (32,35% to 18,23%) of the respondents who regarded it as a function of HR. What is unique to an organisation is the specific combination of cultures that meet within an organisation's boundary.

A group/team has different cultures within such a team. This view of culture emphasises internal factors as important agents for change. A team should have a sound infrastructure to be effective and must have a supportive HR system.

It is therefore deduced that the internal relations between management and their employees will have a slight influence on change and the culture of an organisation in the future of South African businesses.

Advice and counsel

New labour legislation was promulgated since 1994 in South Africa. It is important to point out that these changes had an immeasurable effect on employers and employees.

Organisational changes had to take place. Re-engineering was done in some organisations to implement the changes in labour legislation which led, amongst others, to cultural changes.

On the question in terms of providing advice and counsel to line managers who are responsible for the effective management of all human resources, 36,27% of the respondents regarded it as important in 2002 and 48,28% in 2010.

It can be deduced that, with the implementation of certain labour legislation in South Africa, the respondents anticipated these changes. It is vital for managers to transfer their new found expertise, knowledge and skills received by training and advice to the actual work situation.

A strategy that can be divided into sub-strategies for the different departments or functions such as HR, administration, production, finance and others should be common in South African businesses. There is a shift towards the view of including HR as a 'strategic partner' by management as well as to integrate all resources and forces into appropriate strategies.

In terms of the application of HR's policies and procedures to ensure that they comply with government regulation, 16,6% of the respondents regarded it as satisfactory in 2002 and 50,7% as top priority in 2010.

This huge percentage increase is doubled in eight years and it can be deduced that with the implementation of certain legislation recently, the respondents anticipated this tremendous importance of ensuring that policies and procedures must be monitored and controlled.

There is a definite need for organisations to change and have flexible working hours, part-time work, job sharing and maybe most importantly, telecommuting. More policies can include use of employ-

ees' sick days to attend to family commitments, employee assistance programmes, paid maternity and paternity leave, etc.

It is a manager's duty and responsibility to make decisions that promote the wellbeing of stakeholders and society as a whole. Programmes include severance payment for retrenched, opportunities to enhance skills, health care and benefits for employees, contributions to charities, etc.

Another major factor in work-family balance is benefits and service. It is based on membership in an organisation and not necessarily on the particular job held. It includes sick days, vacation days, medical and life insurance, etc.

Managers have a pro-active role in anticipating and shaping the environment for change such as the needs of their employees. Services and benefits for employees must be aligned with the current market.

Previously, most organisations maintained a tacit agreement with their employees that as long as they were productive and loyal, their jobs, and sometimes a pension plan, were guaranteed.

However, globalisation, competition, technology and the increasing demand for knowledge workers with state of the art skills has made the loyalty contract unrealistic and undesirable according to Lawler. He further states that in today's business environment labour cost is high; good workers with positive attitudes are very scarce.

Many employees are no longer willing to trust their futures in organisations because of retrenchments or amenable to accepting organisational practices and decisions that are not advantageous for their careers.

Today's employees have a list of demands when working for organisations with challenging work, opportunities for learning, being treated with respect and substantive rewards on the top of their list. If they do not get what they want, they are quick to move on to employment that is more attractive.

Rewards as a total package consist of remuneration (base pay, short and long term incentives), benefits (superannuation, car, work/life balance) and careers (talent 'build or buy' strategy, development and career opportunities).

An effective total reward strategy enables organisations to deliver the right amount of rewards to the right people at the right time for the right reasons. Only 9% of the respondents regarded remuneration as satisfactory; however, they doubled it (18%) as a priority for 2010.

It is therefore with great certainty that HR managers and employers are well aware that their worker's remuneration (which is one of the items in their reward package) will be more important in the future because of the progress in technol-

ogy such as computers.

Every household wants to use e-mails for communication and have the internet available for their children in their studies. With low remuneration, it is impossible to afford these items and it remains a luxury only.

Management and its roles will undoubtedly change from 2002 to 2010 and the manager of 2010 will have to be able to cope with changes and implement programmes in organisations where necessary. It is not just the role and responsibilities of HR managers that will change, but also the traditional roles of all other managers.

A major challenge for managers in the future will be co-ordinating the programmes in a diverse organisation where members are more heterogeneous in terms of culture, gender, race and so forth. A new kind of manager and employee can be expected in a 2010 business.

Satisfaction levels

Groups with interest in the activities of the business who affect or are affected by the achievement of the business' goals are the stakeholders. The question can well be asked to whom the business must be responsible; only to one group of the stakeholders or to all.

A strategic decision can create conflict between stakeholders because there is such a wide range of interests and concerns in a business. Most probably, one of the stakeholders will be dissatisfied with the business activities or decisions.

Managers will have to realise this before they make any strategic decision and they should consider all the alternatives and the affect they will have on all the stakeholders to have satisfaction levels as high as possible.

Gaps between priorities and capabilities

Managers are under increased pressure to become strategic business partners, to help the business better respond to the challenges of globalisation by providing value added contributions to the success of the business.

Networks such as personal computers and automated telephone systems can give employees direct access to HR information and services. These networks are then freeing HR to focus on value added work that includes narrowing the gaps between future requirements and current capabilities.

In order to achieve this, it is important therefore that HR practitioners develop and maintain computer literacy.

From another perspective, contemporary HR planning needs to take place at both a strategic and an operational level for maximum organisational effectiveness. At the strategic level, the HR planning focus is on analysing the external and internal context within which the management

of the HR of the business must occur. The outcome is then HR strategies and policies.

Operationally, the process and techniques of HR planning and forecasting become relevant. It drives the selection of HR practices and the development of the HR action plans for ensuring that the business has the human capital it needs.

The extent to which HR and business are strategic partners can be assessed in terms of the degree to which HR management issues are integrated with the formulation of the business strategies.

Objective measures can be HR representation in top management, HR's involvement in the development of corporate strategy and the systematic evaluation of HR in terms of its business impact to name but a few.

The 'old age pension' will no longer provide sufficient income when an employee retires and superannuation will finance their retirement in future. The respondents supported this statement when the question was asked as to whether management has any responsibility towards retirement strategies.

The respondents reported a 10% increase in priority. In 2002 19,4% of the respondents regarded it as satisfactory and 68,6% in 2010. HR practitioners want more active strategies from organisations in the future to provide financially for retirement of their employees.

Labour shortage and dynamic and complex leadership capability requirements, can influence the practice of succession management. This is a recent trend in organisations.

The increasingly tight labour market make succession management a business imperative and encourage organisations to identify and accelerate the development of future leaders from within. Development and career progression can ensure the job satisfaction in future leaders; this is a prerequisite for retention.

The respondents were asked if management and executive development are a priority for them in 2010 and there was a decrease of 0,8%. In 2002 38,3% of the respondents regarded it as satisfactory and 37,5% saw it as a priority in 2010.

With regard to social responsibility programmes, it is a manager's duty and responsibility to make decisions that promote the welfare and wellbeing of stakeholders and society as a whole. Programmes include severance payment for retrenched, opportunities to enhance skills, health care and benefits for employees, contribute to charities, etc.

In order to monitor and control these procedures and policies effectively, appointed labour inspectors perform their functions as directed by the minister.

Furthermore, they can promote, monitor, control or enforce compliance with em-

ployment legislation and, on the other hand, advise employees and employers of their rights and obligations in terms of the relevant laws.

Lastly, they can also investigate complaints, conduct inspections and secure compliance with employment law. In organisations, it is also one of the functions of the HR department to assess whether the employees implemented the required procedures and, secondly, assess whether the procedures are effective.

The HR department can circulate questionnaires, conduct interviews or observe interpersonal relationships in the organisation. The implementation of policies and procedures should also be included in the job description of the line manager. They are then monitored for the effectiveness of conducting performance appraisals.

If labour turnover, rates of absenteeism, the number of work stoppages and so forth increase, it could be an indication that the policies are not effective in the organisation and that some action is needed to correct it.

The question put forward to the respondents: whether to do internal transfers or external separations of staff to minimise the effects of downsizing. Just over 30% of the respondents regarded it a higher priority in 2010 (65,4%) than in 2002 (45%).

The respondents anticipated more retrenchments to take place in the future and that organisations will cut back in size and costs to make it much leaner in an effort to stay globally competitive.

The respondents would rather go through the process of retrenchment than to do internal transfers; supporting what was said by respondents anticipating leaner organisations for 2010.

Organisations invest millions of Rands in their employees. Consider the costs of recruiting, selecting, placing and training as many employees as there are roles to fill.

Employees are then retrenched during difficult financial times and, as soon as it is going well again, a few years later they have to go through the same costly process of recruiting, training and so forth to employ people again.

People are different in size, weight and other physical dimensions as well as in aptitudes, abilities, personality, interests and so on. People also differ greatly in the extent to which they are willing and able to commit their energies and resources to the attainment of the organisation's goals.

A company may pursue retrenchment strategies when it has a weak competitive position in some or all of its product lines, resulting in poor performance. Sales are down and profits become losses. Pressure is then put on the company to improve performance.

Management may then follow one of several retrenchment strategies ranging

from turnaround to liquidation. When an organisation's problems are not yet critical, a turnaround strategy is probably the most appropriate one to follow because it emphasises the operational efficiency.

The two basic phases are contraction and consolidation, where the first one is the initial effort to 'stop the bleeding.' In this case, a general across the board cut-back in size and costs takes place.

With consolidation, a programme is implemented to stabilise the now leaner organisation. Plans in this programme can include reducing overhead costs and to make functional activities cost justified.

HR another staff department's responsibility

Management and its roles will undoubtedly change from 2002 to 2010. The manager of 2010 will have to cope with changes and implement programmes in organisations where necessary. It is not just the role and responsibilities of HR managers that will change, but also the traditional roles of managers.

They will have to be prepared to share responsibilities with other departments and be part of top management's decision making and to take responsibility for their decisions as well.

A major challenge for managers in the future will be co-ordinating programmes such as social responsibility programmes, benefits, retirement programmes and so forth in a diverse organisation where members are more heterogeneous in culture, gender, race, etc.

It is also clear that external relations plays a major role in this regard. A new kind of manager and employee can also be expected in a 2010 business where HR could be the responsibility of line managers in smaller organisations.

A total of 85% of the respondents admitted that advance issue identification would be very important in 2010. Only 20% of the respondents agreed that it is not feasible for employees, including line management, to be excluded from strategic planning.

It is very clear that the respondents have a problem being excluded from strategic planning and other issues and that they see themselves more and more as part and parcel of the strategic team and other departments in the organisation.

Strategies are the means that organisations use to compete through innovation, quality and speed or cost leadership. They can only succeed if all departments work together to achieve their goals.

Respondents also see planning as the heart of management, for it helps managers to reduce the uncertainty of the future and thereby do a better job of coping with the future challenges in which HR will play a big role.

Effective planning leads to success

Successful organisations, through planning, define their objectives and goals and thus provide direction for employees resulting in less conflict and uncertainty.

Every employee, from all departments, should be well informed in advance of the goals and objectives of the organisation. This can only enhance sound labour relations between different departments and prevent conflict.

A code of ethics is an organisation's statement of its crucial values and is a means of formalising and making explicit its ethical stance. It goes hand in hand with a code of conduct. Together they provide the ground rules for day to day behaviour and serve as a guide of how decisions might be made in unexpected situations.

There are important connections between law and ethics and those who enforce the law will need to judge whether they are dealing with an ethical infringement rather than a legal one.

HR must create value in an organisation

The HR results must be measured in terms of efficiency (cost) and effectiveness (quality). The competency levels of HR managers in high performing organisations are significantly higher than in low performing organisations.

A different approach towards cost effectiveness and social responsibility is possible; that is to link quality of work life directly to social responsibility and the costs involved in the programmes.

Quality of work life reflects the social concern of the organisation for its employees. Recreation facilities, safety and health, training, career advancement, working conditions, ethical practices are but a few to mention.

Whether the organisation is motivated by altruistic intent or provides these issues as a means to increased profitability, it contributes both directly and indirectly towards the fulfillment of employees' social needs. These programmes must be managed very cost effectively for the organisation to stay competitive.

The respondents were asked what their views were on cost effectiveness in 2002. Only 21.6% were satisfied. This figure increased dramatically to 49.5% in 2010.

Social programmes are necessary, but must be cost effective. Therefore, HR cannot just advise management to implement certain programmes if proper research was not carried out and proper strategies were not investigated to ensure that it would be efficient and effective at the lowest cost.

A huge task is awaiting management which will have to get 18% more training in 2010 than in 2002, according to the respondents. Significantly, the respondents are of the opinion that non-management development and training will not be necessary in 2010 with a drop of 3% from

31% (2002) to 28% (2010).

Management will have to be more involved in training and development and not just in these areas, but also more specifically line management that will have to perform and participate in HR duties as well.

The respondents are seeing that in 2010 as much as 63% of management duties and activities will be shared between the HR department and line management compared to 33% in 2002.

If one compares the experience that line managers will gain from 2002 (35%) to 2010 (87%) one can understand that they will gain the skills and experience necessary to do the work. As high as 70% of line managers will need to have broad knowledge of HR functions in 2010 whereas only 35% need it now.

This is double the knowledge in eight years and confirms that line managers will need to get 18% more training and development. From this it can be stated that line managers will have to be educated in all aspects of HR.

The respondents confirmed this, but they are also of the opinion that the line manager's capabilities and attributes will be influenced by HR as much as 40% (12% in 2002 and 52% in 2010).

Policies are statements that serve to guide decision making and direct the actions of the HR management function towards achieving its strategic objectives. It must be in writing and communicated to all employees.

HR procedures contain more detail on what action is to be taken in a particular situation such as handling sexual harassment claims, etc. Social policies and programme development must therefore be a strategic HR objective.

It is a characteristic of high employee participation in policies and programmes (strategies and systems) to array these policies and programmes to comparable internally consistent bundles of human resource practices.

On the question of how satisfied the respondents were with the administration, i.e. maintaining of personnel databases and the processing of documents and transactions, a mere 6.9% in 2002 were satisfied. However, an increase of 21.8% was reported to 2010.

Obviously, synergy is obtained when resources have been combined and co-ordinated effectively to add extra benefit and value to the organisation. The respondents were quite clear on this issue and it can be deduced that HR practitioners want more and better administration in the areas of personnel databases and the processing of documentation.

For HR professionals to become administrative experts they must be able to re-engineer HR activities using technology, rethinking and redesigning work processes

for the success of the organisation.

The need for strategic thinking

A strategy that can be divided into sub-strategies for the different departments or functions such as production, finance and HR, should be common in South African businesses. Globally, management tends to neglect HR as a sub-strategy and should be included in all strategic planning.

There is a shift towards this view in South Africa to integrate all resources and forces into appropriate strategies. Obviously, synergy is obtained when resources have been combined and co-ordinated effectively to add extra benefit and value to the organisation.

The respondents support this statement when the question was asked if HR strategies must be consistent with business strategies. Almost a third of the respondents regarded it as important in 2002 with an enormous increase of more than 24% in 2010 to 55.12%.

It can further be deduced that HR practitioners want more consistency with the business strategies. It can therefore be said that the consistency of HR strategies is important for the success of an organisation. Top management has a difficult time organising the various activities such as finance, marketing and so forth.

In summary, there is a drive towards achieving a win-win ideal with a growth surge in coaching, mentoring, team building, leadership development, upskilling and personal development providing a work/life balance. HR management needs to focus on the changing forces of government to maintain their ideals and policies viewing any changes in legislation as a way to form a strategy for their organisation.

Included in the line manager's duties and responsibilities, will be leadership which involves guiding in a direction, influencing and initiating the action to be taken in an organisation.

Line managers won't just 'manage.' The manager's vision and judgement will have to be perfect in order to be an effective leader and manager. The saying that a good manager is not a good leader and vice versa will have to be proved wrong by the manager of the future because both are management functions.

The 2010 managers will just have to cope with the increased change and complexity and embrace their new duties from the HR function. The sooner they get themselves trained and gain this knowledge in the HR field, the sooner they will be able to fulfil their role as good managers and leaders. ■

Next month we will look at organisations and staffing and a vision of the business environment in terms of HR in the year 2010.