

# Chapter 16

# Managing human resources

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## Learning outcomes

- Define: human resources (HR)' and 'human resources management (HRM)'
- Describe the HR strategy as business strategy
- Understand the role of culture, diversity, conflict and change in the working environment
- Describe the recruitment and selection processes
- Differentiate between job analysis, job description and job specification

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## Learning outcomes (cont.)

- Describe the recruitment and selection process
- Conduct a performance appraisal of your employees
- Identify changes and developments in HRM
- Assess the importance of using HR from outside the organisation
- Explain outsourcing and contracting as HR functions

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## Introduction

- The nature of jobs and the working environment are changing
- Jobs require now new types of knowledge workers
- There is a need for more awareness and appreciation of different cultural backgrounds in the working environment
- There is a low supply of skilled and experienced labour

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## Human resources

- **Include employees at all levels of an organisation**
- **Managerial and non-managerial**
- **Must be motivated, imaginative, qualified and dedicated**



## Human resources concepts and functions

### **HRM comprises of:**

- People in the organisation determine how successful other means of production are
- A purposeful action of the HR department
- The HR function manifests itself as a HR department

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## Human resources functions

- Job analysis and design
- Recruitment, selection, induction and internal staffing
- Appraisal, training and development, and career management
- Compensation and health
- Labour relations
- Human resource information systems (HRIS), HR research and problem solving

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## Relationship of the HR strategy to the business strategy

### Employee management:

- Encourage a participative style of management
- Advantages of a participative management style include:
  - Reduces complexity of growing business
  - Generate new ways to address problems
  - More prepared and motivated employees
  - Employees enjoy added responsibility



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The relationship of the HR strategy to the broader strategy of a business



Source: Cascio (2006:174–175)

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## The development of managerial and professional employees

**A management development program requires the following factors:**

- The need for development
- A plan for development
- A timetable for development
- Employee counselling

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## Culture

- Company culture: distinctive unwritten code of conduct that governs behaviour, attitudes, relationships and style of an organisation

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## Culture (cont.)

- Today's organisational culture relies on certain principles:
  - Respect for the quality of work and balance between work life and home life
  - A sense of purpose
  - Diversity
  - Integrity
  - Participative management
  - Learning environment
  - A sense of fun

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## Diversity

- Managing diversity: establishing heterogeneous workforce to perform to its potential in an equitable work environment where no member has a dis/advantage

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## Diversity

**Reasons why diversity management is a dominant activity in HR include:**

- The shift from a manufacturing to a service economy
- Globalisation of markets
- New business strategies require more teamwork
- Mergers and alliances require different corporate cultures to work together
- A changing labour market

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## Conflict

**Conflict:** actions of one group member prevent or obstruct the actions of another person, or where there are different perceptions, time horizons or lack of clarity of group goals

**Five conflict-resolution techniques include:**

1. Competing (win-lose)
2. Avoiding (lose-leave)
3. Compromising (win some, lose some)
4. Accommodating (yield-lose)
5. Problem-solving/collaborating (win-win)

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## Change leadership: An approach to follow

- Develop the need to change
- Develop a change vision
- Develop a communication strategy
- Communicate the vision
- Get worker leaders informed
- Get the transformation team together
- Conduct an organisational audit
- Decide on the change process strategy
- Prepare both organisation and stakeholders
- Implement the changes
- Remove any hindrances
- Mainstreaming the changes
- No plans/projects should be cast in stone



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## Human resource provisioning

- Job analysis, job descriptions and job specifications
- Recruitment and selection processes

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## Job analysis, job descriptions & job specifications

- **Job analysis:** process to determine duties and nature of jobs to be filled, the skills and experience required of the people who fill them
- **Job description:** list of tasks, duties, activities, responsibilities, working conditions and performance results required by a specific job
- Areas: reason the job exists; mental or physical tasks involved; how the job will be done; qualifications needed
- **Job specification:** written statement of education, qualifications, knowledge, skills, personal traits, abilities, attributes and characteristics needed for a job

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## Recruitment and selection processes

- **Two Alternatives to consider when recruiting:**
  - Networking
  - Social networking

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## Selection

### Steps to follow:

- Use an application form
- Interview the applicant
- Check references and background information
- Test the applicant
- Require physical examinations

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## Orientation

- **Familiarisation with and adaptation to a situation or environment.**
- **Cues to proper behaviour come from sources such as:**
  - Official organisational literature of the organisation
  - Examples set by or formal instructions given by senior staff
  - Peer example
  - Rewards and punishments that result from the employee's efforts
  - Responses to the employee's ideas
  - Degree of challenge in the assignments the employee receives

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## Developments in HR

**A changing work environment – changes include:**

- 13<sup>th</sup> cheque replaced by performance incentives
- Across the board increases replaced by performance based increases
- Reward for performance, not for tenure

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## Developments in HR (cont.)

### **The use of performance appraisal systems**

- Formal, systematic assessment of how well employees are performing in their jobs in relation to established standards

### **Should be:**

- Based on employee's job description

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## Developments in HR (cont.)

**Performance appraisals are based on the assumption that employees have:**

- Personal abilities and qualities that lead to job behaviours that result in work performance that can be identified and measured



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## Developments in HR - Balance scorecard

**Management system to track organisational performance.**

**It incorporates performance measures from 4 balances perspectives:**

- Financial (return on capital employed)
- The customer (customer loyalty)
- The internal/business process (process quality and process cycle time)
- Learning and growth (employee skills)

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## Balance scorecard (cont.)

**The balance scorecard emphasizes the importance of focusing on:**

- Lagging indicators – what’s happened in the past
- Leading indicators – focus on the future

**The HR Scorecard is a measurement system and a distinction is made between:**

- HRM “do-ables” (the enablers)
- HRM “deliverables” (the results that drive organisational performance)
- This process includes answering certain questions (refer to the textbook)

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## Developments in HR

- **Outsourcing:** buy products and services from other business firms – save money by buying from outside suppliers that specialise in a particular type of work
- **Contracting:** contract services such as financial service providers, marketing consultants and labour brokers

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## Future trends and implications for HR

### 1. A quality workforce – it entails:

- Employee morale
- Improving employee performance

### The following are indicators of job dissatisfaction:

- Labour turnover; productivity; waste and scrap; product and service quality; tardiness and absenteeism; accidents; complaints or grievances; suggestions; exit interviews

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## Trends (cont.)

Improving employee performance

**Two control-related areas to employee morale are:**

- Examine the pay/performance link
- Develop teamwork

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## Trends (cont.)

### 2. New competitive realities

The 19<sup>th</sup> and 20<sup>th</sup> centuries are dominated by the “Three C Logic”:

- Command
- Control
- Compartmentalised information

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## Trends (cont.)

**Trends accelerate the shift toward new forms of organisations in 21<sup>st</sup> century:**

- Smaller companies that employ fewer people
- Shift from vertically integrated hierarchies to networks of specialists
- Decline of routine work, expansion of complex jobs
- Pay tied to person's market value of skills
- Change in paradigm of doing business
- Outsourcing of activities
- Redefining work: constant learning, higher-order thinking