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
• 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
Introduction

• The nature of jobs and the working environment are changing

• Jobs require 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
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
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
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
The relationship of the HR strategy to the broader strategy of a business

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<tr>
<th>Execute – bottom-up</th>
<th>How do we compete?</th>
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<td>What must we execute well?</td>
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<td>How do we delight our internal and external customers?</td>
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<td>What competencies, incentives, and work practices support high performance?</td>
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<td>What measures assess the key drivers of individual, team, and organizational performance?</td>
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<td>Plan – top-down</td>
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*Source: Cascio (2006:174–175)*
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
Culture

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

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

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

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

Steps to follow:

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

• Familiarisation with and adaptation to a situation or environment.

• Cues to proper behaviour come from sources such as:
  o Official organisational literature of the organisation
  o Examples set by or formal instructions given by senior staff
  o Peer example
  o Rewards and punishments that result from the employee’s efforts
  o Responses to the employee’s ideas
  o Degree of challenge in the assignments the employee receives
Developments in HR

A changing work environment – changes include:

- 13th cheque replaced by performance incentives
- Across the board increases replaced by performance based increases
- Reward for performance, not for tenure
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
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
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 grown (employee skills)
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)
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
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
Trends (cont.)

Improving employee performance

Two control-related areas to employee morale are:

- Examine the pay/performance link
- Develop teamwork
2. New competitive realities
The 19\textsuperscript{th} and 20\textsuperscript{th} centuries are dominated by the “Three C Logic”:

- Command
- Control
- Compartmentalised information
Trends (cont.)

Trends accelerate the shift toward new forms of organisations in 21st 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