Modules online 002/3/2016

Human Resource Maintenance and Retention

HRM2602

Semesters 1 & 2

Department of Human Resource Management

IMPORTANT INFORMATION:

This module is offered online. Please activate your myLife e-mail address and ensure that you have regular access to the HRM2602 myUnisa module site.

This document contains important information on this module. Read it together with the information on myUnisa.

BAR CODE

Learn without limits.

UNISA | university of south africa

Please note

Read this modules online document in conjunction with the *my Studies @ Unisa* brochure and Tutorial Letters **HRMALL6/301/4/2016 and HRM2602/101/3/2016**.

It is strongly recommended that you register for and use **myUnisa** (see the *my Studies @ Unisa* brochure for details), as this will give you direct access to important information and allow you to perform tasks such as updating your personal information, submitting assignments, confirming receipt of assignments, obtaining assignment marks, obtaining examination timetables and results, joining online discussion forums and many more.

Dear HRM2602 Student

In the MO001 we provided an orientation to the module and we welcomed you to HRM2602. We also included Workbook 00 that provides an orientation to this module and the online environment.

In this modules online document (MO002) we provide the remaining workbooks for this module.

We want to support you while you are studying this module and for this purpose we also provide some of the study material in printed format. This includes:

Item		Pages
1	Workbook 01	5
2	Workbook 02	18
3	Workbook 03	40
4	Workbook 04	58
5	Workbook 05	71
6	Workbook 06	87
7	Workbook 07	96
8	Workbook 08	110
9	Workbook 09	122
10	Workbook 10	130
11	Workbook 11	141
12	Appendix A: Self-assessment assignment (both semesters)	152
13	Appendix B: Comments on the self-assessment assignment	154

Please note that the page numbers of the separate online workbooks 01 to 11 correspond with the page numbers of this MO002 online document.

HRM2602
Human Resource Maintenance and Retention

TOPIC 1

Assessing and developing qualified employees and managing their careers

In HRM2601 you learnt how to make appropriate human resource provisoning decisions and apply human resource provisioning practices in the work environment. Having identified the most suitable candidates among a variety of candidates, it is the organisation's responsibility to retain the most valuable (and employable) individuals in order to stay competetive. Therefore, the management of people is one of the primary keys to organisational success. You will now learn how to manage, maintain and retain human resources constructively and stategically in today's dynamic business environment.

TOPIC AIM

The aim of this topic is to orientate you to the environment within which human resource (HR) managers have to work. Organisational decisions, policies and changes impact on the HR policies and practices of an organisation. Therefore, an HR manager should always be aware of the environment of the organisation.

LEARNING OUTCOMES FOR TOPIC 1

After completing this topic, you should be able to

- explain how career management contributes to the achievement of the strategic goals of the organisation (**Workbook 01 and chapter 8 of your prescribed book**)
- describe the contribution of performance management and appraisal to the strategic goal achievement of the organisation (**Workbook 02 and chapter 9 of your prescribed book**)
- decide how to utilise training and development in the strategic management of human resources (**Workbook 03 and chapter 10 of your prescribed book**)
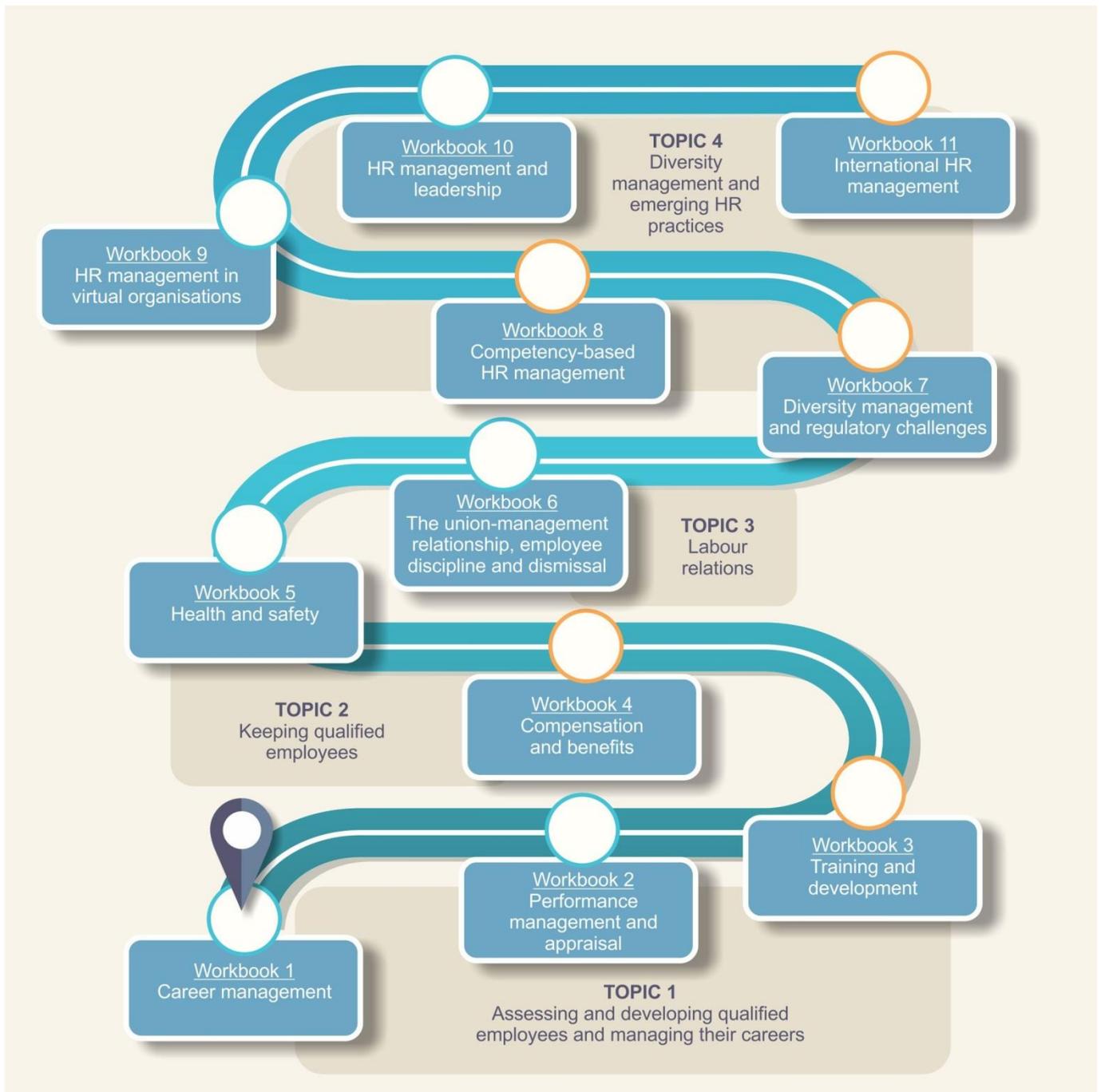
WORKBOOK 01

Career management

Contents		Pages
1.1	Learning outcomes	6
1.2	Key concepts	7
1.3	Introduction	7
1.4	The benefits of career management	8
1.5	The changing face of career management and employability	9
1.6	What does successful career management entail?	11
1.7	The plateaued employee and dual-career couples	13
1.8	Summary	15
1.9	Self-assessment	15

We hope that by now you are familiar with the HRM2602 myUnisa module site and the general myUnisa environment. You should have also read the introduction and orientation to the module (MO001), Tutorial Letter HRM2601/101/3/2015, as well as the module study plan. In this workbook we start the content of the module.

In Workbook 01, which is also available in an electronic format on the module site, we will start to look at the content of this module.

The mind map that follows will be repeated at the beginning of each workbook. The aim of this mind map is to indicate where you are in the process of working through the study material.

1.1   LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- define career management
- discuss the changing face of career management and the importance of employability
- discuss the benefits of career management to the organisation
- describe the elements of a successful career management function
- examine the problems that confront employees wanting to advance their careers

- describe the impact of the ineffective management of a plateaued employee
- describe the career stages that employees go through during their careers
- critically discuss the personal and organisational problems that dual-career couples face

1.2   KEY CONCEPTS

A number of key concepts are listed at the end of chapter 8 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Career
- Individual career planning
- Organisational career planning
- Dual-career partnership
- Career plateau
- Career ladder
- Employability

1.3   INTRODUCTION

People work for different reasons. Some people want good salaries, benefits and challenges in the workplace, while others prefer a healthy balance between life and work. Wärnich, Carrell, Elbert and Hatfield (2015:275) confirm this: On a continuum of career interest, work may be viewed as just a job at one end and as a career at the other. In the past, organisations and line managers felt that employees should take responsibility for their own careers and career development. Today organisations and line management realise that they need to assist and support employees in making informed career decisions that will benefit both the organisation and the employee.

As explained in the diagram that illustrates topic 1 at the beginning of this workbook, this workbook is the first of three. It focuses on *assessing and developing qualified employees and managing their careers.* In this workbook we will deal with the following aspects of career management in organisations:

- benefits of effective career management
- the changing face of career management
- successful career management
- the plateaued employee
- dual-career couples

Activity

Watch the following video and identify the tasks/roles of the individual in the career management process.

Career management process
https://www.youtube.com/watch?v=TeiltLgMITk

Before we start discussing the benefits of career management, reflect on your knowledge and expectations of career management. Why do you think career management plays an important role for every employee?

Share your thoughts and understanding of career management – do this online. Refer to the **Discussion Forums** tool on the HRM2602 myUnisa module site and select **Forums 04: Workbook 01 Activities**. Here you will find all discussion activities for Workbook 01 where you are expected to share your views on specific issues with your fellow students. Post your views online and also see what your fellow students have to say. This is an ideal opportunity to interact.

Greenhaus, Callanan and Godshalk (2010:12) define career management as a process by which individuals develop, implement and monitor career goals and strategies. Career management can be described as an ongoing process in which the individual

- gathers related information about himself/herself and the world of work
- develops a true picture of his/her talents, interests (social science, law or HR management), values and preferred lifestyle, as well as alternative occupations, jobs and organisations
- develops a realistic career goal based on the obtained information
- develops and implements a strategy designed to achieve the goals
- obtains feedback on the effectiveness of the strategy and the relevance of the goals

Notice that career management is an individual activity. Therefore, it is the individual's responsibility to manage his/her career, whereas the organisation offers support in the form of training, funds and leave days to write exams (Greenhaus et al 2012:12).

1.4   THE BENEFITS OF CAREER MANAGEMENT

Once employees can do their jobs properly, it does not mean that they will be satisfied doing the same job year in and year out. Most people would expect to be promoted (or at least transferred) once in a while. This upward or sideways movement of employees needs to be planned and coordinated carefully in accordance with individual and organisational goals. In this section we discuss how well-planned and well-executed career programmes will benefit both the organisation and the employee.

Study section 8.8 in chapter 8 of the prescribed book and do activity 1.1.

Activity 1.1

List and describe at least four benefits of effective career management for your organisation or for an organisation where a friend or family member works. You need to include examples from this organisation.

Feedback

You could have referred to any of the benefits in section 8.8.1 in the prescribed book and related them to your organisation. For example:

Mining

Engineering is a scarce and critical skill in my organisation. We have lost a number of talented engineers to the overseas market and national competitors. **Staffing inventories** will help my organisation to forecast, coordinate and manage the number of engineers we will need in the next five to ten years.

1.5   THE CHANGING FACE OF CAREER MANAGEMENT AND EMPLOYABILITY

Organisations all over the world are rapidly changing their structure, workforce composition, reward systems and service contracts. These are the result of political developments as well as production and services based on knowledge-intensive activities that contribute to an accelerated pace of technical and scientific advances, as well as rapid obsolescence in the global knowledge economy (Powell & Snellman 2004:199). Therefore, a new reality has emerged and employees are now required to maintain employability by taking ownership of their careers, studying market trends and continually developing and expanding their skills and knowledge (Schreuder & Coetzee 2011:26, 49).

We can pose the following critical questions that you should keep in mind when studying this section:

- What are the implications of this "new reality" for my organisation?
- How can this impact on my personal career plans?
- Do l have the employability attributes to compete in the knowledge economy?
- What is the responsibility of the HR team to respond to these changes?
- What is the role of the line manager in addressing these changes?

**Study** sections 8.8 and 8.9 in chapter 8 of the prescribed book.

After working through these sections, you should be able to explain

- the differences between the old/traditional and the new career
- the employability attributes appropriate for staying employable
- HR's role in career management
- the balance between organisational and individual needs in terms of career management

Activity 1.2

a. Which of the employability attributes below do you think you have or need to acquire?
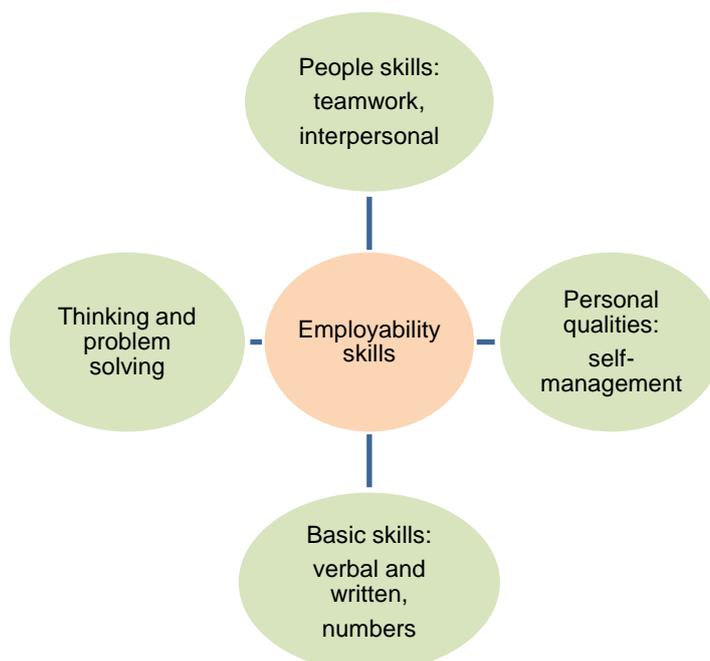
b. What is HR's role in career management?
c. Which role players need to create a balance in the career management process?

Feedback

Your internal (subjective) career experiences are important in an uncertain and unstable work environment. In the context of the 21st century, people are considered as competency traders. Their employability lies within their knowledge, transferable skills, experience, unique attributes and accomplishments (Coetzee & Roythorne-Jacobs 2007:47). Therefore employability is a composite set of traits and skills that permit a person to gain access to, adjust to and be productive in the workplace (Coetzee & Roythorne-Jacobs 2007:47; Herr, Cramer & Niles 2004:115). Employability attributes include

- ✓ career self-management
- ✓ entrepreneurial orientation
- ✓ sociability
- ✓ self-efficacy
- ✓ culture competence
- ✓ emotional literacy or intelligence
- ✓ career resilience
- ✓ proactive behaviour

HR managers should have a thorough understanding of the skills and perspectives embodied in the term "employability". This includes challenges and employability skills for employees at the beginning of their work life and at various points along their career stages and throughout the career life cycle. As seen in figure 8.2 in your prescribed book, HR's role in career management entails the following:

- ➢ the goal: matching individual and organisational needs
- ➢ identifying career opportunities and requirements
- ➢ gauging employee potential and instituting career development initiatives

As shown in figure 8.3, organisational and individual needs should create a balance in a way that joins personal effectiveness and satisfaction of employees with the achievement of the organisation's strategic objectives.

Activity 1.3

a. Refer to the old and new career realities outlined in table 8.5 in the prescribed book. In the table that follows, list at least eight realities relevant to your organisation or an organisation where a friend or family member works. Explain your views using practical examples.

Reality	Examples

b. Are there enough conversations between line managers and their team members to ensure that there is a balance between organisational and individual needs?

Feedback

As you would have noted, the concept of a series of positions to an ultimate top position has been replaced by individuals' ability to continuously develop and expand their skills and knowledge and to deal creatively with the new reality of work in order to manage change at the next level of responsibility (Coetzee & Roythorne-Jacobs 2007:3). Table 8.5 lists some differences in the concept of a career between the traditional and the new approach to career management. In this context, career management means building up the knowledge and skills capital of the business through continuous education and training to meet the future requirements that enable the individual to stay employable. However, there has to be frequent conversation between line managers and their team members to ensure that organisational needs are linked with individual career needs in a way that leads to personal effectiveness, satisfaction of employees and achievement of organisational strategic goals.

This brings us to what determines successful career management.

1.6   WHAT DOES SUCCESSFUL CAREER MANAGEMENT ENTAIL?

Now that you are aware of some of the important issues regarding the old and new career, it is time to discover what successful career management entails. Career management is a process that is planned; a haphazard attempt to manage careers will fail.

Study the entire section 8.10, as well as "HR in practice" and "Tips for effective career management" in chapter 8 of the prescribed book before you do activity 1.4.

In this section you should have learnt more about the following aspects:

- factors that should be considered to ensure successful career management strategies and plans
- the integration between HR planning (see Workbook 1 in HRM2601 available on the Additional Resources link) and career management
- the role of the organisation in individual career planning
- the elements of implementing career management programmes as a long-term process

Activity 1.4

a. Use this table to list and describe at least five elements that would assist your organisation in implementing effective career management programmes. You can also refer to "HR in practice" for effective career management. If you are not employed yet, ask a friend or family member about the organisation where they work.

#	Element	Description
1.		
2.		
3.		
4.		
5.		

b. Refer to the career stages and describe the career stage in which you find yourself currently. Give reasons for and examples of your viewpoint.

Feedback

It is the employees' responsibility to manage their own career in order to remain employable. However, it is the employer's responsibility to provide employees with resources and opportunities to enhance their skills. For example, the employee has to identify areas for knowledge or skills development, plans and career goals, and the employer creates an environment for continuous learning by supporting and rewarding employee development.

Employees generally progress through career life stages and each stage represents unique opportunities and challenges for career development. Consider Tom who is young and is in the

establishment stage starting an accounting internship at an organisation. He will need a supportive and caring supervisor to guide him to become a productive employee.

Career management programmes are organised around the organisation's strategic goal. For example, an engineering company will focus on formal mentoring, assignments and work shadowing to develop their new engineering graduates.

Career management programmes must overcome several obstacles before they become effective. Some of the obstacles can be lack of supervisory participation and employee expectations that the organisation should bear the major responsibility for career development. Another problem is the impatience and frustration employees feel when advancement opportunities are limited. Let's look at this problem in more detail.

1.7   THE PLATEAUED EMPLOYEE AND DUAL-CAREER COUPLES

Study sections 8.11 and 8.12 in chapter 8 of the prescribed book.

In this section you learn about the concept of a plateaued employee and the impact of dual-career couples on organisations. Here are some key pointers that should inform your understanding of these aspects.

There are various obstacles that career management programmes must overcome before they become effective. Examples are lack of supervisory participation and expectations that the organisation is responsible for employee career development.

An effective career management strategy or programme can provide the employee with opportunities to progress within the organisation. However, employees are not always realistic and aware of challenges the organisation has to manage because of factors beyond its control. Think of the organisation's structure. In a department there might only be one line manager until this position becomes vacant. Factors such as the one in this example can limit opportunities for promotion, leading to a demotivated and disengaged employee who sees no future prospect of being promoted within the organisation. Employees reaching this stage are referred to as plateaued employees.

One of the challenges in career management is to manage work and family responsibilities. Both couples and organisations should be aware of the number of personal and organisational problems that could impact either positively or negatively on the employees and the organisation, depending on how they are managed. Research indicates that dual-career couples now comprise 45% of the workforce (Cascio 2006:379). The role of the employee as a family member must be considered, especially if this role conflicts with work activities.

Activity 1.5

a. Read this scenario and then answer the questions that follow.

Peter, who is 43 years old and has high levels of knowledge and skills, works for a large organisation. He has always expected that he would be able to work his way up the organisation until he reaches the top. So far, he has been promoted frequently, has made steady progress up the corporate ladder and has been rewarded for his efforts with money, fringe benefits and job titles. He has always firmly believed that he is destined for the very top.

Then one day a promotion he expected to receive is given to one of his colleagues. Surprised and disappointed, he consults his supervisors, only to be told that his work performance is perfectly

satisfactory. He continues his work as before, but the next time promotions are announced, he is once again not among them.

    i.   Put yourself in Peter's shoes and describe how the average person will respond to the second disappointment.
    ii.   List three risks for Peter and his organisation if his career situation is not managed effectively.

b. Read this scenario and then answer the questions that follow.

Sam is married and has an 8-year-old son. His wife is a junior medical doctor working long hours in a public hospital. Sam has been working as a lecturer in the HR department at a university for the past four years. He has always dreamt of qualifying as a professor and is working towards this goal.

As his wife works long hours, Sam has to drop off and pick up his son from school, do homework with him and attend most of his son's cricket matches. Sam enrolled for his PhD, but after two years he has not progressed. Recently, his line manager called him to his office to discuss his progress.

    i.   In a short paragraph, explain to the line manager how to deal with this discussion.
    ii.   Make three recommendations to the line manager on how to assist and support Sam in managing his career goals and plans.
    iii.   Critically discuss the following statement: "The organisation is responsible for assisting Sam in dealing with his career-related challenges."

Feedback

A career plateau occurs at a point where employees have reached the highest position level they can possibly obtain within an organisation and has no future prospects of being promoted because of a lack of skills, company restructuring, downsizing or other factors such as employment equity. Promotions at all levels in organisations do not go on forever. Most organisations only have one chief executive officer or one director. However, to retain Peter's knowledge and skills, the HR department can create opportunities for lateral assignments within the organisation or increase job enrichment. This was discussed in HRM2601, chapter 5 available on the Additional Resources link.

Sam is experiencing family versus work pressures. He will need assistance from the organisation to learn to deal with these career-related challenges. You could have referred to any of the various programmes mentioned in chapter 8 in the prescribed book and related them to your organisation. Sam could be advised to attend a time management workshop that enables him to deal with these challenges and develop relevant career goals.

In this last section of the unit make sure you can recognise, relate and apply your new knowledge and skills in and at your workplace. The final activity will help you in this.

Activity 1.6

Read the Take-A-Break case study at the end of chapter 8 of the prescribed book and answer the following questions:

a. Critically discuss the effectiveness of career management at Take-A-Break.
b. List the parties who are responsible for career management at Take-A-Break.
c. Indicate whether you think Take-A-Break's career management process is based on old/traditional or new career realities. Give examples and reasons for your response.
d. Identify the career stage in which Karabo is. Substantiate your answer.

e. Critically discuss the risks for Take-A-Break if dual-career couples are not managed proactively and well.

Feedback

In career planning, people gain knowledge about themselves and the working environment. They try to match their own preferences to an occupation, job or working environment in which they think they will feel comfortable and will be able to function optimally. When individuals manage their career (career management), they gather information about themselves and the work environment, they know what their own abilities, talents and preferences are, as well as what occupations and jobs are available in different organisations, they develop realistic career goals based on the knowledge about themselves and the working world, they develop and implement a strategy to achieve these goals and receive feedback on the effectiveness of the strategy and the significance of the goals.

The employee and the organisation should negotiate mutually acceptable career management as indicated in section 8.10 in the prescribed book. Career management must be planned, as disorganised attempts to manage careers will fail. It appears that the Take-A-Break Lodge career management process is based on the old traditional realities because they focus on regular promotion.

Management should support career management such as promotion from within and development of employee skills through training and development. Karabo is in the establishment career stage and it would benefit Take-A-Break Lodge to provide him with a supportive and caring supervisor to assist him in becoming a productive employee. You could have referred to any of the personal and organisational problems that dual-career couples face in the prescribed book. Various programmes as indicated in the prescribed book can be implemented at Take-A-Break Lodge to help couples manage their careers.

1.8   SUMMARY

In this workbook we reviewed your knowledge and understanding of career management, which plays an important role in achieving employee objectives. Although employees are responsible for their own career management, the organisation can help them to make better career decisions. HR plays a critical role in facilitating and providing the necessary support for employees wishing to develop their own careers.

1.9   SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 01 tab on Additional Resources and begin your assessment.

Question 1

Critically discuss the following statement: "Career management is a long-term process and not an event."

Question 2

Write an essay on career management in your organisation or the organisation where a friend or family member works. In your essay you need to cover the following aspects:

• Pose the question of who they think should take responsibility for career management to at least three colleagues.

- Write a paragraph to summarise your findings.
- Make three recommendations to the HR team of your organisation on how they should implement an effective career management programme.

Question 3

Draw a diagram to illustrate the different stages employees can go through during their career.

Feedback

Question 1

The answer to this question can be found in "Career management" in the prescribed book and in section 1.4 in this workbook.

You will agree that your graduation day will be an event where you will get your certificate, have photos taken and celebrate with family. There is an end. But remember, this was part of your career management; you gathered information about yourself (talents, interests, values, preferred lifestyle, occupation, jobs and organisations) and developed a realistic career goal based on this information (a human resource officer). You then developed and implemented a strategy to achieve this goal (enrolled to study at Unisa) and obtained feedback through successfully completing the required module and ultimately your degree or diploma. The process continues as you work at your chosen organisation, develop new goals, take advantage of training and development and promotion opportunities and obtain relevant feedback regarding the effectiveness of your strategy and goal. That is why career management is a process and not an event.

Question 2

The answer to this question can be found in "Successful career management" in the prescribed book and in section 1.6 in this workbook. Here you needed to clearly indicate whether you think an individual should take responsibility for his/her own career, and you should have provided reasons for your answer. For career management activities to be effective, there has to be a workable balance between the organisation's HR needs and the individual employee's career goals. You could have referred to any recommendations in the section "Tips for effective career management programmes" and section 8.10.4 in the prescribed book.

Question 3

The diagram that you drew should include the career stages discussed in the prescribed book. These stages are establishment when the employee begins a career, followed by advancement, then maintenance and finally withdrawal during which the employee begins to retire or move on to a new career. You could be wondering how an employee can retire or move to a new career. Take, for example, a lecturer who retires from his/her career and starts a new career of painting art.

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No

Can I define career management?		
Am I able to discuss the changing face of career management and the importance of employability?		
Am I able to discuss the benefits of career management to the organisation?		
Will I be able to describe the elements of a successful career management function?		
Can I examine the problems that confront employees wanting to advance their careers?		
Am I able to describe the impact of ineffective management of a plateaued employee?		
Can I describe the career stages that employees go through during their careers?		
Am I able to critically discuss the personal and organisational problems that dual-career couples face?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module and will ensure that you can pass the examination at the end of this semester.

 CARRY ON

Now that you have successfully completed Workbook 01 and all the activities, you can go on to Workbook 02.

BIBLIOGRAPHY

Cascio, WF. 2006. *Managing human resources: productivity, quality of work life, profits.* 7th edition. New Jersey: Pearson Prentice Hall.

Coetzee, M & Roythorne-Jacobs, H. 2007. *Career counselling and guidance in the workplace: a manual for career practitioners.* Cape Town: Juta.

Greenhaus, JH, Callanan, GA & Godshalk, VM. 2010. *Career management.* Thousand Oaks, CA: Sage Publications.

Herr, EL, Cramer, SH & Niles, SG. 2004. *Career guidance and counselling through the lifespan.* London: Prentice-Hall.

Powell, WW & Snellman, K. 2004. The knowledge economy. *Annual Review of Sociology* 30:199–220.

Schreuder, AMG & Coetzee, M. 2011. *Careers: an organisational perspective.* 4th edition. Claremont: Juta.

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C.* Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa.* 5th edition. London: Cengage Learning.
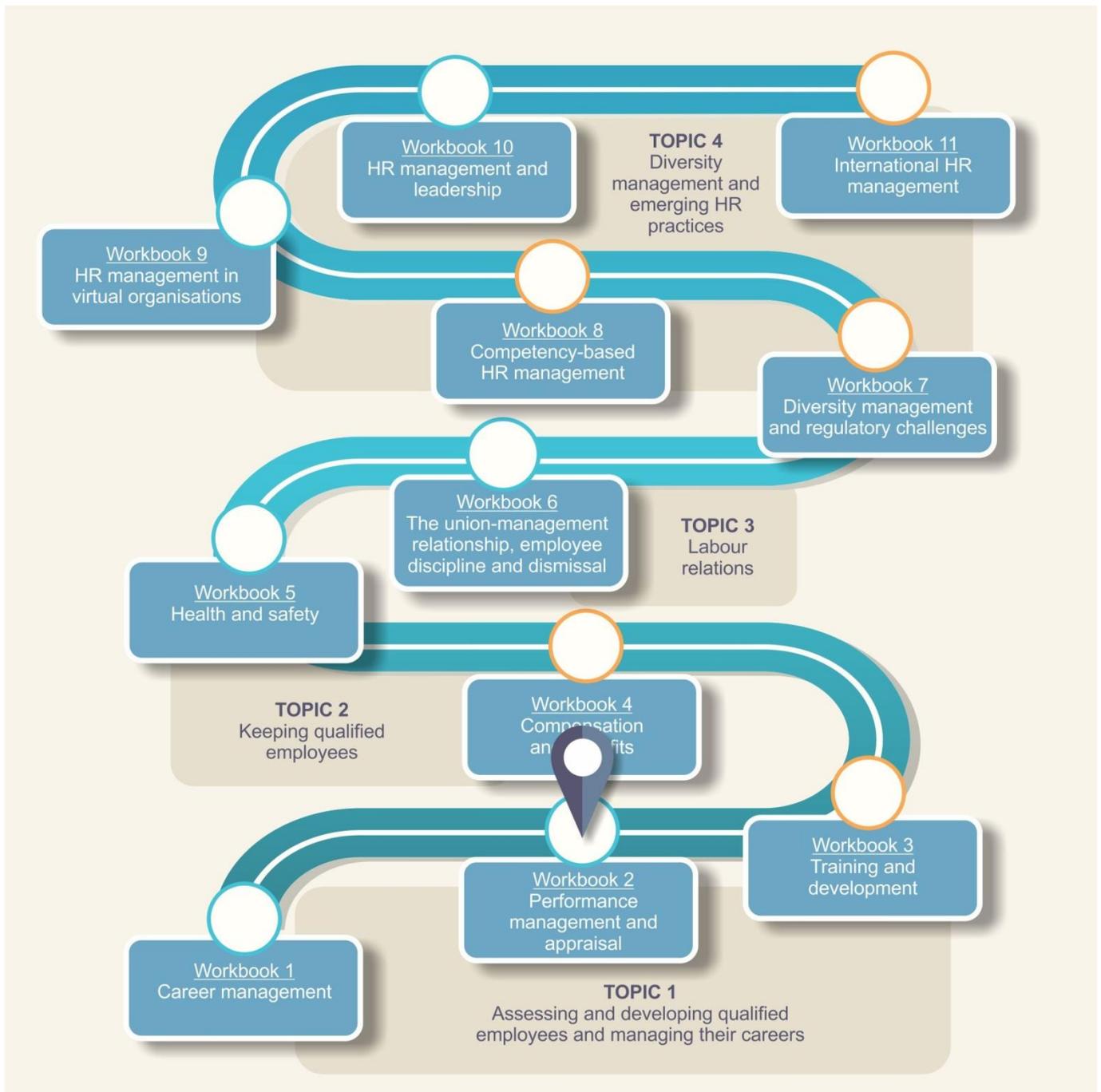
WORKBOOK 02

Performance management and appraisal

Contents		Pages
2.1	Learning outcomes	19
2.2	Key concepts	20
2.3	Introduction	20
2.4	What is the difference between performance appraisal and performance management?	21
2.5	The appraisal process, problems and legal considerations	24
2.6	Methods for appraising performance and rating errors	26
2.7	Who should do the rating and what is the role of assessment centres?	29
2.8	The appraisal interview	30
2.9	Summary	32
2.10	Self-assessment	33

Have a look at the mind map to see where you are in the process of working through the study material.

2.1 LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- discuss the difference between performance management and performance appraisal
- explain the evaluative and developmental objectives of performance appraisal
- describe the major performance appraisal methods
- design and evaluate a programme of performance appraisal
- discuss the process to be followed when an employee performs unsatisfactorily

- discuss who should perform the appraisal
- provide examples of several rater errors
- discuss several concerns about appraisal feedback interviews
- discuss the effect of technology on performance management

2.2 KEY CONCEPTS

A number of key concepts are listed at the end of chapter 9 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Performance management
- Performance appraisals
- Rater bias
- Peer evaluation
- Behaviourally anchored rating scales (BARS)
- Paired comparison

Activity 2.1: The importance of performance management

Think about or reflect on your own job or talk to a friend or family member who has been employed for a few years and then answer these questions:

a. Has your performance (good or bad), or that of your friend or family member, ever been discussed? Do you talk about performance at work?
b. If so, who discusses performance at work? Is it only you and your colleagues or you and your manager?
c. Do you think it is important to talk about performance at work? Give reasons for your answer.
d. If a performance management process is used in your organisation, discuss your experience of the process.

Feedback

At some stage in work situations, most employees will probably talk about or experience a need to receive feedback on their performance. Employees discuss performance with their colleagues, especially before a scheduled appointment to discuss their performance with their supervisor and also afterwards following positive or negative performance outcomes. A performance management process can be positive if it provides effective feedback on performance, for example sufficient detail so that the employee knows exactly where the deviation was. By thinking about these questions, you are starting to think about performance appraisal.

2.3 INTRODUCTION

Performance management forms part of the development and assessment phases of the employee in an organisation. To understand the concept and purpose of performance management, you need to understand where performance management fits into the value chain and what impact it can have on the

productivity and satisfaction levels of employees within an organisation. Figure 2.1 illustrates the basic HR value chain.
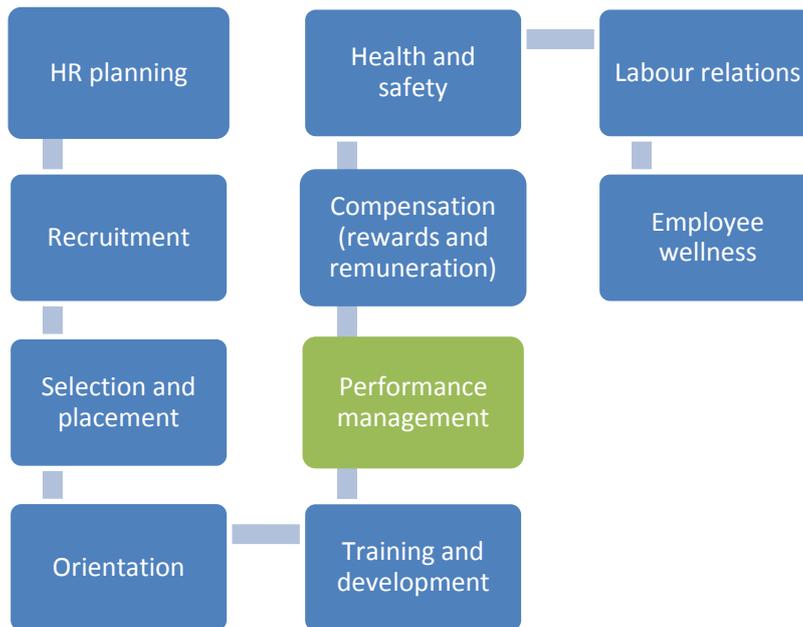

Figure 2.1: Basic human resource value chain

While working through this unit and the chapter in the prescribed book, you need to understand the following key aspects of performance management:

- There is a difference between performance management and performance appraisal.
- Performance management is a process.
- Performance management as an HRM function forms part of the development and assessment process of the employee in an organisation.

In general, most people want to know whether they are performing satisfactorily. They also like to know if they are doing anything wrong and, if so, how they can correct their mistakes or improve their performance. This is where performance management and appraisal fit in. These are some of the key concepts highlighted in activity 2.1.

Effective management of HR performance in an organisation can greatly enhance productivity and organisational success.

In this workbook we will explore the concept and process of performance management. We will also explain the respective roles of the HR team and the line manager in the process.

2.4 WHAT IS THE DIFFERENCE BETWEEN PERFORMANCE APPRAISAL AND PERFORMANCE MANAGEMENT?

At first, appraising performance and managing performance appear to be similar activities. But are they? Let's take a look at the difference between these two activities.

Study the introductory section of chapter 9 and sections 9.1, 9.2 and 9.3 in the prescribed book.

After working through these sections, you should be able to explain the following aspects related to performance management and appraisal in the workplace:

- the major challenges related to performance management in organisations in South Africa
- the difference between performance management and performance appraisal
- the types of performance criteria and objectives

Performance management forms part of the development and assessment phases of the employee in an organisation. The performance management process consists of four phases. To manage performance effectively, these phases should be implemented as an integrated process. The integration of the four phases is illustrated in figure 2.2.
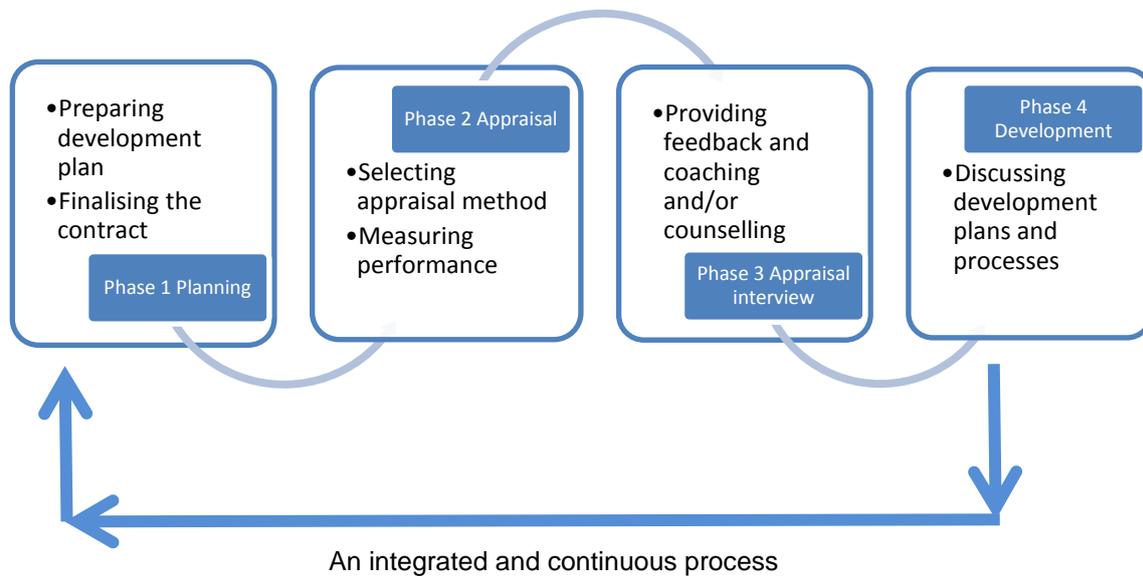

An integrated and continuous process

Figure 2.2: Integration of the phases of the performance management process

To make sure that you understand these aspects, do activity 2.2.

Activity 2.2: Do performance management and performance appraisal differ?

Watch the following video. Reflect and share your thoughts on performance management.

Performance management
https://www.youtube.com/watch?v=peq0z49Nw4I

Share your thoughts and understanding of career management – do this online. Refer to the **Discussion Forums** tool on the HRM2602 myUnisa module site and select **Forums 06: Workbook 02 Activities**.

a. List six challenges related to performance management in organisations in South Africa.
   Indicate whether these challenges are relevant to your team/organisation. If you are not working yet, ask a friend or family member about their organisation.

b. Distinguish between performance appraisal and performance management by completing the table that follows.

Study the introductory part of chapter 9 in the prescribed book. Then try to identify which column of the table refers to **performance appraisal** and which to **performance management**.

Performance …	Performance …
• is only concerned with individual performance	• is concerned with the total performance of the organisation and how individual and team results contribute to that performance
• is a segregated process	• is a process integrating corporate, functional, team and individual objectives and linked more closely with other aspects of HR management
• is treated as an administrative chore imposed by the HR department	• is treated as a normal process of management
• is seen as something handed down by superiors to subordinates	• concerns all members of the organisation as partners in the process
• is not concerned with team performance	• is concerned as much with team performance as with individual performance
• is a process relying on a once-a-year formal review	• is a continuous process
• provides a basis for performance-related pay decisions	• can provide a basis for performance-related pay decisions, but greater care is taken in developing rating systems and achieving consistency in ratings

c. In table format, distinguish between three different performance criteria. Provide examples of the different types of criteria.

d. Distinguish between evaluative and developmental objectives that are used in performance appraisals. Include examples that are applicable to your work environment or the environment where a friend or family member works.

e. Review the list of sources of ineffective performance in table 9.1 in the prescribed book. Now identify and list the sources that are relevant to ineffective performance in your team and/or organisation, or the one that you spoke about in (d).

Feedback

Performance management in organisations in South Africa is not without challenges. Some of these challenges are a negative working culture, changes in corporate strategy that do not result in corresponding behaviour changes and insufficient line management support.

As you would have noted from the definitions of performance appraisal and performance management in the prescribed book as well as from activity 2.2, there are clear differences between the two concepts. Performance management systems will always include performance appraisal or review schemes as a central part of the process. Performance appraisal is a narrower concept and forms one leg of the performance management process.

Performances criteria are those aspects of performance that the individual can control and the organisation believes are important to accomplish the job and therefore uses to evaluate or measure employee performance. To identify the appropriate performance criteria and develop usable standards, a professional job analysis is essential. Three types of performance criteria are illustrated in figure 2.3.

Figure 2.3: Types of performance criteria (adapted from Wärnich et al (2015:296))

Evaluative objectives of performance appraisals are concerned with compensation and staffing decisions as well as evaluating selection systems. On the other hand, developmental objectives encompass developing employee skills and motivation for future performance.

You could have referred to any of the possible sources of ineffective performance in table 9.1 in the prescribed book and related them to your organisation. Supervisors must identify performance problems resulting from issues such as lack of a critical skill or ability caused by low morale, or even conflict between work demands and family demands.

Now that you know what aspects of performance have to be appraised, you are probably wondering why it is necessary to do performance appraisals.

2.5   THE APPRAISAL PROCESS, PROBLEMS AND LEGAL CONSIDERATIONS

According to figure 2.2, performance appraisal is the second phase in the performance management process. To manage and appraise performance effectively, certain steps need to be taken. You know from our previous discussions that the HR function in an organisation is governed by a legislative framework. The performance management process should take the legislative requirements into consideration to protect both the employee and the organisation. Proper planning and decision-making are extremely important as this will impact on the commitment and buy-in of employees to implement the system and process effectively.

In this section we discuss the steps that should be considered to ensure the effective implementation of an appraisal process, including performance problems encountered during the appraisal process. We also look at the legal considerations that organisations should comply with when implementing a performance management system and process.

Study sections 9.4, 9.5 and 9.6 in chapter 9 of the prescribed book.

After working through these sections, you should be able to discuss the following aspects related to performance management and appraisal in the workplace:

• the steps of the performance appraisal process

- employee performance problems
- the legal considerations that impact on the performance appraisal process

Activity 2.3

a. Draw a diagram to illustrate the integration of the seven steps of the performance appraisal process.
b. Discuss the guidelines that an organisation can apply to protect itself from performance-related problems.
c. Critically discuss the importance of understanding and applying the steps of the appraisal process.
d. What are the possible causes of employee performance problems?

Feedback

Remember that the sequence of steps as indicated in section 9.4 in the prescribed book is only a guideline. Each organisation will alter these steps according to its own unique needs/situation. To make the performance appraisal process more understandable, we can classify the steps under the following questions:

a. What is to be appraised, that is, what factors should be taken into account by appraisers and those that are being appraised?
b. How will appraisals take place, that is, what methods should be used?
c. When will formal appraisals be carried out, that is, at yearly, half-yearly or even quarterly intervals?
d. What needs to be done to ensure that appraisal is a continuing process and, as part of this process, should counselling and coaching be used to improve skills and performance?

The HR manager and team should therefore ensure that these issues are considered when designing a performance management system and process. Remember that these are only general guidelines.

Because of all the laws dealing with labour relations, South African organisations will have to alter their HR practices accordingly. You could have referred to any of the guidelines in section 9.5 in the prescribed book. Performance management and appraisal are two of the most important HR practices that need to be changed in the light of possible legal reviews for terminations and promotions.

For example, when an employee is dismissed on the grounds of poor work performance, the input received from the performance appraisal phase will be vital. The performance appraisal document should contain all the evidence related to the employee's performance discussions and guidance.

This example confirms the relevance and importance of selecting the most effective appraisal method and/or instrument for the appraisal phase of the performance management process.

Effective managers not only stay on the alert for employee performance problems, but also recognise that productivity problems stem from a variety of causes. At least four major causes identified are

- lack of skills
- lack of motivation
- lack of respect for rules
- personal problems

If an employee is not performing satisfactorily, follow the steps in figure 2.4:
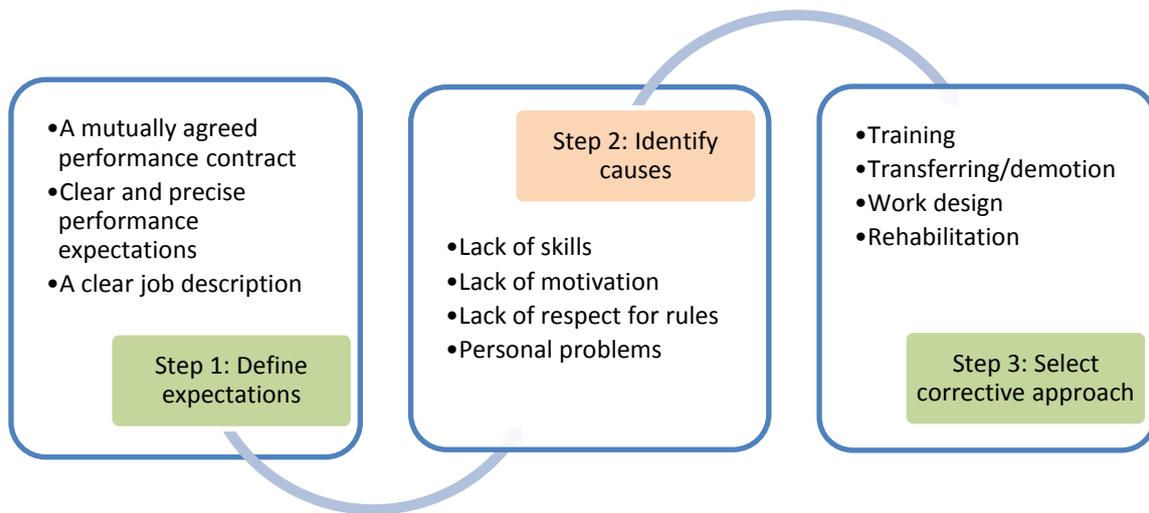
Figure 2.4: Steps in resolving performance problems

Now you will learn about the different methods available to appraise employee performance.

2.6   METHODS FOR APPRAISING PERFORMANCE AND RATING ERRORS

You will agree that HR managers need to put a lot of effort into choosing the best performance appraisal method(s) for the organisation. They should also ensure that the line managers, who will be responsible for implementing and monitoring the performance management process, buy in to the process and can appraise and rate performance and give feedback to employees. Another important aspect is that the employees have to be properly informed about the system, process and method(s) used.

In addition, since people do performance appraisals and ratings in organisations, there is always the possibility of subjectivity and human error. Performance appraisers should therefore be aware of the errors they are likely to make and should receive support and guidance on how to avoid them.

Study sections 9.7 and 9.8 in chapter 9 of the prescribed book.

After working through these sections, you should be able to describe the following aspects related to methods of appraisal in the workplace:

- the different methods that could be used to appraise performance
- the different rater errors the rater can make in appraising performance

Completing activity 2.4 will assist you in summarising the different methods and errors.

Activity 2.4

a. By completing this table, summarise the different methods of appraisal that could be used.

Methods	Appraisal method	Brief description of method
Category rating methods	Graphic rating scales	
	Non-graphic rating scales	
	Critical incidents	
Comparative methods	Ranking	
	Forced distribution	
	Paired comparison	
Narrative methods	Critical incidents	
	Annual review file or calendar	
Methods	Appraisal method	Brief description of method

Methods	Appraisal method	Brief description of method
	Essay method	
Behavioural objective methods	**Behaviourally anchored rating scales (BARS)**	
	Management by objectives (MBO)	
Combination methods		

b. Indicate which method(s) is/are currently used in your organisation or the organisation where a friend or family member works.

c. Describe the different rating errors.

d. Indicate which rater errors you have experienced during performance appraisals in your career. If you have not worked yet, ask a friend or family member.

Feedback

You could have referred to any of the methods for appraising performance in section 9.7 in the prescribed book and related them to your organisation. However, a preferred performance appraisal method should signal the operational objectives to the individual, groups and the whole organisation.

All methods of performance appraisals are subject to rating errors such as rater bias, central tendency, strictness, recency effect, halo effect and leniency, but training supervisors or line managers can minimise many of them. The rater errors will differ in each organisation. For example, an inexperienced or poor supervisor may decide that the easiest way to appraise performance is simply to give everyone a high evaluation, which is called leniency. Figure 9.8 in section 9.8 of the prescribed book provides specific reasons and motives for giving either inflated or deflated ratings.

2.7 WHO SHOULD DO THE RATING AND WHAT IS THE ROLE OF ASSESSMENT CENTRES?

By now you should understand the important partnership between the HR team and the line management of an organisation. Through our discussions you learnt that the HR team should advise, design, develop and implement an appropriate performance management system that will meet the needs and requirements of the organisation. As part of this process, the HR team needs to propose an approach to rating performance. Different approaches could be considered, namely self-evaluation, evaluation by the supervisor or manager, team evaluation, peer evaluation, multiple evaluation and customer evaluation. In this section we investigate these different approaches to rating performance in organisations.

Study sections 9.9, 9.10, 9.11 and 9.12 in chapter 9 of the prescribed book.

After working through these sections, you should be able to demonstrate an understanding of the following aspects:

- different raters in the performance appraisal process
- the role of assessment centres in performance appraisal
- the role of technology in performance appraisal
- the elements of effective performance appraisal systems

To make sure you understand these aspects, do activity 2.5.

Activity 2.5

a. Describe the different approaches to performance appraisal.
b. Indicate the rating approach or approaches followed in your organisation to appraise performance. If you are not employed yet, ask a friend or family member what their organisation uses.
c. Assess the effectiveness of your organisation's performance management system. Write a paragraph on the effectiveness or ineffectiveness of your organisation's performance management system.
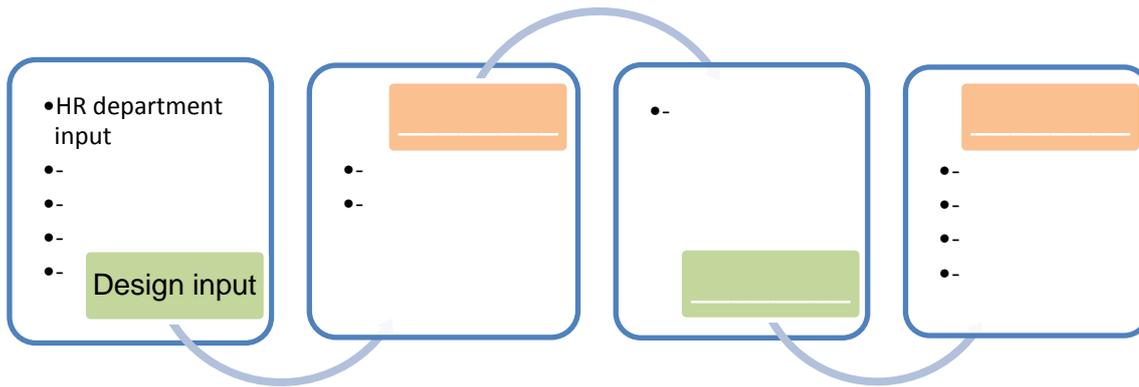d. Complete figure 2.5 on the steps in developing an effective performance appraisal system.

Figure 2.5: Steps in developing an effective performance appraisal system

Feedback

You could have referred to any of the different approaches of performance appraisal in section 9.9 in the prescribed book and related them to your organisation. The standard approach has been to have a single rater, with the immediate supervisor performing the appraisal as a managerial duty. However, multiple raters are now used in the majority of organisations. Peer evaluations and self-evaluations have increased, as have customer or client evaluations. In an attempt to improve the performance appraisal process, subordinate or reverse rating and team rating techniques have now been introduced in some organisations.

Performance management systems can be either effective or ineffective, depending on the organisation you work for. However, an effective performance management system should adopt the following approach:

• be easier to administer
• comply with employment equity legislation
• planned with a clear appraisal purpose
• owned by line management with top management support
• appraisal outcome-linked ratings with ongoing systems review
• ongoing appraisal and coaching with properly trained personnel
• employee/manager input in system design

The HR department should assist management in developing a performance appraisal system that is fair and improves employee and organisational effectiveness. Section 9.12 of the prescribed book should have assisted you in completing figure 2.5.

2.8   THE APPRAISAL INTERVIEW

As per figure 2.2, the appraisal interview is phase 3 of the performance management process. It plays an extremely important role in building and sustaining relationships between line managers and employees.

During the interview, the supervisor provides performance feedback to the employee. Giving a person positive feedback is usually a pleasure to both the speaker and the receiver, and could result in greater loyalty, better performance and greater organisational goal achievement. This is something managers do easily and it is well received. Obviously, managers have to take great care to ensure that this interview enhances employee development and improves individual performance. You will therefore agree that this interview could "make or break" an employee. Ineffective or destructive performance feedback can

easily destroy the relationship between the organisation and the employee, and could lead to a demotivated, unhappy and unstable workforce.

However, giving less positive or constructive feedback is an issue that many managers avoid. Managers tend to ignore the problem, rather than resolve it directly. The challenge is how to provide team members with feedback which is **useful** and gives them **specific details** on what they need to improve in the future in order to enhance their performance. Providing a person with feedback can be highly motivating if it is done in a meaningful and constructive way. Figure 2.6 illustrates a proposed performance feedback process.
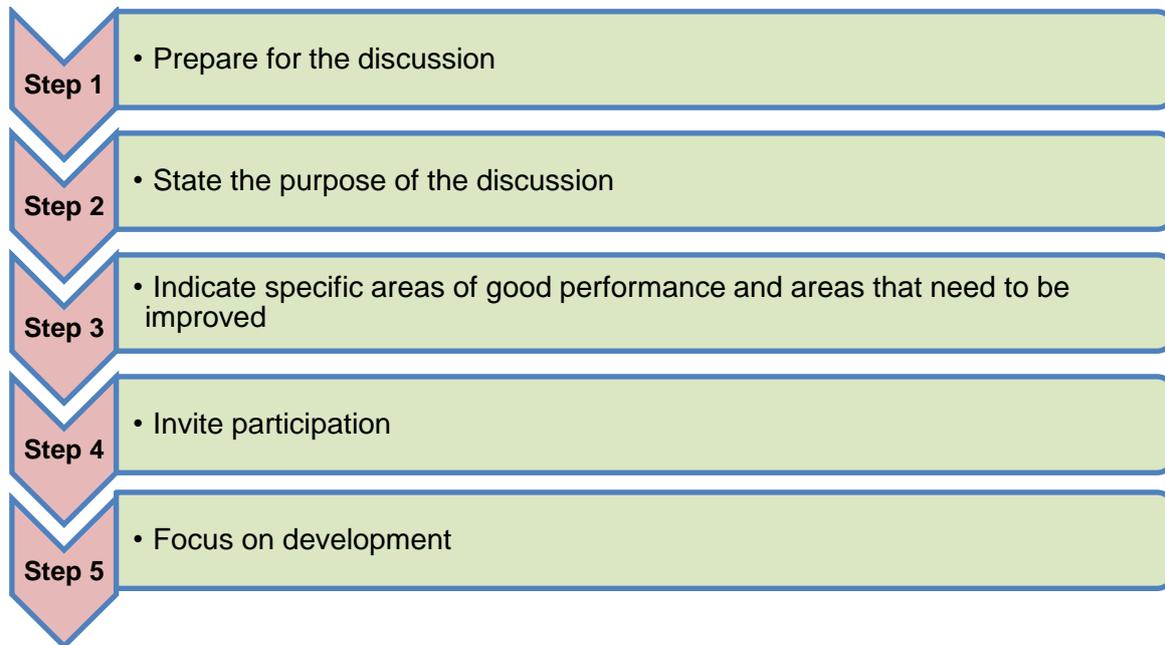
Step 1	• Prepare for the discussion
Step 2	• State the purpose of the discussion
Step 3	• Indicate specific areas of good performance and areas that need to be improved
Step 4	• Invite participation
Step 5	• Focus on development

Figure 2.6: Proposed performance feedback discussion/interview

In this section we discuss

- a number of errors the manager can make during the feedback discussion
- details on the steps of the proposed feedback discussion/interview
- different types of interviews that could be used to solve performance and developmental problems

Study section 9.13 in chapter 9 of the prescribed book.

After working through this section, you should be able to explain the following aspects:

- the purpose of the appraisal interview
- typical problems that can occur during the appraisal interview
- the format of the interview
- problem-solving interviews

Now that you have worked through these sections, do activity 2.6.

Activity 2.6

a. Summarise the different problems the manager should avoid during the appraisal discussion/

interview.
b. Have you experienced any of these problems during appraisal discussions/interviews?
c. Work through the steps in the proposed appraisal discussion/interview and write down the key aspects of each step.
d. Based on the different interviewing techniques, which technique will be most suitable to resolve performance issues in your team or organisation or the organisation where your friend or family member works?

Feedback

By now you probably agree that an appraisal interview is necessary. In fact, it is considered to be the most critical and potentially the most productive part of the appraisal process. Appraisal interviews are not without problems, so interviewers need to be aware of issues such as personality bias, playing God, inability to give criticism or the inability to give effective feedback. You could have referred to any of the appraisal problems in the prescribed book and related them to your experience.

Although appraisal interviews can be stressful, stress can be reduced by preparing appraisers to conduct interviews correctly. Information should be given on what to do and what to avoid during the interview. The interviewer should also try to balance areas of positive performance (what was done right) with areas in which performance is deficient (what was done wrong) so that the employee has the complete realistic picture.

Although the precise format of the interview will vary to some extent from employee to employee, there are five steps that are generally covered. Refer to figure 2.6 in section 2.8 of this workbook for the five steps.

You could have referred to any of the interviewing techniques (section 9.13.3) in the prescribed book and related them to your organisation. For example, problem-solving interviews can be used for identifying and recommending areas of development to the employee.

2.9 SUMMARY

You have now reached the end of Workbook 02. By now you are probably convinced of the importance of a proper performance management system and process. You realise that employee performance should not be managed on an ad hoc basis only, but should be seen as part of the day-to-day management process. The HR manager should therefore ensure that

- a performance appraisal system best suited to the organisation is in place
- it is administered in such a way that it results in fair and equitable treatment for the diversity in the workplace
- employees and supervisors are familiar with the implementation of the system
- appraisers are properly trained so that the organisation and its employees can benefit from the system

It is therefore clear that sincerity and honesty are two vital components that managers need to add to the process.

To master performance management and appraisal, you need to make sure that you know and understand the following aspects:

- the major challenges related to performance management in organisations in South Africa
- the difference between performance management and performance appraisal
- types of performance criteria and objectives
- steps of the performance appraisal process

- legal considerations that impact on the performance appraisal process
- different methods that could be used to appraise performance
- different rater errors the rater can make in appraising performance
- different approaches to rating performance
- the role of assessment centres in performance appraisal
- the role of technology in performance appraisal
- the purpose of the appraisal interview
- typical problems that can occur during the appraisal interview
- the format of the interview
- problem-solving interviews

2.10   SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 02 tab on Additional Resources and begin your assessment.

Question 1

Performance management and performance appraisal are interdependent. Critically discuss this statement.

Question 2

Differentiate between the following concepts by defining each, discussing the differences and the end results of each activity and illustrating each concept with an example:

- performance appraisal
- job analysis
- job evaluation

Question 3

Discuss the concept of performance criteria by describing it, discussing the different types of performance criteria, explaining the role of performance criteria in the performance appraisal process and identifying and discussing the HR activity that assists with the identification of performance criteria.

Question 4

You have just been appointed as an HR manager in a small company that manufactures fertiliser. The company employs 500 people. Before your appointment there were no HR management systems in place in the company. The owner, who has just bought the company, is anxious to do things right and wants to know if it is necessary to implement a performance management system in a small company.

Critically discuss the relevance and importance of a usable performance management system. You need to indicate the benefits and legal considerations that must be taken into account when developing such a performance management system.

Question 5

The owner of the business in question 4 has decided that a performance appraisal system should be designed for the company.

In an essay, **discuss** the steps you would recommend him to follow in designing and implementing an appraisal system and **explain** to him how he can ensure the effectiveness of the system.

Question 6

Identify an appraisal method that you would recommend for the performance appraisal system that you are designing. (See question 5.) Substantiate your answer.

Question 7

Part of the design and the implementation of an appraisal system involves training the supervisors to use the system. One of the important issues that should be covered during the training is rater errors and methods to prevent these errors.

Identify and describe at least four of the most common rater errors that the managers of the organisation in question 4 should be aware of and avoid. Make suggestions on how these errors could be avoided.

Question 8

The appraisal interview is an important step in the performance appraisal process. Explain the importance of the interview and discuss the problems that may occur during an appraisal interview.
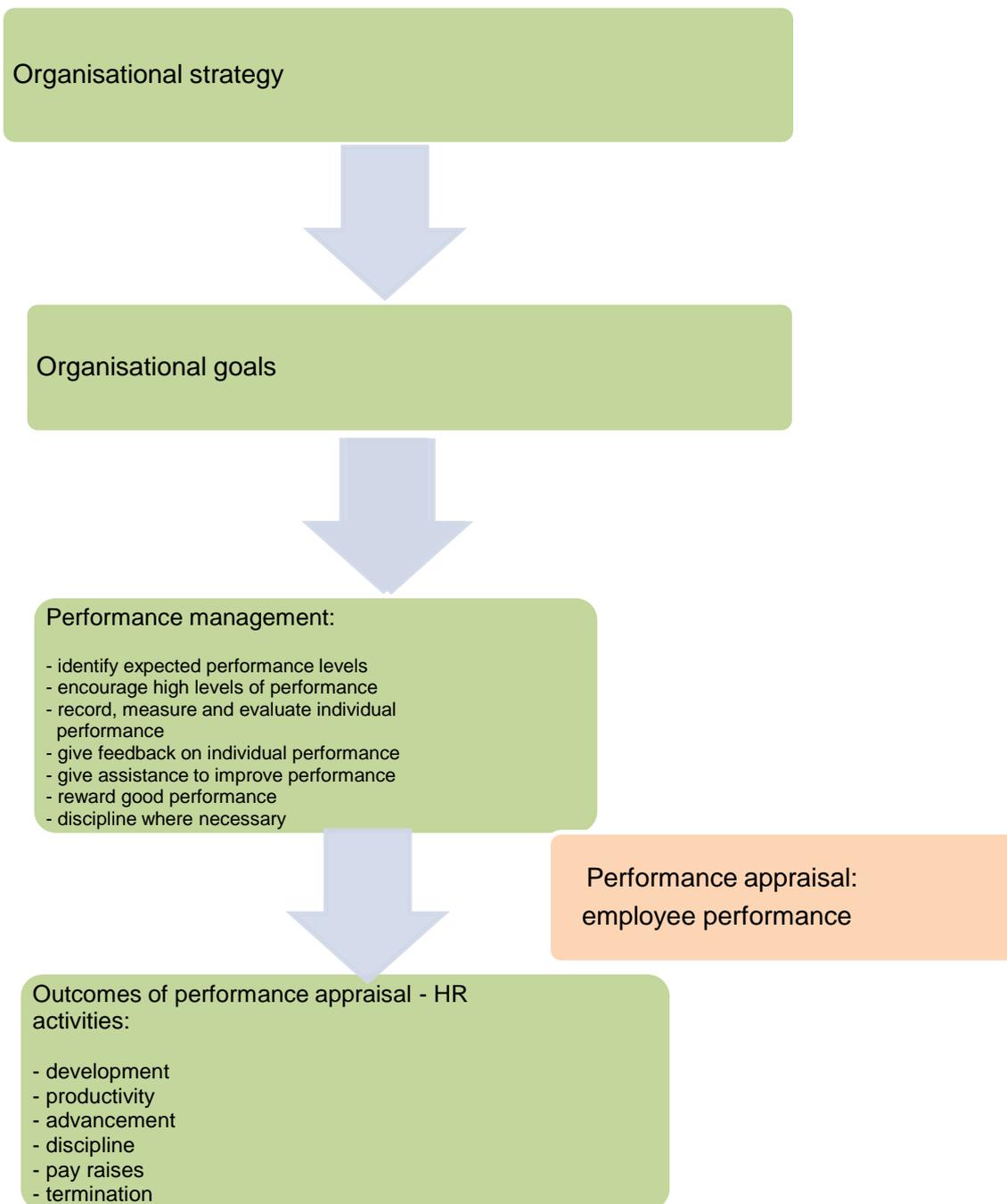
Feedback

Question 1

You will find the guidelines to this answer in the following sections of the prescribed textbook: "Introduction to chapter 9", figure 9.1, "Performance criteria", Performance appraisal objectives" and "The appraisal process".

This is not an easy question to answer because you have to combine and integrate the information. You also have to think about the nature of the interdependence of the two activities, as it is not discussed in the prescribed material. An example of how to answer this question follows. For examination purposes, remember that this is not a complete answer and you will have to discuss the information in more detail to receive all the marks allocated to the question.

Begin by defining and discussing performance appraisal and performance management. From activity 2.2 you will see that performance appraisal is part of a performance management system. Performance management is about managing employee performance to ensure that individual, team, functional (departmental) and organisational objectives can be met, while performance appraisal is about recording, measuring and evaluating the performance of each individual employee. So performance appraisal is about individual performance, whereas performance management is about the performance and goals of the organisation.

Remember, the question is about the interdependency of performance appraisal and performance management, so do not discuss the differences, but rather how they work together to ensure that organisational goals are met.

You can use the following outline as a point of departure:

```
┌─────────────────────────────────────────┐
│                                           │
│  Organisational strategy                  │
│                                           │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│                                           │
│  Organisational goals                     │
│                                           │
└─────────────────────────────────────────┘
                    │
                    ▼
┌───────────────────────────────┐
│  Performance management:       │
│                                │
│  - identify expected performance levels
│  - encourage high levels of performance
│  - record, measure and evaluate individual
│    performance                 │
│  - give feedback on individual performance
│  - give assistance to improve performance
│  - reward good performance     │
│  - discipline where necessary  │
└───────────────────────────────┘
```

Performance appraisal:

employee performance

```
┌───────────────────────────────┐
│  Outcomes of performance appraisal - HR
│  activities:                   │
│                                │
│  - development                 │
│  - productivity                │
│  - advancement                 │
│  - discipline                  │
│  - pay raises                  │
│  - termination                 │
└───────────────────────────────┘
```

Source: Wärnich, Botha and Grobler (2006)

Question 2

You will find the answer to this question in the introduction to chapter 9, as well as in chapters 5 and 11 of the prescribed book.

It is important for you to make sure that you understand the differences between these concepts, otherwise you will confuse them. Start by defining job analysis, performance appraisal and job evaluation. When you have defined each concept, highlight the differences between them and lastly give an example of each concept.

Concept	Discussion
Job analysis	When a company wants to recruit a new staff member and wants to ensure that the job description and specification are up to date before writing the advertisement, the company first performs a job analysis.
Performance appraisal	Sometimes after the new employee has been appointed, the company does a performance appraisal to determine the level of performance of the employee. This assists the employer with issues such as determining training and development needs, salary increases and disciplinary matters.
Job evaluation	This gives an indication of how much a job is worth to the organisation and is used to determine pay ranges. In this example, it may be used to determine a higher pay range if the job analysis indicates that more tasks are assigned to the job now than were previously, or if the job has more responsibility assigned to it.

Adapted from Wärnich et al (2015)

Remember to answer the entire question – you must define, discuss differences, state what the end results are and give an example of each concept.

Question 3

The answer to this question can be found in section 9.2 "Performance criteria", section 9.4 "The appraisal process" and chapter 5 in the prescribed book, as well as sections 2.4 and 2.5 in this workbook.

Start off by defining the concept of performance criteria and discussing the three different types of performance criteria that can be used in performance appraisal systems. Performance criteria are important aspects of a specific job. They are used to develop standards for measuring employee job performance. The end result of this evaluation process is some kind of numerical or verbal indicator of the level of performance (e.g. an employee's performance may be "outstanding" for a specific criterion, or it may be rated as 5 on a scale of 1 to 5, depending on the appraisal method the organisation uses). The HR activity that is used to determine performance criteria is job analysis – define and discuss the role of job analysis and the results of job analysis in performance appraisal.

A hint: While studying this workbook, you will find that it is easy to confuse performance criteria and performance standards. To distinguish between these two concepts, you can also think of performance criteria as performance information, while performance standards are benchmarks or goals that define the expected levels of performance. Both define satisfactory job performance and must be established before the work is performed.

Question 4

In "Performance appraisal objectives" in the prescribed book and section 2.5 of this workbook, you will find reasons why performance appraisals are necessary. In "Legal considerations" in the prescribed book and section 2.5 in this workbook, the legal considerations that must be taken into account when doing performance appraisals are discussed.

The objectives of performance appraisals can also be seen as a necessity for performance appraisal. For example, if you do not evaluate employee performance, how would you determine whether employees need training? Study each of the objectives, decide which of them are applicable to the example given and discuss the importance of performance appraisal in these HR activities. Start the second part of this question by highlighting the legislation that impacts on HR activities. Then explain how this influences performance appraisal. The prescribed book discusses ten guidelines that will protect a company from problems related to performance appraisal – discuss these and link the discussion to the example provided. You can draw up a checklist of steps or activities that should be included in the performance appraisal process that must be designed.

Question 5

You can find the answer to this question in "The appraisal process" and "Effective PA systems" in the prescribed book and section 2.5 in this workbook.

This question is quite straightforward. Use the checklist you developed in the previous question to ensure that you have covered all the necessary information, and then discuss the steps. When explaining how to ensure the effectiveness of a performance appraisal system, you do not need to discuss all the information in the book (e.g. you don't have to explain how a team is formed; only explain that the team should identify performance dimensions). These two aspects of the theory may seem very similar, so make sure that you do not get confused.

Question 6

The answer to this question is in "Methods for appraising performance" in the prescribed book and section 2.6 in this workbook. You can use activity 2.4 in this unit as your point of departure.

Compare the four different methods in activity 2.4 and decide which one would best suit your organisation. Then state in your answer which method you would use. Explain why you would use this method by briefly discussing how it can be implemented and what its advantages are.

Question 7

You will find the answer to this question in section 9.8 "Common rater errors" in the prescribed book and section 2.6 in this workbook.

The seven most common rater errors as discussed in the prescribed material are

- rater bias
- halo effect and negative halo effect
- central tendency
- leniency
- strictness
- recency
- overall ratings

These may seem simple, but they are easily confused. Make sure you understand each one. Give a brief description and an example, and then explain how these errors can be avoided.

Note the following:

- Stating that leniency is the opposite of strictness does not describe the rater error.
- Stating that central tendency is the tendency to give all employees the same rating is not descriptive; after all, the supervisor could give everyone the same high (lenient) or low (strict) rating.

Keep this in mind when answering questions in assignments and in the examination.

Descriptions must be comprehensive enough to demonstrate that you understand the errors. One example of each error will be enough in this case.

Question 8

Use the section entitled "The appraisal interview" in the prescribed book and section 2.8 in this workbook to answer this question.

Appraisal interviews are important because they provide an opportunity for the supervisor to give feedback to employees on their work performance (this feedback should include positive and negative

feedback). The prescribed book discusses situational and psychological variables that contribute to the problematic nature of the appraisal process and interview. Briefly identify and discuss these variables. Then explain how supervisors can prepare for and conduct a successful performance appraisal interview by compiling a list of do's and don'ts and aspects that they should take special cognisance of.

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Can I differentiate between performance management and performance appraisal?		
Am I able to determine and explain the evaluative and developmental objectives of performance appraisal?		
Can I describe the major performance appraisal methods?		
Can I design and evaluate a programme of performance appraisal?		
Am I able to discuss the process to be followed when an employee performs unsatisfactorily?		
Am I able to identify and explain who should perform the appraisal?		
Can I provide examples of several rater errors?		
Can I discuss several concerns about appraisal feedback interviews?		
Am I able to discuss the effect of technology on performance management?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

CARRY ON

Now that you have successfully completed Workbook 02 and all the activities, you can go on to Workbook 03.

BIBLIOGRAPHY

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: Study guide for MNH202C*. Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa*. 5th edition. London: Cengage Learning.
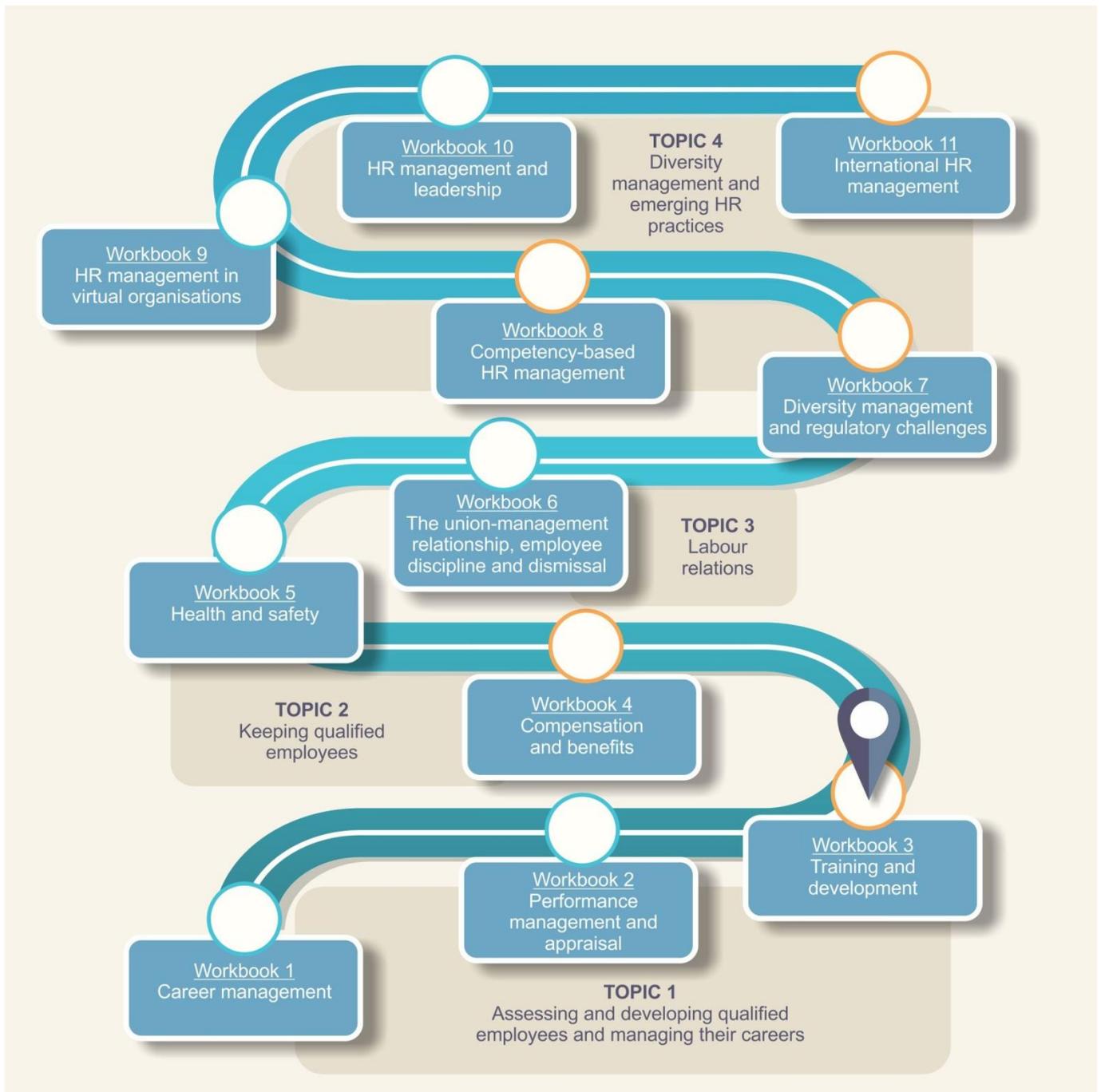
WORKBOOK 03

Training and development (T&D)

Contents		Pages
3.1	Learning outcomes	41
3.2	Key concepts	42
3.3	Introduction	42
3.4	Training, development and related concepts	43
3.5	Purposes and priorities of T&D in the 21st century	44
3.6	A systems approach to T&D	46
3.7	Management development for organisational success	49
3.8	South Africa's T&D challenge	50
3.9	A human resource development strategy for South Africa (2010−2030)	50
3.10	Which South African strategy and legislation support T&D?	51
3.11	Summary	53
3.12	Self-assessment	53

Have a look at the mind map to see where you are in the process of working through the study material.

3.1 LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- distinguish between the different concepts that are related to T&D
- discuss the major purposes of T&D
- identify the differences and similarities between employee training and management development

41

- describe the systems approach to T&D in organisations
- describe the major phases of the training process
- explain a needs assessment process that includes organisational, job/task and individual needs
- describe the steps of the process of designing and delivering T&D interventions
- identify and describe different on-the-job and away-from-the-job T&D techniques
- outline a process to evaluate T&D interventions
- explain the main aim of each of the Acts that govern T&D in South Africa
- critically discuss how the T&D legislation can resolve the serious skills shortages in South Africa

3.2 KEY CONCEPTS

A number of key concepts are listed at the end of chapter 10 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Training
- Development
- Needs assessment
- Behaviour modelling
- Sensitivity training
- Assessment centre

Note:

Organisations often refer to the relevant HR team/department responsible for T&D as follows:

- Human Resource Development (HRD)
- Education, Training and Development (ETD)
- Learning and Development (L&D)
- Training

What is this department called in your organisation? If you are not working yet, ask a friend or family member.

3.3 INTRODUCTION

In this workbook we focus on the training and development (T&D) of employees. This unit forms part of a major HRM function, namely assessing, developing and keeping qualified employees.

In Workbook 02, we discussed the first part of this activity, namely **assessing** human resources (performance management and appraisal). We now move on to the second part, namely employee **development**. This is achieved by means of employee training and management development.

We will explore the concepts and processes of T&D as well as the respective roles of the HR team and the line manager in the process.

You learnt in Workbook 02 that proper performance appraisal will result in the employees knowing whether their performance on the job is acceptable and what their strengths and weaknesses are. How will the weaknesses that have been identified be corrected? This is where the development part of the second major HR management activity plays a role.

The key question therefore is:

How does the HR manager ensure that employees at all levels are trained and developed for their present and future jobs?

Activity 3.1

Think back to Workbook 02 (performance appraisal). What are the issues that a proper performance appraisal will raise?

Think about your own last performance appraisal. Were any T&D issues raised during that appraisal? Were they resolved? How were they resolved? Ask a friend or family member if you are not working yet.

Feedback

Try to imagine the kinds of expectations a proper performance appraisal will raise. Employees will know what they have done wrong or right in doing their duties and what kind of performance is needed to do the job properly. But where do employees go from there? They will certainly want to improve their weaknesses to ensure a successful career within the company. This is where the HR manager plays a crucial role: firstly, by assisting employees to overcome their weaknesses (by means of proper T&D) and, secondly, by helping them to plan their path up the corporate ladder (by means of proper career management).

Effective T&D can contribute greatly to improved performance and also motivate employee behaviour. It is therefore vital for every HR manager to be aware of the requirements for proper T&D and to ensure that they are constantly adhered to.

3.4   TRAINING, DEVELOPMENT AND RELATED CONCEPTS

The terms "training" and "development" seem to mean more or less the same thing. Do you think there are any differences between them?

Study section 10.1 in chapter 10 of the prescribed book.

Activity 3.2

Read this scenario and answer the questions that follow.

Mrs Tembi Shula's family is an ordinary family. First, there is Bruce. He has just finished his school career and is learning to be a mechanic. Janice is 15 years old and very excited about her next few years in high school. Then there is little Jabu. Jabu is his mother's youngest child and is only 5 years old. Mrs Shula spends much of her time teaching Jabu to read and write. Lastly, there is Mr Desmond Shula. The company he works for is pressuring him into doing an MBA. He has been told that managers with an MBA have a much better chance of advancing within the organisation.

a. Determine the stage of education, training or development of each member of the Shula family by ticking the appropriate block in this table:

Name of family member	Education	Training	Development	Learning
Desmond Shula				
Bruce Shula				
Janice Shula				
Jabu Shula				

b. Based on your response, explain the concepts of education, training and development in your own words.
c. Advise Mr Shula on whether he should enrol for an MBA. Provide reasons for your viewpoint.

Feedback

The Shula family, with the exception of Mrs Shula, are all involved in some sort of education, training or development (all of them are currently learning). You would probably agree that it is not a waste of time, but necessary for the whole family to participate in these activities in order to improve themselves. The same is true for the organisational context.

Most, if not all, organisational members will at some time feel they need either some type of training to do their jobs better or some type of development to improve their abilities as they move up the corporate ladder. Are you starting to see the difference between training and development? Training refers to the efforts to improve an employee's ability to perform a specific job. Development refers to the efforts to increase an employee's ability to advance in the organisation and perform additional duties. In other words, training is job-specific and development is future-oriented.

It would be advisable for Mr Shula to enrol for an MBA. The prescribed book refers to training as the acquisition of technically oriented skills by non-management personnel and to development as managerial development enhancing the skills of managers or future managers. But it is important to remember that non-managers can also be developed and managers can also be trained. You will now probably agree that T&D play a crucial role in the organisational context. Let's take a look at the purpose of T&D.

The above concepts are clearly explained on page 342 of the prescribed textbook.

Training can be divided into general and specific training where

- general training relates to interventions that focus on skills used at most workplaces, for example learning how to improve reading or writing, or effective communication
- specific training involves training in which employees gain information and skills tailored specifically for their own workplace, for example understanding performance management systems

3.5   PURPOSES AND PRIORITIES OF T&D IN THE 21st CENTURY

Study sections 10.3 and 10.4 in chapter 10 of the prescribed book.

T&D interventions are very expensive. It is important for organisations not to embark on a T&D exercise only for the sake of T&D, but for these interventions to be in line with the goals of the organisation. By doing this, a number of essential employee capabilities, knowledge or skills can be developed to adapt to change and promote a climate in which constant learning is encouraged and new knowledge can be spread throughout the organisation. This will be to the benefit of both the organisation and the employee.

After working through these sections, you should also be able to explain the following aspects:

- purposes of T&D
- T&D priorities for the 21st century

Now do activity 3.3.

Activity 3.3: Purposes of T&D

Watch the following video and reflect on the role of T&D in organisations. Share your thoughts and understanding of T&D – do this online. Refer to the **Discussion Forums** tool on the HRM2602 myUnisa module site and select **Forums 06: Workbook 03 Activities**.

Importance of employee training
https://www.youtube.com/watch?v=rdOrYmb_Ttw

a. In this table, classify each of the purposes of T&D as being a purpose for the organisation or for the employees. Tick the appropriate block.

Purpose of T&D	Organisation	Employees
1. Improved performance		
2. Updated employee skills		
3. Improving effective people management		
4. Resolving organisational challenges		
5. Orientation of new employees		
6. Preparation for promotion and managerial succession		
7. Satisfaction of personal growth needs		

b. Evaluate whether the T&D priorities for the 21st century are dealt with in your organisation or the organisation where your friend or family member works. Give reasons for and examples of your viewpoint.

Feedback

Organisations spend a substantial amount of their HR budget on the T&D of their employees. To convince top management that this amount is being well invested, the HR manager will have to convince them that proper T&D is vital for the organisation to achieve its goals.

The HR manager will therefore have to emphasise the primary purpose of T&D, which is to improve employee productivity. This, in turn, will result in organisational profitability – something all top managers are very interested in achieving! Another significant contribution of T&D is the constant supply of competent managers they create. This is achieved by upgrading employees' skills in anticipation of their achieving higher positions in the organisation. It therefore makes sense to ensure that T&D are carefully planned and properly executed.

You could have referred to any of the T&D priorities in section 10.3 of the prescribed book and related them to your organisation. Look at this example:

Quality improvement programmes

A retail store introduces scanners at till points in response to an increasing demand for quality from customers and less time spent standing in queues. Management will have to send till operators for training to use these new scanners at till points.

3.6   A SYSTEMS APPROACH TO T&D

Because of the importance of T&D for the organisation and its employees, as well as the time and money involved, the actual T&D process needs to be approached systematically.

Study section 10.4 in chapter 10 of the prescribed book.

According to Wärnich, Carrell, Elbert and Hatfield (2015:346), T&D is best thought of as a complex system that involves a number of distinct, but highly interrelated phases. This section focuses on the following aspects related to T&D:

- division of the responsibilities of the HR team and line management in T&D – refer to table 10.2 in the prescribed book
- strategic T&D
- the training process – refer to figure 10.2 in the prescribed book

After working through this section, you should also be able to demonstrate an understanding of the four major phases of T&D:

- training needs assessment
- training design
- training delivery
- training evaluation

For the purpose of this discussion these phases are illustrated in figure 3.1.
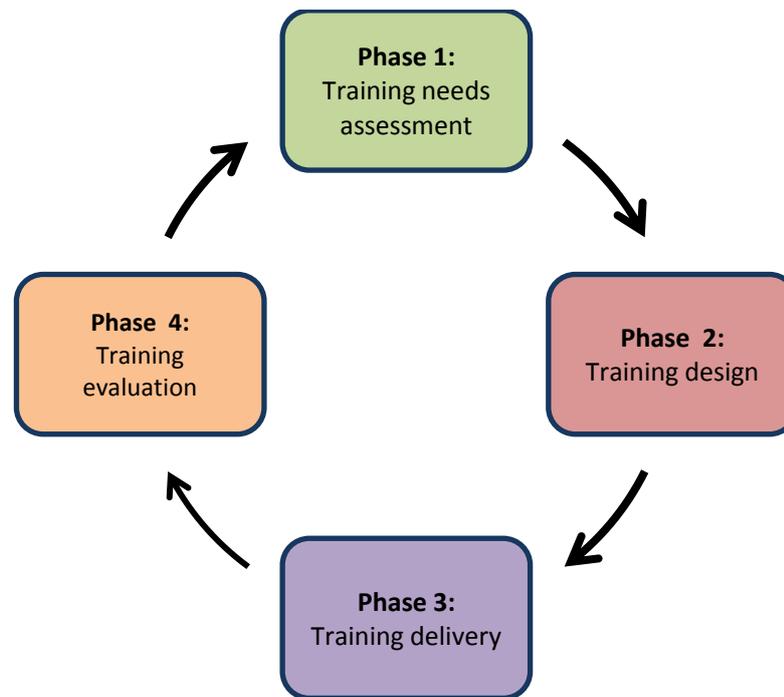
Figure 3.1: Phases of the training process (adapted from Wärnich et al (2015:347))

These phases are discussed in detail in the prescribed book.

Activity 3.4

Study section 10.4 in chapter 10 of the prescribed book. Keeping the case study at the end of chapter 10 in mind, answer these questions:

a. First focus on the needs assessment phase. Identify the three levels at which this can be done. Which of the individual analysis methods was used in the case study? Why?
b. Now focus on phases 2 and 3, namely design and delivery of T&D. Do you think Southwood School (in the case study) should have used away-from-the-job techniques for the managers?
c. Using a table, differentiate between on-the-job and away-from-the-job training techniques.
d. Finally, focus on the evaluation phase. Should the trainer have evaluated the training programme? If so, what do you think would have been the best evaluation strategy for the trainer to use?

Feedback

You should now realise that employee T&D, like many other HR management activities that you already know, are regarded as a process consisting of several interrelated phases or steps. Each phase or step has its own important contribution to make and HR managers should take care not to neglect any of these phases, because this could jeopardise the whole T&D effort. This neglect could waste a lot of time, effort and money.

Let's summarise this process. The T&D process begins with needs assessment at organisational level (to uncover major problem areas), the operations level (to enable training personnel to create programmes that focus on the right way to perform a job) and individual level (to determine the extent and nature of employee training needs, i.e. why T&D are needed). You had to read section 10.6.1 to

decide on the individual analysis method used at Southwood School. The managers engaged in group discussion where they voiced their concerns about the performance management system.

Once these needs have been spelt out, it is possible to put together an employee training plan. This plan shows overall objectives, programme priorities and resource allocations. It also indicates who will be trained in what, by whom and when. Each potential trainee can then be matched with a training opportunity which might occur in-house or outside the organisation (on the job or away from the job). As each programme is developed, the instructional objectives to be met, programme content and the delivery system or training technique to be used must all be considered. Then the actual training takes place. There are a variety of T&D techniques or methods that can be used while employees are either on the job or away from the job. It is important to be aware of the advantages and disadvantages of each specific technique when choosing a training method. The trainer in the case study used away-from-the-job techniques and a two-hour mandatory workshop in-house but outside the normal busy work schedule of managers to focus on the training only. See table 10.6 for a better understanding of the potential assets and liabilities of away-from-the-job T&D.

Table 10.4 in the prescribed book provides a summary of on-the-job and away-from-the-job training techniques.

Finally, the trainer needed to evaluate the training programme, because it is necessary to know whether the total effort of T&D did in fact achieve the overall objectives that were formulated. There are four levels of T&D evaluation (see section 10.4.3 of the prescribed book). You could have chosen any of these levels and related them to the managers at Southwood School.

How would the HR manager know whether the chosen training methods are suitable for the people who are to be trained? T&D is a type of learning and trainers can benefit from applying certain principles of learning and learning styles (see section 10.4.2 of the prescribed book).

What are the basic principles of learning?

Contrary to the context of the Shula family in activity 3.2, where some family members are children, teenagers and adults, in the organisational context all members are adults. Does this mean that adults learn differently from children or teenagers?

Activity 3.5

Study section 10.4.2 in chapter 10 of the prescribed book. Keeping the case study at the end of chapter 10 in mind, pay special attention to the principles of learning (section 10.4.2). Then answer this question:

Which of the basic principles of adult learning should the trainer incorporate in training the managers? Which principles, if any, should be left out and why?

Feedback

You probably realise by now that adults and managers need to be treated differently from, say, school children, when it comes to T&D. This is something a good HR manager should never forget. He or she will ensure that the basic principles of adult learning (i.e. motivation, participation, feedback, organisation, repetition and application) and the conditions for successful T&D for employees are always incorporated into all training initiatives for employees and/or managers. But is the HR manager the only person who is responsible for all T&D? Effective T&D requires line and staff to work closely together in all phases of the T&D process.

3.7   MANAGEMENT DEVELOPMENT FOR ORGANISATIONAL SUCCESS

Often employees become managers by being promoted without a detailed discussion on what is expected of line management in the organisation. It is extremely important that the organisation have a strategy, plan and process linked to the development of managers in the organisation.

In this section we explore the conditions that are required to ensure successful T&D programmes for managers within organisations.

Study sections 10.5 and 10.6 in chapter 10 of the prescribed book and do activity 3.6.

Activity 3.6

a. What are the key differences between a T&D intervention for managers and one geared towards employees?

b. Critically discuss the following statement:

HRD professionals should possess the following four sets of skills:
   o *power skills*
   o *relationship skills*
   o *technical skills*
   o *entrepreneurial skills*

Feedback

To answer this question, you should have referred to section 10.5 in chapter 10 of the prescribed book. Remember:

T&D interventions for managers …	T&D interventions for employees …
• focus on a broad range of skills (technical, conceptual and human relations skills)	• focus on a small number of technical skills
• are aimed at long-term objectives	• focus on the short term

Conditions such as performance management and appraisal, long-term planning and top management support need to be in place to ensure the success of management development for managers.

Power skills relate to the influential ability of the HRD professional to persuade line managers to engage in T&D activities. Relationship skills such as listening or good communication enable the HRD professional to develop a supportive relationship with line managers. Technical skills relate to specific expert knowledge to facilitate and advise on T&D issues. Finally, entrepreneurial skills enable HRD professionals to view T&D as profit-making for the organisation following the T&D of managerial employees.

3.8 SOUTH AFRICA'S T&D CHALLENGE

Rebuilding the economy has become one of the biggest challenges facing South Africa. This challenge can be overcome by improving productivity and performance through skill enhancement and development.

Study section 10.7 in chapter 10 of the prescribed book and then do this activity.

Activity 3.7

a. Identify, in order of importance, the shortcomings of the previous education system in South Africa. Which of these will have to be overcome through T&D activities in the organisational context?
b. Now look at the different types of organisational competencies. Taking South Africa's diverse workforce into account, explain how the HR manager can help improve these competencies.

Feedback

The shortcomings of the previous education system in South Africa are listed in section 10.7 in chapter 10 of the prescribed book. You should realise by now that because of South Africa's unique situation (the result of its history of discrimination), the T&D function is different from that in other countries. The diverse South African population differs vastly in terms of education and skills. To rectify this imbalance in South Africa, legislation was promulgated (see section 10.10 in chapter 10 of the prescribed book).

How do these Acts affect the HR manager's task in South Africa? These managers will not only have to meet employee and organisational T&D needs, but will also have to adopt a broader approach. They will have to contribute extensively (through, say, affirmative action initiatives such as accelerated development, literacy training and bursaries to designated groups) to eradicate the educational backlog in South Africa as a whole. In other words, designated or previously disadvantaged groups, both inside and outside the organisation, need to be assisted through T&D.

The greatest training challenge facing South Africa can therefore be summarised as the T&D of previously disadvantaged groups (outside the organisation) for **entry** into the job market, as well as the training of employees (inside the organisation) for **progression** through the managerial ranks. You will agree that this is a huge responsibility.

The core and strategic competencies which are driven by the corporate strategy are the two types of organisational competencies. The HR manager can help improve these competencies by following the systems approach to T&D. You learnt about this in section 3.6 of this workbook and section 10.4 in chapter 10 of the prescribed book. The next section focuses on a human resource development (HRD) strategy for South Africa.

3.9 A HUMAN RESOURCE DEVELOPMENT STRATEGY FOR SOUTH AFRICA (2010−2030)

A national T&D strategy is important if a country wants to grow economically and use its citizens effectively. The Reconstruction and Development Programme (RDP) identified people as its most important resource and its purpose was to meet the needs of the economy. Therefore a new HRD strategy was formulated as a call to action for all stakeholders in South Africa.

50

Study section 10.8 in chapter 10 of the prescribed book and then do this activity.

Activity 3.8

What are the goals of the HRD strategy?

Feedback

The new HRD strategy strives to

- reduce poverty and unemployment
- promote justice and social cohesion through improved equity
- promote the competitiveness of the South African economy through economic growth and development

For more details, refer to "HRD strategy 2010–2020".

3.10 WHICH SOUTH AFRICAN STRATEGY AND LEGISLATION SUPPORT T&D?

The democratisation of South Africa 20 years ago has had major implications for all HRM practices. With the formulation and implementation of the Constitution and the Bill of Rights, a number of Acts have been implemented to govern HRM practices. The main aim of the different Acts is to protect both the employer and the employee in our journey towards rebuilding the economy. The National Skills Development Strategy (NSDS II, 2011–2016) was prepared in support of the HRD strategy and in alignment with the aims and strategic objectives of the Department of Labour. The NSDS sets out objectives and various indicators for skills development so that the South African economy can grow and also improve the quality of life of its citizens.

Various Acts were approved by the government to resolve the serious skills shortages in South Africa. These include the National Qualifications Framework Act (NQFA), the South African Qualifications Authority Act (SAQA), the Skills Development Act (SDA) and the Skills Development Levies Act (SDLA).

Study sections 10.9 and 10.10 in chapter 10 of the prescribed book.

Activity 3.9

a. Complete this table.
b. What does the development of a WSP entail?
c. Which of the SETAs do you belong to and is it fulfilling its purpose?

#	Instrument	What it is	Objectives
1.	National Qualifications Framework Act (NQFA)	•	• To create an integrated national framework for learning achievement
2	South African Qualifications Authority Act (SAQA)	•	•
3.	Skills Development Act (SDA)	•	•
4	Skills Development Levies Act (SDLA)	•	•
5	National Skills Development Strategy (NSDS)	•	•
6	Sector education and training authorities (SETAs)	•	•
7	Workplace skills plan (WSP)	•	•

Feedback

You will learn about the T&D legislation in more detail in the HRD2601 module. The objectives of the above Acts are clearly stated in sections 10.9 to 10.11 of the prescribed book. The NQF, among other things, makes it easier for people to achieve a certain level of education, irrespective of their circumstances. For example, someone who has to leave school to look after a sick relative can still complete their general education and training certificate and move on to further education and training and even higher education and training. Similarly, someone who has, say, started studying for a certificate in human resource management, but may have run out of money will receive credit for the modules that they completed. This might provide access to another training opportunity later on. This gives the learner mobility in the system. Previously, once a person had left the system, especially at school level, it was almost impossible to come back and continue again without having to repeat subjects or modules.

The development of the skills of the South African workforce and the payment of a skills development levy are the main practical implications of the SDA and the SDLA for South African businesses. These Acts also provide opportunities for employers to actively play a role in implementing the NQF by participating in the activities of the SETAs and a WSP. On a practical level, employers can become involved in learnerships, in this way contributing to the education and training of staff while also ensuring a well-developed workforce. Specific SETAs as regulated by the SDA represent organised categories of labour and business to promote skills development linked to strategic objectives. The development of a WSP is a systematic process which entails proper workforce planning, proper job analyses, a skills audit, identifying skills programmes to resolve skill shortages, implementing, monitoring, evaluating and reporting on the WSP, and establishing quality assurance to ensure effectiveness of T&D.

3.11   SUMMARY

You will probably agree that all organisational members need to receive some sort of training and/or development to improve organisational performance or fill the gap between actual and desired performance. They also need to be given some guidance on possible career alternatives within their organisations. You should understand that the employee's career needs to be managed and guided so that it incorporates both individual and organisational needs. With South Africa's changing workforce composition, employment legislation and changing societal views (e.g. of women, the disabled and other designated groups), it is the responsibility of the HR manager to ensure that these groups receive special attention when designing and implementing T&D programmes.

3.12   SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 03 tab on Additional Resources and begin your assessment.

Question 1

You are the training manager of a company that manufactures steel products. The production manager has been complaining for the last six months that employee morale has declined in the production department and this has led to a drop in production standards. He has now requested that all the production staff be sent on a motivational training course. You do not believe that the production staff necessarily has to attend a motivational seminar and want to convince the production manager to follow a scientific process to determine whether training is necessary. Explain to the production manager the general purpose of training programmes and why training would not necessarily be the solution to all his problems. Also explain what you could do to determine whether training is the solution and what kind of training the staff needs.

Question 2

Sarah is a British citizen who immigrated to South Africa two months ago to run the Johannesburg branch of an international brewery. As the HR director, you have to prepare and inform her about the uniqueness of the South African labour market, especially the challenges that face South Africa with regard to training. Write brief notes on the training problems and challenges in South Africa that you can share with Sarah in your meeting.

Question 3

Amir is the newly appointed training and development manager of a car manufacturing company. After a few months of employment he realises that the company follows a traditional approach to T&D. Amir feels that a strategic approach to T&D would better serve the company's needs and help the company reach its goals. If you were Amir, how would you explain to the CEO what the purpose of a strategic approach to T&D is? How does this differ from the traditional approach? Give reasons why you think Amir feels a strategic approach is more effective than the traditional approach to T&D.

Question 4

Your company's CEO is due to retire in five years' time. A successor has been identified and must now be trained in the job of the CEO. Explain how mentoring, committee assignments, management games, in-basket exercises and membership of professional organisations can be used to train the successor.

Question 5

Discuss job rotation as a development technique. What are the disadvantages of this T&D method?

Feedback

Question 1

Find the answer to this question in "Purposes of T&D" and "Phase one: Needs assessment" in the prescribed book and in sections 3.3 and 3.4 in this workbook.

The purpose of T&D is discussed in the prescribed book. You must evaluate these purposes and decide whether the production manager's problems may be solved through a training programme. Then give a brief description of the needs assessment process, indicating the reason for doing needs assessment before staff attends training programmes.

Question 2

The answer to this question is in "South Africa's training challenge" and section 3.8 in this workbook. You have to give information on the problems and challenges in South Africa regarding training, based on the information in your prescribed book.

Question 3

You can find the answer to this question in "A systems approach to T&D" in the prescribed book and in sections 3.6 and 3.7 in this workbook.

Explain that a strategic approach to training will link the organisation's training efforts to its business goals. Then compare the strategic and traditional approaches and describe how they differ from each other. Remember to give reasons for your answer.

Question 4

The answer to this question is in "Phase one: needs assessment" and "Phase two: designing and conducting T&D" in the prescribed book and in section 3.4 in this workbook.

Mentoring and committee assignments are on-the-job training techniques, while management games, in-basket exercises and membership of professional organisations are away-from-the-job training techniques. You must explain how each of these can contribute to the T&D of a CEO, but before you do that, you must first explain how this manager's T&D needs can be determined. If you only describe the T&D techniques, you won't have answered this question properly.

Question 5

The answer to this question is in "Phase two: designing and conducting T&D" in the prescribed book and in section 3.4 in this workbook.

When you answer this question, your focus should be on job rotation as a development technique. This includes temporary assignments, short-term assignments and lateral promotions. Also discuss the disadvantages of using job rotation as a development technique.

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Can I distinguish between the different concepts of T&D?		
Am I able to discuss the major purposes of T&D?		
Can I identify the differences and similarities between employee training and management development?		
Am I able to describe the systems approach to T&D in organisations?		
Am I able to describe the major phases of the training process?		
Can I explain a needs assessment process that includes organisational, job/task and individual needs?		
Am I able to describe the steps of the process of designing and delivering T&D interventions?		
Can I identify and describe different on-the-job and away-from-the-job T&D techniques?		
Am I able to outline a process to evaluate T&D interventions?		
Can I explain the main aim of each of the Acts that govern T&D in South Africa?		
Can I critically discuss how the T&D legislation can improve the serious skills shortages in South Africa?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

 CARRY ON

Now that you have successfully completed Workbook 03 and all the activities, you can go on to Workbook 04.

This also means that you have completed the workbooks of topic 1.

SUMMARY OF TOPIC 1

Career management involves the integration of organisational staffing needs with the career goals and aspirations of individual employees. To be effective, career management should be formalised and planned, supported from top management and recognised as a process that involves the coordination of a number of separate yet interrelated HR tools and programmes.

Most people (managers and employees alike) dislike performance appraisals and find them very stressful, but the process serves an important purpose in the organisation. Promotion (and demotion) decisions and salary increases are often based on performance appraisal information. It also provides information about employees' training needs and gives valuable feedback to employees about their work performance. Employees usually have more trust in performance appraisal data when the performance appraisal method is job-related and the appraisal interview is conducted in a constructive way.

T&D contribute to the organisation's strategic goal achievement. Employees develop skills, abilities, knowledge and attitudes that help them perform more effectively in their current jobs and they can also be prepared for future positions. The training cycle consists of three phases: needs assessment, design and delivery of training programmes, and evaluation of programmes. All three phases are important to ensure effective T&D. Both HR and line managers should be familiar with the legal environment that regulates T&D in South Africa.

You will now start Workbook 04, which is the start of topic 2.

BIBLIOGRAPHY

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C.* Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa*. 5th edition. London: Cengage Learning.

TOPIC 2

Keeping qualified employees

The compensation of employees, including health and safety at work, has become one of the important issues in organisations. After the organisation has attracted and hired a certain calibre of employee, it is critical that the compensation and health management practices not hinder efforts to retain productive and talented employees.

TOPIC AIM

The aim of this topic is to familiarise you with the activities and complexities involved in managing compensation and benefits, including the health and safety of employees in the organisation.

LEARNING OUTCOMES FOR TOPIC 2

After completing this topic, you should be able to

* examine, compare and comment on compensation and benefits of employees (**Workbook 04**)
* discuss the influence of the health and safety of employees in the organisation (**Workbook 05**)
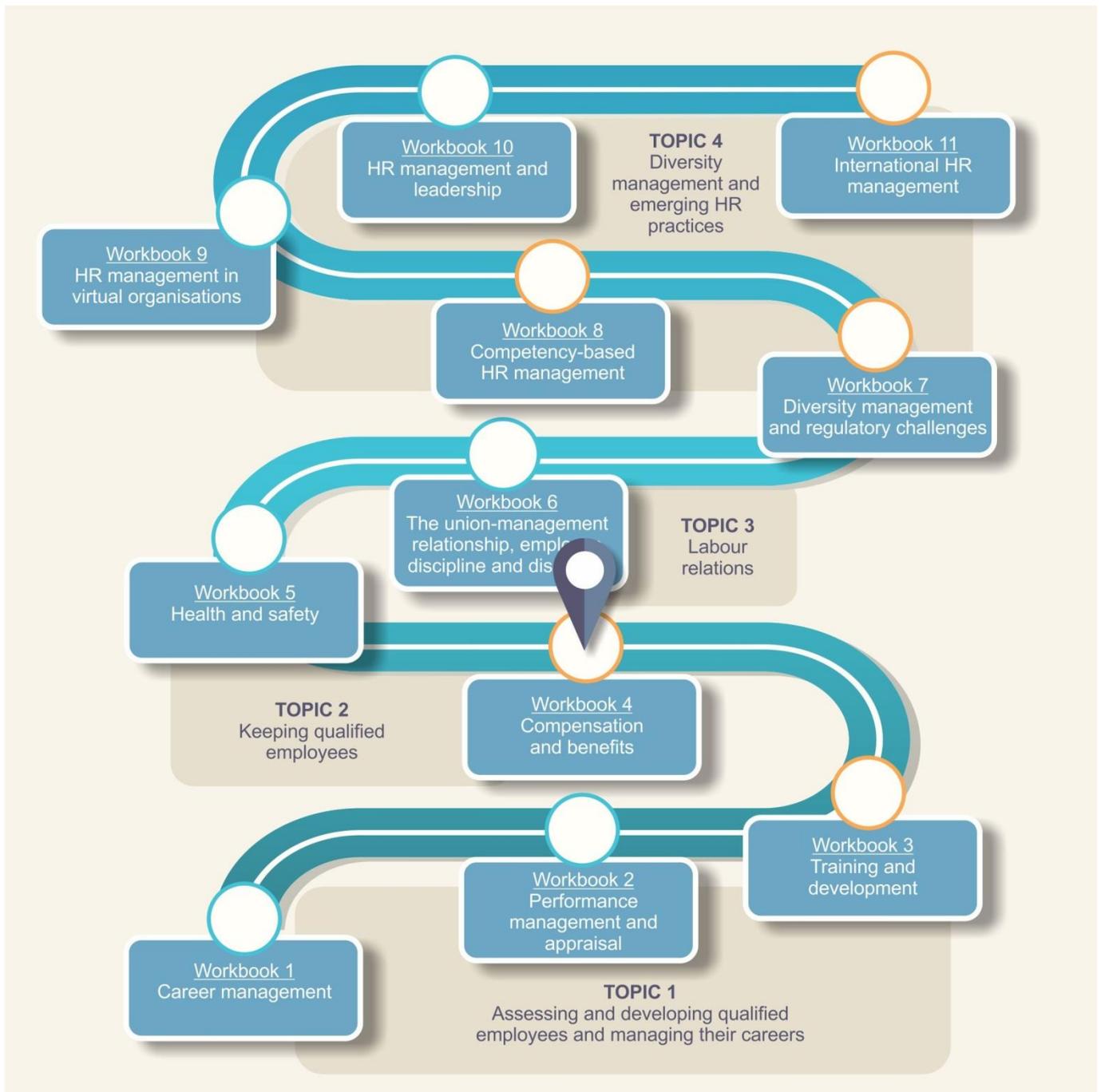
WORKBOOK 04

Compensation and benefits

Contents		Pages
4.1	Learning outcomes	59
4.2	Key concepts	60
4.3	Introduction	60
4.4	Compensation objectives	62
4.5	Job evaluation	63
4.6	Pay systems and guidelines for incentive plans	64
4.7	Executive compensation	65
4.8	Benefits	66
4.9	Summary	68
4.10	Self-assessment	68

Have a look at the mind map to see where you are in the process of working through the study material.

4.1   LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- explain the link between pay, motivation and performance
- define job evaluation and discuss four popular methods of performing it
- differentiate between three types of individual incentives
- discuss why gain-sharing or profit-sharing and employee stock ownership plans (ESOPs) have grown as organisational incentive plans

- discuss the different executive compensation methods
- explain the importance of employee benefits and their organisational objectives

4.2   KEY CONCEPTS

A number of key concepts are listed at the end of chapter 11 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Compensation
- Job evaluation
- Merit pay
- Piecework
- Gain-sharing plans
- Golden parachute contract
- Stock option plan
- Skill-based pay

4.3   INTRODUCTION

One of the most significant tasks confronting HR managers is the design and implementation of compensation systems. These systems are designed to serve many purposes, but the main goal is to provide fair and equitable remuneration for all employees. The HR manager therefore has to ensure that all employees feel that they are being paid what they are worth and that their salaries compare favourably with those of others doing similar work, inside and outside the organisation. In addition, the compensation programme must provide equity to the employees while allowing the organisation to remain competitive in the marketplace.

The key question therefore is:

How does the HR manager ensure that the organisation's compensation strategy benefits both the organisation and employees?

Compensation is what employees receive in exchange for their contribution to the organisation. The purpose of compensation is to attract, retain and motivate employees in order to achieve the employer's business objectives. The employer's compensation package should be good enough to attract competent employees from the marketplace. It must be reviewed in such a way and kept in line with accepted market norms so that it motivates employees to perform and remain with the company. Without adequate compensation, current employees are likely to leave and replacements will be difficult to recruit. Compensation, however, goes far beyond just wages and salaries. It may also include incentives that help relate labour costs to productivity. A wide range of benefits and services is almost always part of the total compensation package each employee receives. Taking all of this into account, you should now begin to realise what a complicated task the HR manager faces in determining the compensation and benefits applicable to the different positions in the organisation.

Activity 4.1: Future Leaders University

Read the case study at the end of chapter 11 in the prescribed book (Future Leaders University) and then answer these questions:

a. Fiona has been working for Future Leaders University for 23 years. Identify and discuss the method the university can use to research her salary on the local labour market.
b. Discuss communication as an important element in compensation.
c. Do you think that money is the only motivator for Professor Clever to stay at the university? Give reasons for your answer.
d. What is the goal of a compensation system?

Feedback

It should be obvious to you that keeping employees happy in the work environment (especially when it comes to their money) is a very important issue to employees and needs to be attended to by management with the utmost care and attention. When answering the questions in activity 4.1, you should have noted the following:

a. Future Leaders University can do a salary survey to conduct research into similar competitors' salaries (pay rates) for Fiona. A survey is the systematic process of collecting data on, in this case, compensation paid by other organisations to their employees. Future Leaders University can use surveys conducted by compensation consultancies.

b. Communication in all aspects of HR is important, and especially in compensation. Employees need to understand the company's pay system. Their understanding is indirectly shaped through the pay they receive and directly through formal communication about their pay, their performance and the markets in which the organisation competes. Employees need to be advised of the company's pay policies and how these policies affect them individually. They therefore need information on issues such as how the performance appraisal and incentive system works, if there is a job rating system, how it works and how it affects them. Evidence suggests that the goodwill created by being open about pay may also affect the perception of pay equity. Employees in companies with open pay policies tend to express higher satisfaction with their pay and with the pay system.

c. There is more to motivation (and keeping employees in an organisation) than just money. Different things motivate people in different ways under different circumstances, which makes it difficult to answer the question. For instance, a sabbatical may motivate Professor Clever to embark on professional development, whereas family responsibility time to attend to her special needs child may motivate Fiona. There are, however, certain principles which managers can apply to use money as a motivator. For money to motivate, it must be substantial enough to encourage the employee to perform and must also be directly related to work performance. Organisations use intrinsic and extrinsic rewards to compensate employees for their time and effort. Extrinsic rewards relate to being stimulated by external sources, such as salary and benefits. Intrinsic rewards have to do with being stimulated internally and performing because of the challenges, satisfaction and fulfilment when making a contribution.

d. The compensation system is one of the most important HR tools. With its compensation system, a company aims to

   - attract employees with the required personalities, skills, competencies and values
   - retain good performers (in the case of Future Leaders University to keep valued employees such as Fiona)
   - encourage and reward employees who believe in the importance of quality
   - promote performance, productivity and outputs

It is obvious why employees would feel upset about their salary increases (or no increases). Obviously they view salary increases as important. Misunderstanding of salary increases (or no increases) is bound to occur in organisations if the policy on compensation, benefits and incentives is not communicated

properly or properly understood by all employees. The HR manager therefore plays a vital and difficult role in determining the policy of the organisation and ensuring that it is implemented correctly at all levels in the organisation. To enable you to better understand compensation systems and benefits, we will answer the following questions in this unit:

- What are the objectives of compensation?
- What role does job evaluation play in the compensation process?
- What types of pay systems can be found?
- Why have benefits become so important and what types of benefits exist?
- What is executive compensation and what does it entail?

4.4 COMPENSATION OBJECTIVES

You will agree that employees should be compensated in some way for the contributions they make in the company employing them. Once employees have been paid for their effort, a fair exchange has taken place between them and the organisation. This is one of the many objectives of compensation.

Study section 11.1 in chapter 11 of the prescribed book.

Activity 4.2

Read the introductory part to chapter 11 in the prescribed book, then study "Compensation objectives". Keeping the case study in activity 4.1 in mind, answer these questions:

a. Which of the compensation objectives (summarised in figure 11.2) are applicable to Future Leaders University? Why?

b. Identify and explain other compensation objectives in designing a compensation system.

Feedback

You should have realised by now that the primary objective of any compensation programme (as with all the other HR management functions that you know) is to utilise and manage human resources effectively in pursuing the organisation's wider objectives. This is why it is always important for the HR manager to ensure that compensation goals are formalised. This ensures that wage and benefit policies realise their goals. You should have referred to section 11.1 and table 11.1 (10 Cs to assess the effectiveness of pay and rewards) in chapter 11 of the prescribed book for the following additional goals of compensation:

- to reward contribution and performance
- to remain competitive in the labour market
- to maintain salary equity among employees
- to motivate employees to perform to the maximum of their capabilities
- to control wage and salary costs
- to attract and retain good staff
- to reduce unnecessary staff turnover
- to comply with government legislation
- to ensure internal and external equity

Competitive, equitable salaries will therefore ensure that good employees are attracted to the organisation, that these employees are motivated to improve their performance (because they know that their past performance will be rewarded) and that they remain with the organisation. Table 11.1 shows the criteria an organisation can select from to assess the effectiveness of its reward arrangements. It is, however, a difficult task to get to the point where the HR manager can say that the salaries offered by the organisation are competitive and equitable. How can this be achieved? This is where proper job evaluation comes in.

4.5   JOB EVALUATION

How do you determine how much to pay someone? Remember that employees not only differ in terms of their qualifications and experience, but they also have different types of jobs at different hierarchical levels. The HR manager therefore has to use another tool to determine what the employees' compensation should be.

Job evaluation is used by organisations to determine the value of jobs and therefore to determine the relativity of pay between jobs. Job evaluation implies that a job's worth can be measured and that employees in higher-level jobs will earn higher salaries than those in lower-level jobs.

Study section 11.2 in chapter 11 of the prescribed book.

Activity 4.3

Read the following paragraph and answer the questions:

Robert had been working for his twin brother Tshepo for 6 months. He then told Tshepo that he wanted a steady monthly salary, and he refused to continue working until Tshepo had indicated how much he would pay him. Tshepo then asked a few friends to help him out. Unfortunately they soon joined Robert in demanding compensation for their efforts. Tshepo suddenly realised that he had a serious problem. He had no idea what to pay his employees. And even worse, he didn't know how to determine their salaries! Should they all be paid the same salary or should people doing similar work be paid a similar salary? Was it really necessary to pay them steady salaries each month? Would it not be better to negotiate each month's salary with them after all expenses had been covered?

a. How can job evaluation solve Tshepo's problems?
b. Compare internal and external equity in considering Robert's salary.
c. What job evaluation methods are most suited to Tshepo's business? Why?
d. Explain whether Tshepo should use a job evaluation committee or outside assistance.
e. Briefly summarise the advantages and disadvantages of the different job evaluation methods. Use a table similar to this one here as a framework.

JE method	Advantages	Disadvantages
Job ranking	• Fast and easy to complete •	•
Job classification		
Point		
Factor comparison		

Feedback

Our discussion clearly shows the importance of proper job evaluation when determining compensation. During job evaluation, jobs are analysed and assessed to determine (in a reliable way) what they are worth to the company. This assessment then forms the basis of a balanced **pay structure**. Internal equity (fair comparison of pay with other jobs within the organisation) and external equity (fair comparison of what an employee would earn doing a similar job in other organisations) help to recruit productive employees and maintain internal perceptions of pay equity in the organisation. Note that the most popular job evaluation methods found in South Africa include job ranking, the factor comparison method, the classification method and the point method (see table 11.2 in section 11.2 of chapter 11 of the prescribed book). You could also have referred to table 11.3 in section 11.2.1 of chapter 11 of the prescribed book to discuss the advantages and disadvantages of different job evaluation methods.

There is also no absolute means of measuring the value of work and this value is relative when determining compensation. Job evaluation therefore fills a significant assessment gap. For the job evaluation process to be successful, there must be total commitment from management and complete agreement from the trade unions, staff committees and other consultative bodies. All interested parties must be unanimous in their belief that the exercise is necessary and worthwhile. Tshepo can benefit from a job evaluation committee that has adequate knowledge of all the jobs in his organisation (see section 11.2.2 in chapter 11 of the prescribed book). This committee can then decide whether to formulate a job evaluation system or hire outside consultants.

Once the HR manager knows how to determine what to pay the different employees, he/she has to solve the problem of how to pay employees for performing their jobs. The answer to this question lies in the utilisation of the different pay systems available.

4.6   PAY SYSTEMS AND GUIDELINES FOR INCENTIVE PLANS

Compensation systems differ in organisations as well as among employees. The HR manager usually has to determine whether employees will be compensated for the time they took to do the job or for the amount of effort they put into it. In this section, we will look at different pay systems.

Study sections 11.3 and 11.4 in chapter 11 of the prescribed book.

Activity 4.4

Read this paragraph and answer the questions that follow.

A medium-sized business specialising in the manufacturing and distribution of corrugated cardboard gift boxes and storage containers has just completed wage negotiations with the union representatives of their staff. The following are agreed:

- a basic salary of R30 000 per annum
- a pension fund – 8% of annual salary, half to be contributed by the employee and half by the employer
- a hospital insurance fund – 10% of annual salary, half to be contributed by the employee and half

by the employer
- an across-the-board increase of 8.36%, effective from the following month; in addition to this, a 2% salary increase for staff who have worked at the company for longer than three years
- a gain-sharing plan for all employees in the company
- the individual performance incentive will be changed to team-based incentives from the following month
- the company will implement the broad-banding system

However, the employees are dissatisfied with the across-the-board increase and the implementation of team-based incentives.

a. Identify the different forms of pay that the company offers in the paragraph.
b. Critically discuss why employees are dissatisfied with the across-the-board increases.
c. Draft a checklist to assess whether the guidelines for incentive plans in the organisation are adhered to.

Feedback

Employees should be compensated for their efforts and motivated (by means of various incentives) to keep up their good work. Generally employees do not perform the same across the board. You will agree that the type of job should determine the type of pay system to be used. The HR manager can use the following three types of approaches:

- Time-based approach – employees are paid for the time on the job
- Performance- and productivity-based approach – employees are rewarded for performance or productivity
- Tasks/skills-based approach – employees are paid for skills or competencies they possess rather than for specific tasks performed
- Organisations also want employees to realise the link between a portion of their compensation and the performance of their group or the entire organisation. Incentives such as profit-sharing plans or gain-sharing plans and employee stock ownership plans are often provided for by organisations (**see section 11.3.3 for a further explanation of these incentive plans**)

You could have referred to section 11.4 in chapter 11 in the prescribed book to compile a relevant checklist of guidelines for incentive plans. Here is an example:

Guideline for incentive plans	YES/NO
Bold incentives	No
Emphasis on team performance	Yes
Quick feedback	Yes

Adapted from Wärnich et al (2015)

Besides taking the above pay systems into account, the HR manager also has to remember that top management (or executives) are paid differently from mid-level and lower-level management (see "Executive compensation" in the prescribed book).

4.7   EXECUTIVE COMPENSATION

Executive compensation can be defined as the total remuneration or financial compensation a top executive receives within a company. This includes a basic salary, any and all bonuses, share options and any other company benefit. Executive compensation is an important part of corporate governance and is often determined by a company's board of directors.

Executives in any organisation (CEO, top management, etc) receive "special treatment" either in the form of add-on packages not received by other employees or in the form of compensation components entirely unique to the organisation. Milkovich and Newman (2008) identify two characteristics of this group:

- These employees tend to be strategically important to the company. If they do not succeed at their job, success for the entire organisation is in jeopardy.
- Their positions have built-in conflict. Conflict may arise because different factions place incompatible demands on members of the group.

This explains why executive compensation is different from the rest of the organisation's compensation.

Executive compensation has become a controversial issue in recent years. Cases of CEOs leaving office with large sums of money while the companies they led are in financial difficulties are regularly covered by the media and presented as proof that there is a problem. More recently, the economic crisis and government rescue of failing firms with public funds have justified imposing caps to executive pay (Kelly-Gagnon & Guénette 2010). Adding to this, with the implementation of the King III report, the focus will be more on executive compensation than ever before.

Study section 11.5 in chapter 11 of the prescribed book and then answer the questions in activity 4.5.

Activity 4.5

a. Distinguish between a golden parachute contract and a stock option plan.
b. What are the most common determinants of CEO and executive pay?

Feedback

You should have referred to sections 11.5.1 and 11.5.2 in chapter 11 of the prescribed book to explain the difference between these two options. A golden parachute contract protects executives should another company buy their company. The stock option plan allows managers to buy a specific amount of stock in the company. By now you should understand the reasons for the difference in pay for top management and the rest of the organisation. A number of different factors determine the pay of top management, namely organisation size, organisation performance, executive-specific factors, organisation structure, job- or position-specific factors and job complexity.

Executive compensation has become a complex issue and requires proper planning and implementation, not only from HR, but at board level as well.

Once the HR manager knows why employees should be compensated, what to pay whom and how, you would think the compensation issue would be finalised. This is not the case. Most organisations do not just pay their employees a basic salary, but also provide something "extra". This "extra" is referred to as benefits.

4.8   BENEFITS

Organisations differ in how they allocate employee benefits or compensation. However, through

legislation (Compensation for Occupational Injuries and Diseases Act, Basic Conditions of Employment Act or the Unemployment Insurance Act), government influences employee benefits by means of regulations concerning safety, retirement or unemployment compensation. It is also interesting to note that a substantial amount of an organisation's compensation costs are made up of employee benefits. But is the payment or provision of these benefits really all that important?

Study section 11.6 in chapter 11 of the prescribed book.

Activity 4.6: Benefits

Watch the following video. Reflect and share your thoughts on compensation and benefits.

Compensation and benefits in animation
https://www.youtube.com/watch?v=pqtYQb9nbRk

Learning outcomes:

1. To differentiate between employee total compensation and reward systems offered by organisations
2. To be able to define job evaluation and discuss popular job evaluation methods
3. To identify and explain legislation that influences and regulates employee benefits
4. To be able to differentiate between individual and group incentives

Share your thoughts and understanding of compensation and benefits – do this online. If you are not employed, ask your parents or family members which benefits or types of compensation are offered by their organisation.

Refer to the **Discussion Forums** tool on the HRM2602 myUnisa module site and select **Forums 07: Workbook 04 Activities**.

Answer the following questions:

a. Which benefits mentioned in the video are provided by your organisation?
b. Which of the benefits mentioned in the video are influenced by the government legislation concerning safety or loss of employment?
c. Which of the reward pie benefits mentioned in the video are linked to business results and are also considered as voluntarily offered by the organisation?
d. Explain the impact of benefits on the productivity and performance of employees.

Feedback

You now probably agree that it is really necessary to provide benefits. Originally, benefits were introduced to promote and reward employee loyalty and, in some instances, to discourage unionisation. There may also have been an element of paternalism – believing employees to be incapable of fully providing for their personal welfare. However, this has changed. Nowadays, benefits play an important role in encouraging employees to work for the organisation and to remain with it.

Organisations offer rewards based on business results, that is, the productivity or performance of employees (individuals or teams). Business results are an outcome of the strategic planning and

objectives of the organisation. Therefore rewards, pay systems or benefits will vary among organisations and will be linked to the performance of the organisation. You should have noticed that benefits can be classified into three basic groups, according to the type of benefit provided. These groups are the following:

- Economic benefits which include items such as life assurance, low-cost loans, profit-sharing, allowances and share purchase schemes. These benefits are also called non-cash deferred benefits.
- Employee services which include subsidised canteens, use of company vehicles, product or service discounts, medical services and education assistance. These types of benefits are also known as non-cash current benefits.
- Recreational benefits which include provision of leisure areas, sports facilities and social clubs.

In South Africa, organisations are legally required to provide the following employee benefits:

- unemployment insurance
- compensation for occupational injuries and diseases

All other employee benefits (e.g. pension, medical aid, housing subsidy) are provided at the discretion of the employer. Employers are not obligated to provide any voluntary benefit if they do not wish to do so.

Organisations offer benefits for a variety of reasons. The most important is the tax advantages received. Organisations are taxed on the size of their compensation payroll. By providing employee benefits, the size of the payroll is reduced. However, employee benefits are advantageous not only to the organisation, but also to the employee. Regardless of all the issues to consider when planning for compensation, the HR manager also has to be aware of the additional compensation issues when operating internationally. We will cover these in Workbook 11.

4.9   SUMMARY

By now you have probably realised that the compensation and benefits an organisation provides is one of the most powerful tools that HR managers have at their disposal. Competitive and equitable compensation, incentives and benefits will ensure that good employees are attracted to the organisation, that they are motivated to do their best and that they will remain with the organisation. Because of the importance of compensation and benefits, the HR manager will have to put extra effort into developing a proper compensation strategy.

Rewarding employees financially improves their level of motivation and thus improves productivity. This ultimately shows up in the "bottom line", and part of the increased profits must be circulated back to the workforce responsible for it.

4.10   SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 04 tab on Additional Resources and begin your assessment.

Question 1

How can an organisation safeguard the relationship of performance and motivation (where the employee is motivated to perform at high levels because there is a distinct link between performance and reward)?

Question 2

Define job evaluation and briefly discuss the purpose of job evaluation in employee compensation.

Question 3

What is a pay system? Differentiate between the three kinds of pay systems described in the prescribed book.

Question 4

Outline at least four reasons why an organisation needs a compensation system.

 Feedback

Question 1

You will find the answer to this question in "Compensation objectives" in the prescribed book and in section 4.4 of this workbook.

One of the objectives of compensation is to motivate employees by rewarding good performance and offering incentives. Explain how an organisation can do this by using performance appraisal, rewards for performance and feedback on performance.

Question 2

Find the answer to this question in "Job evaluation" in the prescribed book and in section 4.5 of this workbook.

When you answer this question, explain how job evaluation is used in compensation. Start by defining job evaluation and then explain what it is used for. Do not describe the job evaluation process or methods of job evaluation.

Question 3

You will find the answer to this question in "Pay systems" in the prescribed book and in section 4.6 and activity 4.4 of this workbook.

Describe the concept "pay system" and then use a table to describe and differentiate between time-based, person-based and performance-based systems.

Question 4

You will find the answer to this question in "Compensation objectives" in the prescribed book and in section 4.4 of this workbook. You should discuss the four objectives of a compensation system.

 REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Am I able to explain the link between pay, motivation and performance?		
Will I be able to define job evaluation and discuss four popular methods of performing it?		
Am I able to differentiate between three types of individual incentives?		

Can I discuss why gain-sharing or profit-sharing and ESOPs have grown as organisational incentive plans?		
Can I discuss executive compensation methods?		
Am I able to explain the importance of employee benefits and their organisational objectives?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are now ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

CARRY ON

Now that you have successfully completed Workbook 04 and all the activities, you can go on to Workbook 05.

BIBLIOGRAPHY

Kelly-Gagnon, M & Guénette, J. 2010. Is there a problem with executive compensation? Economic Note. Available at:http://www.atlasnetwork.org/networknews/wp-content/uploads/montreal-economic-institute-executive-compensation.pdf (as on 11/02/2009).

Milkovich, GT & Newman, JM. 2008. *Compensation.* 9th edition. Boston: McGraw-Hill.

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C.* Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa.* 5th edition. London: Cengage Learning.
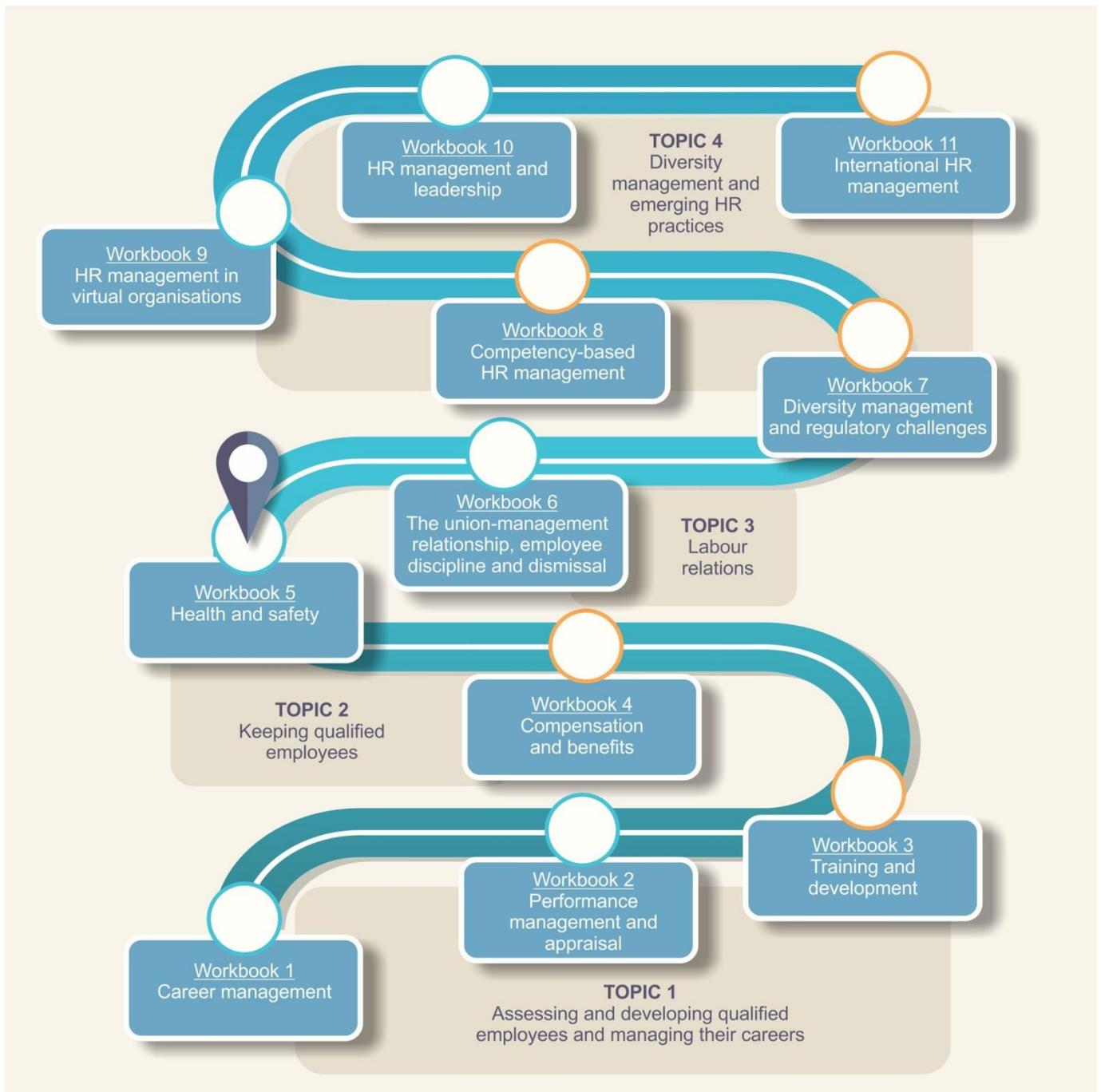
WORKBOOK 05

Health and safety

Contents		Pages
5.1	Learning outcomes	72
5.2	Key concepts	73
5.3	Introduction	74
5.4	Stress and burnout	75
5.5	Controlling stress	76
5.6	Employer health care programmes	77
5.7	Alcohol and drug abuse	78
5.8	AIDS in the workplace	79
5.9	Safety management	79
5.10	Occupational injuries and illnesses/diseases	80
5.11	Occupational health and safety administration	81
5.12	Workplace violence	82
5.13	Summary	82
5.14	Self-assessment	82

Have a look at the mind map to see where you are in the process of working through the study material.

5.1 LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- differentiate between stress and burnout
- discuss the essentials for an effective employee assistance programme
- list several work-related consequences of alcohol and drug abuse
- discuss the impact of AIDS in the workplace
- state the importance of the Occupational Health and Safety Act and discuss its major provisions

- list several specific initiatives an organisation can use to help reduce violence in the workplace

5.2 KEY CONCEPTS

A number of key concepts are listed at the end of chapter 12 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Health
- Safety
- Stress
- Job burnout
- Employee assistance programmes (EAPs)
- Distress

Now read this paragraph:

Once the right people have been placed in the right jobs, their performance is monitored, they are trained and developed if needed, their careers are properly managed and they are paid a fair and equitable salary (plus benefits), you would think that all the important issues relating to HR management have been taken care of. This is not the case, however. HR managers are also responsible for ensuring a healthy and safe work environment for their employees. As we have already explained, the two most important factors within the HR manager's control that can help retain employees are, firstly, to pay them competitive salaries and benefits (Workbook 04) and, secondly, to ensure a healthy and safe work environment for them.

Surely it is only fair for employees to expect a working environment that is not harmful to their health or would not cause injury or death!

Activity 5.1

Think about any large shopping centre close to your home and answer the following questions:

a. Does the environment in and around the shopping centre look healthy and safe? (Note things such as dangerous equipment and hazardous elements in and around the shopping centre, floor surface, etc.)
b. Do you think the health or safety of the employees in the various shops will be influenced by these factors? Give reasons for your answer.
c. Who do you think should accept responsibility for the health and safety of these employees? Why?

Feedback

You should realise now that the work environment, working conditions and equipment can have a substantial effect on employees' work behaviour. If working conditions are unsafe and unhealthy, employees not only have to concentrate on doing their jobs, but also on avoiding or minimising these

unfavourable conditions.

5.3   INTRODUCTION

Workplace health and safety focus on the physical, mental and emotional well-being and protection of people. A concerned HR manager will realise that employees who are safe and healthy will be able to contribute much more to achieving the organisation's goals than those who have to struggle with their health and deal with safety issues. Fortunately, HR managers can do a lot to enhance the health and safety of employees. You would probably agree that employees are entitled to working conditions that enhance rather than diminish the efforts they put into their jobs.

The key question therefore is:

How does the HR manager ensure that the organisation builds and sustains a healthy and safe work environment?

Activity

Watch the following video:

Health and safety and working conditions
https://www.youtube.com/watch?v=PCs8aNV2FuI

Share your thoughts and understanding of health and safety – do this online. Refer to the **Discussion Forums** tool on the HRM2602 myUnisa module site and select **Forums 08: Workbook 05 Activities**.

If you ask around, most people would probably say that people doing dangerous work (e.g. someone who works many kilometres underground in a gold mine) will most likely be concerned with health and safety issues. Even a medical doctor doing a twelve-hour shift and suffering from exhaustion due to a lack of sleep can be considered a health and safety issue. Even if these people are compensated for the danger and discomfort they have to endure, the organisation also has to take certain precautions and actions to minimise these unhealthy and unsafe working conditions. Health and safety are a three-way commitment – the organisation, employee and the government. As you will learn later, the Occupational Health and Safety Act 85 of 1993 lays down certain rules aimed at preventing accidents at work.

Activity 5.2

Read the case study at the end of chapter 12 in the prescribed book and then answer these questions:

a. Do you think that Linda's current situation will have an impact on her performance at work?
b. What health and safety issues are affecting Smart Trade?
c. What can Smart Trade do to ensure and maintain a healthy and safe work environment?

Feedback

You probably realise by now what serious problems an unhealthy (or unsafe) working environment can cause. Smart Trade has some quite serious problems on its hands. When answering the questions in

74

activity 5.2, you should have noted the following:

As a result of Linda's promotion she has to travel more often and she has been under severe pressure. Although she is a high achiever and outstanding performer, she is starting to experience burnout, a condition that is impacting on her health and behaviour (depression, unhappiness, lung infections, weight gain, excessive coffee drinking and smoking). Linda feels that she cannot continue with her job and would rather resign. The company is also experiencing safety issues in the form of substance intoxication and workplace harassment. It is obvious that the company has to consider strategies to support Linda and other staff members with similar problems, and also deal with safety issues.

The company should explore systems to support employees who are having problems. If the company is not big enough to employ staff members to run these programmes, it could consider using outside facilities or other companies specialising in these services to assist their staff members where needed. Whatever the company makes available should adhere to certain requirements and meet the needs of the employees. These initiatives should also be communicated clearly to all staff members. Companies have to ensure that they adhere to health and safety rules and regulations, especially in the manufacturing and mining environments.

Health and safety are therefore crucial factors in any business environment, especially when people are involved. Unsafe and/or unhealthy working conditions, together with physical injuries, can lead to psychological distress such as stress or burnout. HR managers therefore have to ensure that they are familiar with all the factors (both inside and outside the organisation) that can impact on these two important elements, as well as their consequences. To enable you to better understand health and safety, we will answer the following questions in this unit:

- What is the difference between stress and burnout?
- What strategies are available to control job stress at organisational and individual levels?
- What types of employee health care programmes exist?
- What action can be taken to prevent accidents in the workplace?
- Is workplace bullying a reality and how can it be resolved?
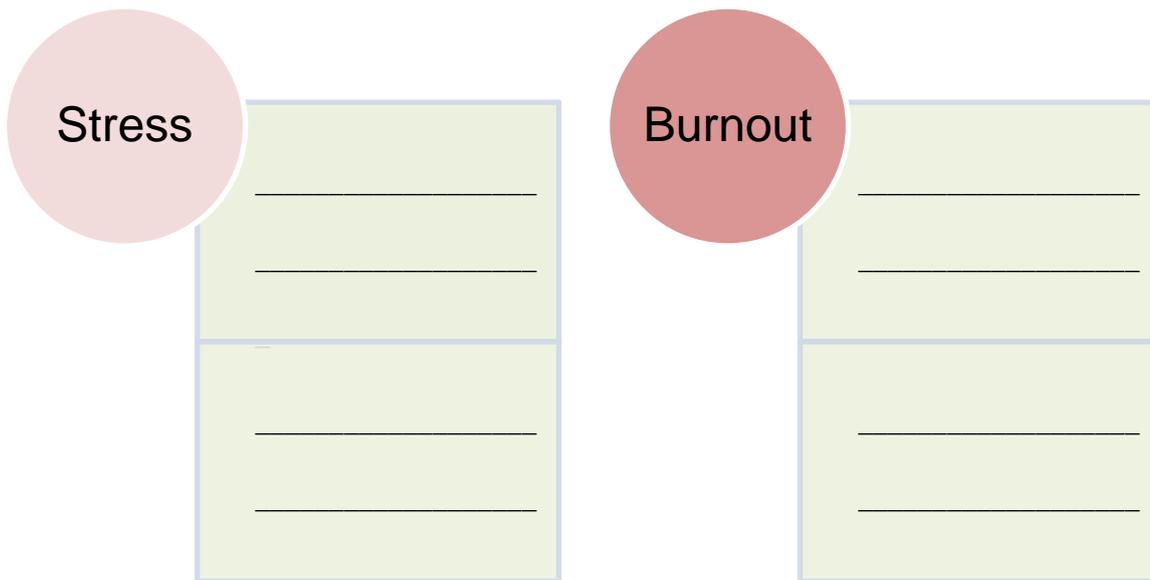
5.4   STRESS AND BURNOUT

Study sections 12.1 and 12.2 in chapter 12 of the prescribed book.

Activity 5.3: Stress and burnout

a. Use the diagram below to indicate the differences between stress and burnout.

Stress		Burnout	
_____		_____	
_____		_____	
_____		_____	
_____		_____	

b. What are the causes of stress?
c. Which steps can HR management take to reduce the occurrence of burnout?

Feedback

Stress is any change in the human body caused by physical, mental or emotional factors that require coping behaviour. People differ in the way they respond to stress situations. For example, John could become so anxious during an examination that it affects his performance, whereas Mary would be calm and controlled. Moreover, the effects of stress are not always negative. For example, eustress (positive stress) actually improves productivity and can be helpful in developing creative ideas. Some people also tend to improve their performance when they are placed under mild stress. Although everyone lives under a certain amount of stress, if it is severe enough and persists long enough, it can be harmful (distress).

You could have referred to section 12.1.1 in chapter 12 of the prescribed book to learn more about the causes of stress.

A condition that often develops from organisational and individual failure to deal with stress is called burnout. Burnout is a state of fatigue or frustration. It is a perception that individuals are giving more than they are receiving – whether it is money, satisfaction or praise – and they often feel that they cannot and will not continue to do the job. For a good example of burnout, refer to section 12.2 in chapter 12 of the prescribed book where it talks about Rochelle Ruene. Employees can experience burnout physically, emotionally and behaviourally (see table 12.5 in the prescribed book for symptoms of employee burnout). The HR manager can implement the steps discussed in section 12.1.2 in chapter 12 of the prescribed book to reduce the occurrence of burnout which was experienced by Rochelle.

5.5 CONTROLLING STRESS

Numerous situations, both inside and outside the organisation, contribute to stress at work. As you have learnt in section 5.4, different people deal with stress in different ways. Because of the effects of stress on human behaviour and consequently on employee behaviour, HR managers need to know how to control stress at organisational and individual levels.

Study section 12.1.2 in chapter 12 of the prescribed book.

Activity 5.4

Complete this table to indicate the different strategies that can be used at organisational and individual levels to control stress:

Organisational strategies	Individual strategies
• • • • •	• • • • •

Feedback

A number of programmes and techniques which effectively prevent job stress are available (see section 12.1.2 in chapter 12 of the prescribed book). You will probably agree that other organisational programmes (while not specifically designed as stress relievers) could also play a major role in reducing the stress experienced by the organisation's employees. These include equitable compensation, proper performance appraisal, effective career planning and development, organisational development, effective communication, proper motivation, leadership styles, proper job analysis, physical fitness of employees and the availability and effectiveness of employee assistance programmes (EAPs). As we mentioned earlier, unsafe and unhealthy working conditions can also contribute to stress and burnout. Because job stress and burnout are so closely intertwined, it is important for HR managers to be aware of the difference between these two concepts when implementing these strategies.

5.6 EMPLOYER HEALTH CARE PROGRAMMES

You probably agree that when you feel sick, either physically or mentally, your attitude is generally negative, your morale poor and your productivity can be affected. It is therefore obvious that HR managers should do everything possible to ensure that all their employees remain healthy and feel safe in their working environment. This will promote productivity and improve morale which, in turn, will benefit the organisation. But exactly how can HR managers contribute to the improved health and safety of employees?

Study section 12.3 in chapter 12 of the prescribed book.

Activity 5.5

Read the case study at the end of chapter 12 of the prescribed book and then answer the following questions:

a. Identify and explain the employer health care programmes which can be implemented at the bank.
b. List the stressors in Anne's life and explain how the bank can assist her.

Feedback

You will probably agree that most, if not all, of the health care programmes mentioned in "Employer Healthcare Programmes" are applicable to the bank. They could, for example, assist Anne by means of wellness programmes and substance abuse programmes and also provide all the workers with an HIV/AIDS support programme. It is important for the bank to ensure that these programmes are accessible and that they are presented in a place easily accessible to employees. A number of other aspects are also discussed in your prescribed book that they should consider. You should have identified the stressors in Anne's life and one of these is the situation with childcare and aftercare.

5.7   ALCOHOL AND DRUG ABUSE

Study section 12.3.3 in chapter 12 of the prescribed book.

Activity 5.6

Read the case study at the end of chapter 12 and then answer these questions:

a. Discuss the consequences of alcohol abuse.
b. How would you identify an alcoholic in your workplace?
c. What approach would you take when confronting employees involved in drugs and alcohol?

Feedback

You should now agree that alcohol abuse can lead to serious accidents and injuries to other employees. Alcohol and drug abuse can also affect work productivity in a number of ways, including increased absenteeism, lateness, staff turnover and reduced employee performance. The HR manager should educate line management about the consequences of alcohol abuse in the workplace. It is also important to properly identify an alcoholic. The HR manager needs to facilitate a programme to assist the line manager in identifying an alcoholic in the workplace. It is quite evident that confronting a person who has a drug or alcohol problem is very difficult and can have adverse consequences. The HR manager must draw up a guideline on how management should approach employees with a drug and/or alcohol problem.

5.8   AIDS IN THE WORKPLACE

The world of work is coming under constant threat as a result of the HIV/AIDS epidemic in two respects: financial consequences and the basic rights of the infected and affected worker. Earnings are reduced and companies are obliged to incur huge costs through declining productivity, increasing labour replacement and training interventions. A major area of concern is the high labour turnover caused by HIV/AIDS-related deaths.

Study section 12.3.5 in chapter 12 of the prescribed book.

Activity 5.7

Read the case study at the end of chapter 12 again and then answer these questions:

a. Is Anne's concern about HIV/AIDS in the workplace a valid concern?
b. What would you advise Anne to suggest to her director in terms of dealing with HIV and AIDS in the workplace?

Feedback

With the increasing number of people infected with HIV, this is becoming a real concern for companies. Anne has seen how this has affected her, having been an employer of a person infected with HIV. The HIV/AIDS epidemic is also a major consideration for companies in general. They will have to find ways to support these employees while keeping the goals of the company in mind and trying to maintain acceptable productivity levels.

It is recommended that every workplace work towards developing and implementing a workplace HIV/AIDS programme aimed at preventing new infection, providing care and support for employees who are infected or affected and managing the impact of the epidemic in the organisation. Employers should take all reasonable steps to assist employees with referrals to appropriate health and welfare facilities within the community if these services are not provided at the workplace.

5.9   SAFETY MANAGEMENT

The employer provides the working environment in which employees execute their tasks. It is thus the responsibility of the employer to ensure the safety of the employee. The employer will usually employ HR managers to ensure that the required safety programmes are implemented effectively.

Study section 12.4 in chapter 12 of the prescribed book.

Activity 5.8

Read the case study at the end of chapter 12 again and then answer these questions:

Assume that Anne works at a company which manufactures paint and paint products. The manufacturing plant is situated in Gauteng and the company supplies its products in bulk directly to large retail stores.

a. Identify the safety elements this company needs to take into account.
b. List the steps (in order of priority) that you think this company should take when implementing a safety programme.

Feedback

Because of the importance of safety in the workplace, you should now agree that HR managers need to remove any measures that are ineffective and introduce ones that will ensure a safe working environment in the future. The safety measures introduced will, of course, differ substantially from one organisation to the next (e.g. a gold mine compared to a supermarket).

5.10 OCCUPATIONAL INJURIES AND ILLNESSES/DISEASES

HR managers need to be aware of the most common occupational injuries and illnesses that affect employees when performing their duties at work.

Study section 12.5 in chapter 12 of the prescribed book.

Activity 5.9

Complete this table to indicate the different occupational injuries and illnesses.

Injuries or illnesses	Description	Occupations/conditions
Cumulative trauma disorder		
Sick building syndrome		
Occupational disease		

Feedback

Your completed table should include the following information:

Injuries or illnesses	Description	Occupations/conditions

Cumulative trauma disorder	A repetitive motion injury caused by repetitive movements of the same muscles several times each day, leading to injuries of the back or wrist.	Meat packaging, typist or computer data capturer.
Sick building syndrome	A situation in which occupants experience acute health problems and discomfort that appear to be linked with time spent in a building. With no specific link to illness, employees complain of headaches, dizziness and fatigue.	Buildings with inadequate ventilation, contaminated carpets or machinery.
Occupational disease	These illnesses are caused by working in factories and exposure to toxic substances or working in asbestos or coal mining. Examples of such diseases are lung and liver diseases and leukaemia.	Miners, firefighters, construction and transportation workers and low-level supervisory personnel.

Adapted from Wärnich et al (2015)

5.11   OCCUPATIONAL HEALTH AND SAFETY ADMINISTRATION

The Occupational Health and Safety Act 85 of 1993 (OHSA) is the legislation aimed at preventing accidents at work. NOSA is also an organisation that plays an important role in promoting health and safety in the workplace.

Study section 12.6 and read section 12.7 in chapter 12 of the prescribed book.

Activity 5.10

Mr Jones has just started a business and has 45 employees.

a.   What are the duties of Mr Jones as an employer in terms of the OHSA?
b.   What would the functions of the health and safety representative be?
c.   What are the duties of the employees?

Feedback

The ultimate responsibility for the health and safety of employees rests with the employer. In general, it is the duty of the employer to create and maintain, as far as is reasonably practicable, a work environment which is safe and without risks. Furthermore, the employer must ensure that the activities of the enterprise do not threaten the health and safety of people not employed by the organisation. You should have referred to section 12.6.1 for the duties of the employer, the employee and the health and safety representative.

5.12 WORKPLACE VIOLENCE

Workplace violence can be any act of physical violence, threats of physical violence, intimidation or other threatening, disruptive behaviour that occurs at the worksite. Bullying in the workplace has become a problem in recent years. It is a form of work harassment aimed at hurting, intimidating, offending, humiliating or isolating a person in the workplace. These acts can be inflicted by an abusive employee, a manager, supervisor, co-worker, customer and even a family member.

Study sections 12.8 and 12.9 in chapter 12 of the prescribed book.

Activity 5.11

What can an organisation do to help reduce violence in its workplace?

Feedback

There is no sure way to predict human behaviour. While there may be warning signs, there is no specific profile of a potentially dangerous individual. The best prevention comes from identifying any problems early and dealing with them. EAPs can assist employees in identifying and dealing with issues of violence in the workplace.

5.13 SUMMARY

Although the question of employee health and safety probably did not seem that important at first, it certainly plays an important role in retaining employees in the organisation. People who feel that the organisation cares enough about their health and safety, who feel that the working environment is in fact safe and healthy, will be more committed, motivated and productive. Despite the legal requirements for health and safety issues stipulated by the OHSA, the organisation itself has an obligation towards its employees to promote a healthy and safe workplace.

Organisations that succeed in reducing the rates and severity of their occupational accidents, diseases and stress-related illnesses and improving the quality of their employees' working life will certainly operate more effectively. This improvement can result in

- greater productivity because fewer workdays are lost
- increased efficiency and quality from a more committed workforce
- a reduction in medical and insurance costs
- a reduction in staff turnover (and therefore better retention of employees)

5.14 SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 05 tab on Additional Resources and

begin your assessment.

Question 1

Explain to the board of directors of a company the difference between employee assistance programmes, employee wellness programmes and health and safety programmes in the workplace. Is it necessary to have all these programmes in place and should the company offer these itself? Substantiate your answer.

Question 2

You have just been appointed as a health and safety representative in your workplace, but no one can tell you what your responsibilities are. Draw up a document that you can use as a guideline to assist you with your tasks, indicating your responsibilities and also discussing whether it will be necessary to appoint a health and safety committee. What would the responsibilities of this committee be?

Question 3

Your friend owns and manages a nightclub that employs two full-time barmen, five full-time waitresses and three full-time bouncers. He has been experiencing problems with several of his employees and has asked you for information and help. One bouncer has been involved in several violent episodes over the past six months, most of them unprovoked attacks on customers. Your friend has been reluctant to discipline the bouncer because he knows that the man has been experiencing marital problems and also lost his father to cancer in the past year. One of the waitresses has been behaving erratically and is frequently late or absent without phoning to explain her absences. She is also rude to customers. Some of the other staff has hinted that she is abusing painkillers, but your friend has no proof. One of the barmen has been ill quite a lot lately; he has lost weight and your friend suspects he has AIDS. What advice would you give your friend? Explain the steps he should follow in each of these instances to help his employees deal with their problems.

Feedback

Question 1

You will find the answer to this question in "Employer health care programmes" and "Safety management" in the prescribed book and in sections 5.6 and 5.9 in this unit.

Students often confuse these three concepts; make sure you understand the difference. Begin by explaining the purpose of each and then discuss the importance of each programme. You must then decide whether it is necessary to have an EAP, an employee wellness programme and a health and safety programme in one workplace – can one be substituted for the other? Also indicate whether organisations need to offer these programmes themselves or whether this can be outsourced and when you would recommend that they outsource them. Remember to give reasons for any recommendations you make.

Question 2

Find the answer to this question in "Occupational safety and health administration" in the prescribed book.

You are not required to discuss the purpose of the OHSA or the duties of employers and employees. Only discuss the duties of health and safety representatives and health and safety committees. Under which circumstances must an organisation appoint a health and safety committee?

Question 3

You will find the answer to this question in "Employer health care programmes" in the prescribed book and in section 5.6 in this unit.

Assess each problem carefully, write down the salient points and then decide what kind of assistance the owner of the nightclub can offer his employees. Explain the purpose of the assistance and the steps he should take to help his employees.

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Can I differentiate between stress and burnout?		
Can I discuss the essentials for an effective employee assistance programme?		
Am I able to name several work-related consequences of alcohol and drug abuse?		
Can I discuss the impact of AIDS in the workplace?		
Can I state the importance of the Occupational Health and Safety Act and discuss its major provisions?		
Can I list several specific initiatives an organisation can use to help reduce violence in the workplace?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are now ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

CARRY ON

Now that you have successfully completed Workbook 05 and all the activities, you can go on to Workbook 06.

This also means that you have completed the workbooks of topic 2.

SUMMARY OF TOPIC 2

Compensation consists of the intrinsic and extrinsic rewards employees receive for their efforts. It affects employee productivity and employees' tendency to stay with the organisation. In modern organisations,

the coexistence of a variety of benefit programmes, incentive schemes and salary scales creates a challenge for the HR department: how to reward employee performance fairly and objectively, while still remaining competitive.

Organisations have to create and maintain a work environment that is safe and healthy to work in. This comprises aspects such as implementing safety measures, eliminating hazards, assisting employees who suffer from stress and burnout, and helping employees who are experiencing severe personal problems which are affecting their ability to do their work properly. A fair volume of legislation governs aspects of workplace health and safety. Issues such as the AIDS pandemic also impact on organisations and thus the HR management function.

Now you can go on to Workbook 06, which is the only unit in topic 3.

BIBLIOGRAPHY

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C*. Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa*. 5th edition. London: Cengage Learning.

TOPIC 3

Labour relations

Employees interact daily with their managers and colleagues. This interaction may be positive or negative, and is commonly referred to as labour relations. The promotion of positive labour relations is essential to create an organisation that is successful in the current business environment. HR managers play an active role in promoting positive labour relations by developing and implementing fair labour relations policies and practices in the organisation.

TOPIC AIM

The aim of this topic is to familiarise you with the basic principles and practices that ensure positive and equitable labour relations in the organisation.

LEARNING OUTCOME FOR TOPIC 3

After completing this topic, you should be able to discuss the basic equitable labour relations principles and practices in organisations (**Workbook 06**).
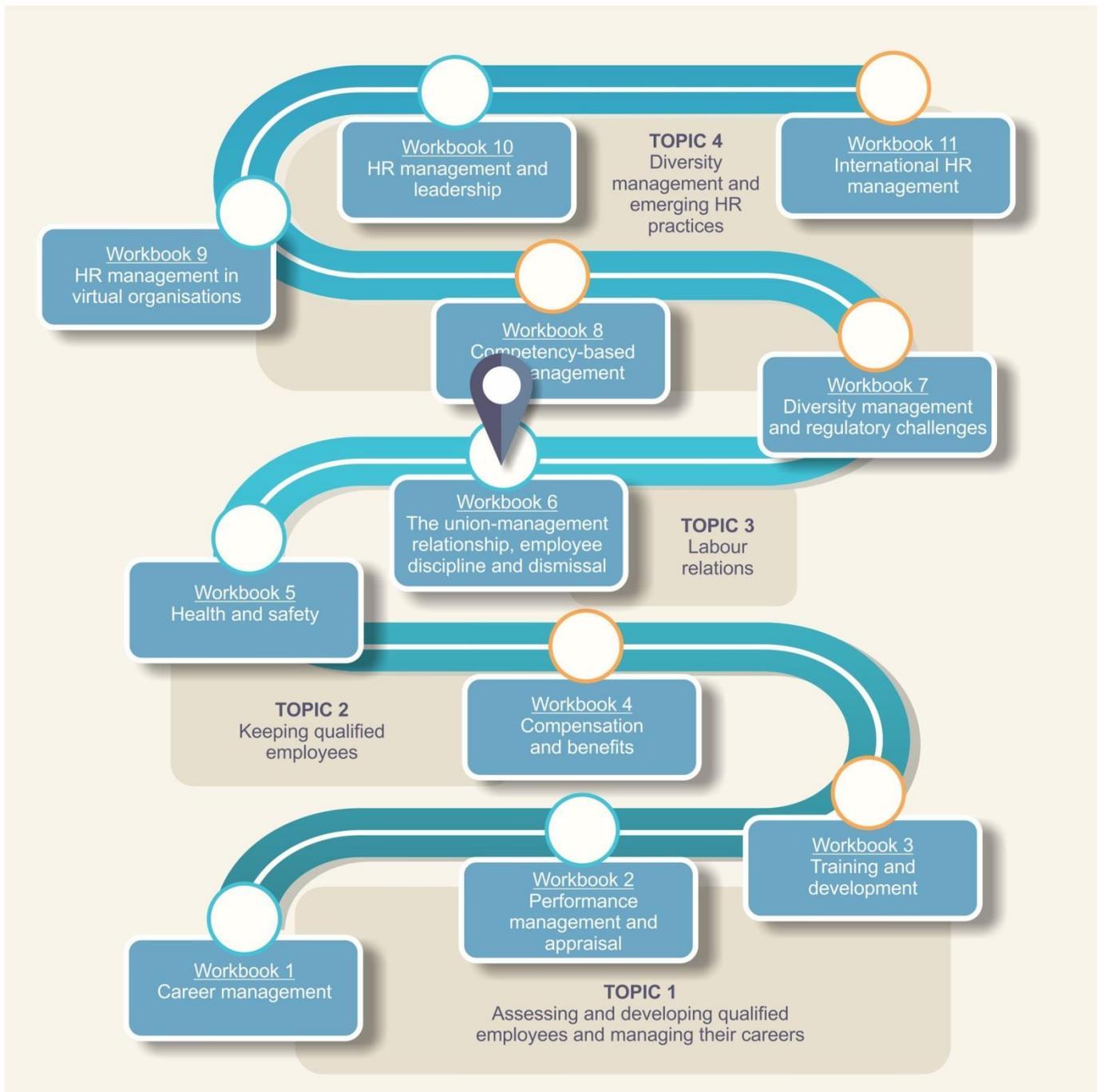
WORKBOOK 06

The union–management relationship, employee discipline and dismissal

Contents		Pages
6.1	Learning outcomes	89
6.2	Key concepts	89
6.3	Summary	91
6.4	Self-assessment	91

Have a look at the mind map to see where you are in the process of working through the study material.

6.1 LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- describe what a union is and explain why employees join unions
- identify the basic elements of the Labour Relations Act 66 of 1995
- discuss the role and objectives of the National Economic Development and Labour Council (NEDLAC)

- describe the typical collective bargaining process
- recognise the various sources of poor performance through the illustration and discussion of an unsatisfactory performance model
- explain good and poor ways to discipline employees
- illustrate a model of positive discipline and describe the procedures for ensuring that discipline achieves its goals
- identify the procedures for carrying out the dismissal decision humanely, tactfully and according to law

6.2   KEY CONCEPTS

A number of key concepts are listed at the end of chapter 13 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Union
- Collective bargaining
- Mediation
- Disciplinary action
- Collective agreement
- Workplace forums

Now read this paragraph:

You are no doubt aware of the (sometimes unwelcome) presence of trade unions in most organisations. Trade unions exist for the benefit of the employees to give a collective "voice" to their grievances and demands. How exactly does this work in a real organisation?

Read chapter 13 in the prescribed book.

Activity 6.1

Read the following paragraphs and then answer the questions:

Shanon McDonald is the HR manager of a medium-sized company which manufactures and sells various health products. She listened to most of the employees' complaints and promised that they would be attended to as soon as possible. After this message was given to the employees, their unhappy emotions seemed to subside and things continued as usual. Top management even suggested that Shanon appoint an HR officer to take over some of her duties so that she could take things a bit easier in the last few years before her retirement. This she subsequently did. This gave Shanon a lot of free time to ensure that all the company's employees remained happy and satisfied and that all their HR-related problems were solved. Whenever an "uncomfortable" situation arose where employees felt dissatisfied with their superiors, other employees or the organisation, Shanon was quick to pick this up and invariably managed to keep everyone's emotions under control by acting within her authority as the HR manager, and by controlling the company's staff with an iron hand. Indeed, Shanon was extremely proud of the fact that her word was law in HR management issues.

Last week, for example, Shanon dismissed Simon Shabalala (a supervisor in the factory) for drinking on the job. Shanon was quick to assure everyone that she had suspected for some time that Simon was an alcoholic who could not be rehabilitated – she had just never been able to catch him drinking on the job! Shanon was sure that Simon's dismissal reinforced her authority in HR issues and that the employees all respected her for this. That was the situation until yesterday. Out of the blue, all the employees decided to go on strike and collectively handed a memorandum to top management demanding a huge wage increase, the reinstatement of Simon Shabalala and the immediate resignation of Shanon McDonald.

a. What do you think Shanon McDonald did wrong in managing labour relations?
b. Do you think Shanon handled the problem with Simon Shabalala correctly? Give reasons for your answer.
c. If you were Shanon McDonald's HR officer and had been given the authority to handle all labour relations and disciplinary-related problems, what would you have done in these situations?

Feedback

You will probably agree that when employees feel that they are badly treated, they perform poorly or need personal assistance, the organisational goals will not be achieved unless these constraining factors are taken care of. These issues all impact directly on labour relations. The HR manager is the person responsible for ensuring that labour relations are healthy and contribute to optimal organisational goal achievement.

But who exactly is involved in labour relations in the organisational context? The parties involved can be divided into three main groups: the employee, the employer and the state. Employers and employees are the two main role players, and the state plays a secondary role. If employees and employers are to have a say in labour-related matters, they have to act collectively (see "Collective bargaining" in the prescribed book for a more detailed discussion). Thus employees are represented by trade unions (e.g. NUMSA) and employers by employers' organisations (e.g. NAFCOC). The state influences, and to a certain extent controls, this collective action between employees and employers by means of labour legislation (e.g. the Labour Relations Act). See "Unions", "Employers' organisations", "International Labour Organisation (ILO)", "The Labour Relations Act, no. 66 of 1995" and "Building blocks of the Act" in the prescribed book in this regard. Figure 13.2 in the prescribed book, for example, clearly shows the framework for labour relations in South Africa. A person such as Shanon McDonald should also be aware of the role of a body such as NEDLAC (see "The role of NEDLAC" and figure 13.4 in the prescribed book).

Shanon McDonald obviously made a huge mistake in assuming that she alone had a say in how labour matters should be resolved – no wonder the employees demanded her immediate resignation! Another matter that Shanon might have handled incorrectly was the dismissal of Simon Shabalala. Let's explore the aspect of discipline in more detail.

If you look at "Performance problems" of chapter 9 in the prescribed book, you will see that certain action needs to be taken to solve performance problems. Obviously, Shanon did not even try to identify the cause of Simon's drinking behaviour before simply dismissing him – there was no proof of a performance problem, only an alcohol abuse problem! Shanon made the mistake of assuming that Simon was not doing his job properly because of his alcohol problem. Only once the cause of a performance problem has been identified can the HR manager decide as to how the employee involved should be disciplined, if at all. Perhaps the person needs counselling or training, and it is important to ensure that the correct action is taken in view of the company's disciplinary code and the problem at hand.

You will also see in "Discipline" in the prescribed book that there is an incorrect way of imposing discipline (which sounds very much like what Shanon did). Shanon should rather have used preventive and positive discipline. You will probably also agree that Shanon should have made sure that she knew what the implications of the Labour Relations Act were regarding dismissal (see "Dismissal and the law") before taking such drastic action as she did in the case of Simon Shabalala. If Shanon had really wanted

to be a good HR manager, she would also have been aware of other important issues that were impacting on the management of human resources.

6.3   SUMMARY

Review this diagram. It serves as a summary of what labour relations entail.
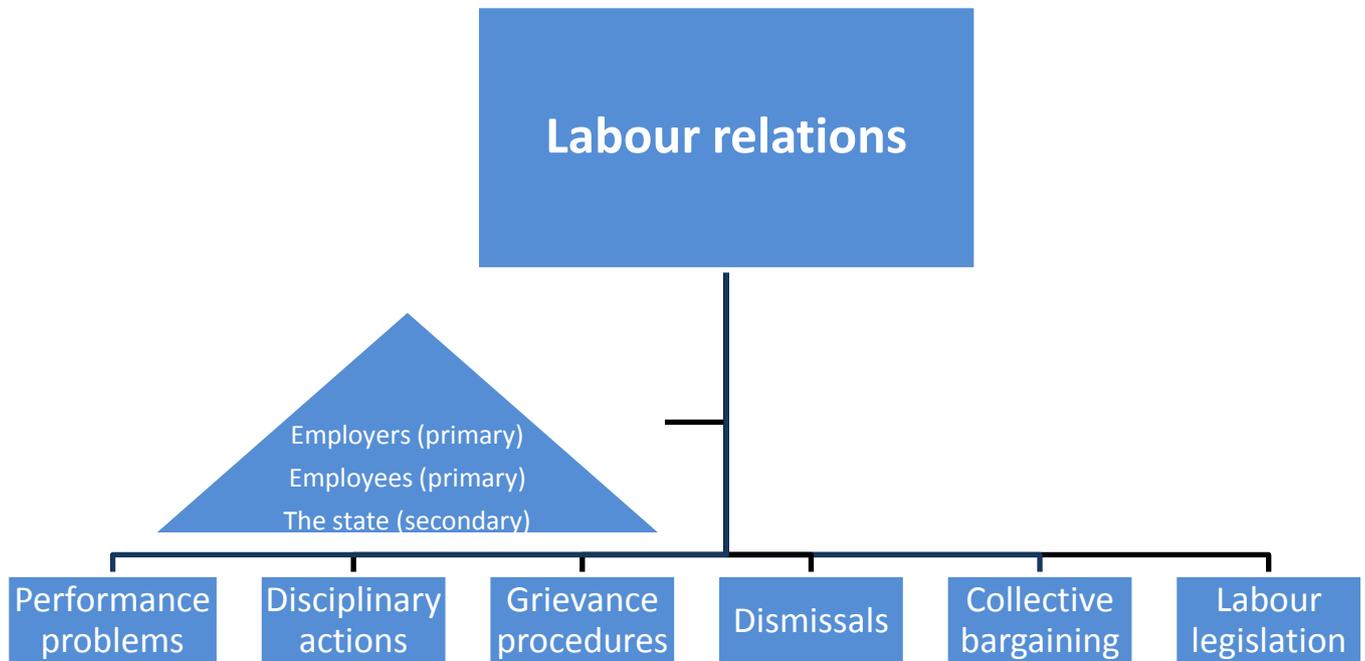
Sound labour relations (and thus good relationships between people) are essential if South Africa is to be globally competitive. Employers and employees (or their representative organisations) are the major players in this relationship, but it is governed by the legislative environment created by the state. Poor relations between employers and employees will lead to loss of productivity and costly organisational conflict, for instance industrial action. The HR manager should strive to develop and implement practices and procedures that will lead to sound labour relations.

6.4   SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 06 tab on Additional Resources and begin your assessment.

Question 1

You are the HR officer in a small clothing factory that is not unionised. The employees have organised a meeting to discuss the fact that, in their opinion, their rights according to labour law are being disregarded by the owner of the factory. They have asked you to come and explain to them what their options are regarding trade unions and industrial action. Draw up a document in which you provide them with information on trade unions and industrial action, as well as the related procedures and agreements that are required.

Question 2

You have to convince the owner of the clothing factory that it is necessary to draw up a formal grievance procedure. He believes this will give employees "ideas above their station" and lead to labour unrest. Draw up a document in which you supply reasons for establishing a grievance procedure as well as suggestions for the steps a grievance procedure should contain.

Question 3

The clothing factory has no formal disciplinary procedure. Every manager applies rules and regulations as they see fit and this has led to many complaints and grievances. You know that implementing a formal disciplinary policy and procedure would solve most of the problems, because many of the complaints and grievances are about unfair treatment by managers. The owner is positive about the disciplinary procedure, because he believes that he can legally get rid of all the negative employees and then appoints people who would be thankful for having a job instead of complaining about every little thing. Explain to the owner the purpose of discipline and the steps in the progressive approach to discipline.

Question 4

Explain to the owner of the clothing factory when and how employees may be legally dismissed.

Question 5

The owner of the clothing factory is unsure about the legislative framework that governs employment relations in his organisation. Clarify this for him in detail.

Feedback

Question 1

You can find the answer to this question in the section which deals with unions in the prescribed book.

Start your answer by providing information on what a trade union is, the type of union that the employees can form or join (trade union), the benefits that membership of a trade union will provide for employees and the types of agreements (closed shop and agency shop agreements) that can be concluded between a representative trade union and an employer or employers' organisation regarding union membership and fees in the organisation. You can also provide information on the registration of trade unions, their obligations and their rights in the workplace. Lastly, include detail about the structure of a trade union and the functions of a trade union representative (shop steward).

Question 2

The answer to this question is in "Collective bargaining" in the prescribed book.

Start this answer by defining the concept of grievance and differentiating between a grievance and a gripe. Explain that employment contracts govern employment relations, but that disputes may arise. An agreed-upon grievance procedure supplies employees with a formal method of airing disputes and problems with management. The steps in grievance procedures may differ from one organisation to another, but they usually contain four steps. Describe and discuss these steps.

Question 3

Find the answer to this question in "Collective bargaining" in the prescribed book.

The primary objective of discipline is to motivate employees to comply with the company's performance standards, rules and regulations. It also serves as a vehicle to create and maintain trust between

employees and managers. Discipline that is improperly administered can influence employee morale and behaviour. Progressive discipline follows two rules: the sanction or penalty must fit the offence (you don't fire an employee for taking a pencil) and when an employee persists in behaviour that requires discipline, a series of increasingly serious penalties are used (e.g. a verbal warning, then a written warning, then a final written warning). The main aim of discipline is to solve an employee's problems, not to punish him/her. This is why corrective counselling forms part of the disciplinary procedure. Discuss this in more detail.

The steps in the disciplinary procedure may differ from one organisation to another, but usually include the following, depending on the nature of the misconduct:

- verbal warning
- written warning
- suspension
- dismissal

Question 4

The answer to this question is in "Disciplinary dismissal" in the prescribed book.

Explain why disciplinary dismissals normally occur, the concept of automatically unfair dismissals and other unfair dismissals. A dismissal is only fair (and thus legal) if it is substantively and procedurally fair. Explain these concepts. The only fair reasons for dismissal are misconduct, incapacity and operational reasons. Explain these three reasons for dismissal and describe the steps employers should follow in each instance to ensure procedural fairness.

Question 5

You can find the answer to this question in the sections entitled "The Labour Relations Act, no. 66 of 1995" and "Building blocks of the Act" in the prescribed book.

Briefly discuss the reasons for the LRA, its aims and who is covered by the LRA. Then give details on what the LRA means for workers and – especially in this case – for employers. Also note that certain amendments were made to the LRA in the Labour Relations Amendment Act 12 of 2002. Then provide information on the building blocks of the LRA, specifically referring to the promotion of collective bargaining and worker participation, collective agreements, bargaining councils, statutory councils and workplace forums.

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Can I describe what a union is and explain why employees join unions?		
Can I identify the basic elements of the Labour Relations Act 66 of 1995?		
Can I discuss the role and objectives of the National Economic Development and Labour Council (NEDLAC)?		
Can I describe the typical collective bargaining process?		
Can I recognise the various sources of poor performance through the illustration and discussion		

of an unsatisfactory performance model?		
Am I able to explain good and poor ways to discipline employees?		
Can I illustrate a model of positive discipline and describe the procedures for ensuring that discipline achieves its goals?		
Can I identify the procedures for carrying out the dismissal decision humanely, tactfully and according to law?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are now ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

CARRY ON

Now that you have successfully completed Workbook 06 and all the activities, you can go on to Workbook 07.

This means that you have completed the only workbook in topic 3.

SUMMARY OF TOPIC 3

Labour relations or employee relations are important for organisational competitiveness. Regardless of whether you are self-employed, an employee, a private or public organisation, good relationships between people in the workplace are critical to sound labour relations. Unions are associations of workers and have a major impact on organisations' management. The relationship between management and labour needs to be managed in order to prevent costly and stressful organisational conflict. Therefore, labour legislation provides a number of ground rules regarding the relationship between organised labour and management.

BIBLIOGRAPHY

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C.* Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa*. 5th edition. London: Cengage Learning.

TOPIC 4

Diversity management and emerging HR practices

In the fast-changing business world organisations must be flexible to survive. HR managers play a pivotal role in ensuring this flexibility. After all, how would the organisation achieve its goals if there were no employees to implement and execute strategies and do the work? This means that HR managers must always be aware of new developments in their fields and their leadership role.

TOPIC AIM

The aim of this topic is to familiarise you with the latest trends and developments in HR management.

LEARNING OUTCOMES FOR TOPIC 4

After completing this topic, you should be able to

- explain how diversity management and emerging HR practices contribute to the competitive advantage of the organisation (**Workbook 07**)
- elaborate on how competency-based HRM contributes to organisational productivity (**Workbook 08**)
- discuss how virtual organisations impact on HR management (**Workbook 09**)
- discuss the role of HR leadership in organisations (**Workbook 10**)
- identify the complexities of HR management (**Workbook 11**)

WORKBOOK 07

Diversity management and regulatory challenges

Contents		Pages
7.1	Learning outcomes	97
7.2	Key concepts	98
7.3	Introduction	98
7.4	South Africa's diverse population	99
7.5	Diversity management	100
7.6	Response to diversity: government legislation	105
7.7	Sexual harassment	106
7.8	Summary	107
7.9	Self-assessment	107

Have a look at the mind map to see where you are in the process of working through the study material.
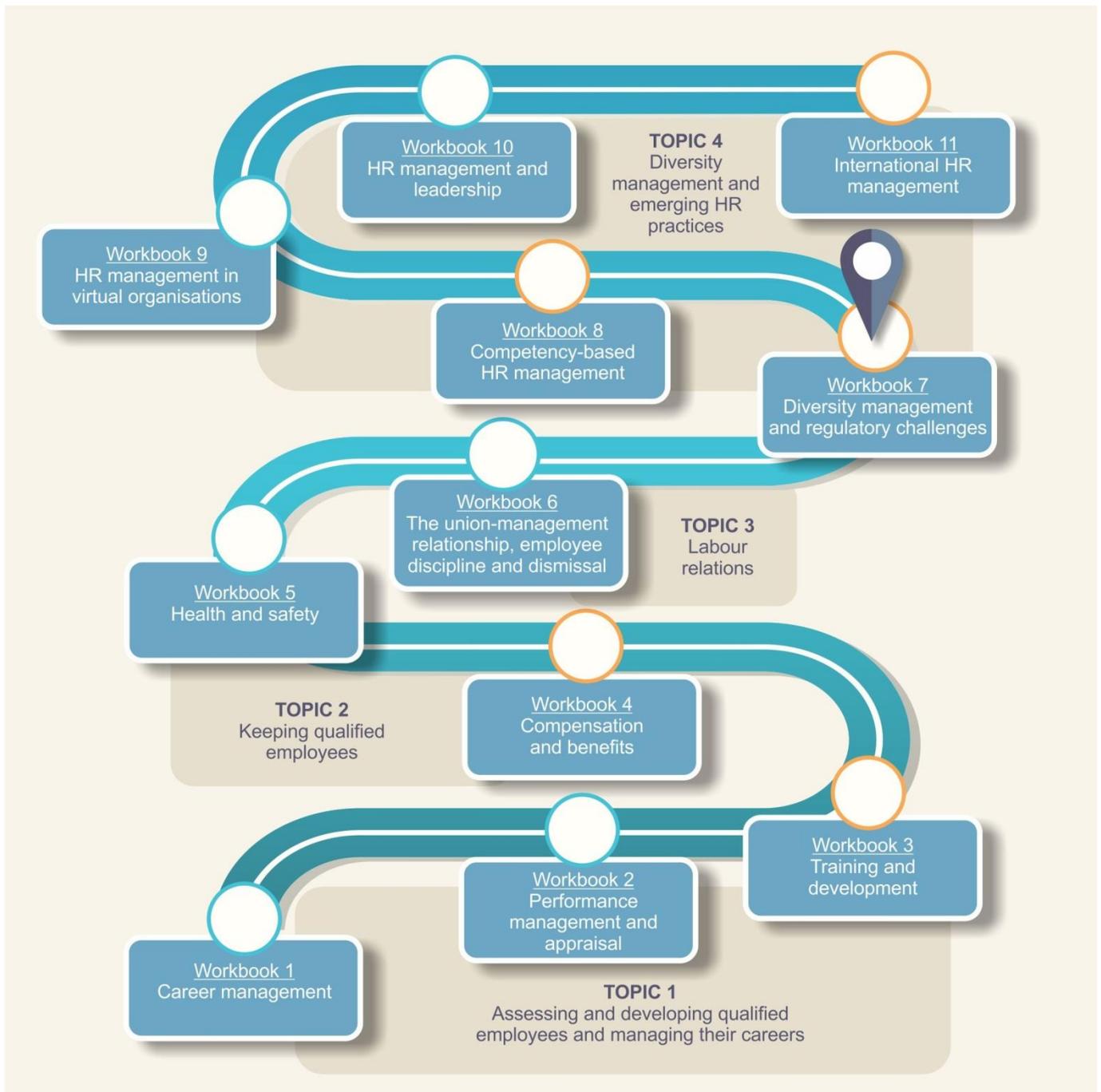
7.1 LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- discuss the composition of the South African workforce
- define diversity management and discuss why it is important
- distinguish between the concepts of affirmative action and diversity management
- identify the primary principles of the South African Constitution and other related employment legislation regarding discrimination

- discuss the two types of sexual harassment and how employers should respond to complaints

7.2   KEY CONCEPTS

A number of key concepts are listed at the end of chapter 3 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Disability
- Diversity
- Affirmative action
- Sexual harassment
- Ethnic group
- Culture

7.3   INTRODUCTION

Diversity management is a comprehensive process for creating and sustaining an environment in which all employees feel comfortable, recognised, valued and appreciated, irrespective of differences such as race, gender, culture, religion, disability and sexual orientation. Owing to new labour market demographics, globalisation and competitive pressures, diversity management has become important to business (Marchington & Wilkinson 2008:25). Furthermore, South Africa's past created certain imbalances that have influenced the workforce population. These imbalances have a direct influence on the HR functions, such as recruitment policies and employment equity plans. The HR manager plays a significant role in helping to correct these imbalances by creating a diverse workforce and providing opportunities to all individuals.

Workbook 07 is the first of five covering the topic of diversity management and emerging HR practices.

In this workbook you will

- examine the South African people as a diverse workforce
- learn how diversity came about and get to know the legal environment that affects the way employers interact with this new workforce
- explore approaches to managing workforce diversity

Activity 7.1

Read these paragraphs and then answer the questions that follow:

Sharon Betty has been feeling much better lately and definitely more in control of the people employed in her company. She is now busy bringing all HR activities in line with strategic changes inside and outside the organisation. Sharon has even persuaded top management to include her in all strategic planning sessions. She is also very proud of the way she has solved the problems associated with the increased demand for the company's health products. She has hired and trained several new employees, including many from the different race and gender groups (Sharon feels that this is an exceptional achievement, because in the past she never felt that these employees could be hired as they would not fit in with the organisation's unique culture). In the past, more than 90% of the employees were white males.

Today, however, Sharon is feeling very confused. Early this morning, the new black, coloured and Indian

employees issued a formal complaint stating that they are constantly excluded, that they are never told about important matters that affect them and generally that they have very little say in company matters. They feel that something drastic must be done to improve the white (and especially male) employees' way of doing things. To add to Sharon's problems, the female employees have just told her that they are experiencing exactly the same problems and that if she does not do something soon, they will have to take more drastic action!

a. Do you think it is important to be aware of the differences between employees? Give reasons for your answer.
b. What do you think the term "diversity" means?
c. Do you think diversity management is a solution to Sharon's problems? Give reasons for your answer.

Feedback

As you can see, Sharon Betty cannot see the bigger picture. Her company is in the new South Africa, which obviously has a very diverse population in terms of age, gender, disability, race, ethnicity, political and religious beliefs, sexual orientation, etc (see "South Africa's diverse population" in the prescribed book for a more detailed discussion). Sharon therefore has to make sure she knows exactly what diversity means. Competent HR managers will be aware of these differences, as well as what diversity in the South African context entails. They will also agree that it does not make sense to ignore diversity; rather they should value the unique contributions a diverse workforce has to offer (see "Valuing diversity" in the prescribed book).

Sharon should also realise that if she really wants to contribute to the organisation's goal achievement, she should find out very quickly what diversity management entails, as her company's workforce has definitely become more diverse! This is discussed in more detail in "The multicultural organisation" in the prescribed book. Another important factor that Sharon and all other HR managers in South Africa will have to consider is the impact of labour legislation on diversity management (see "Response to diversity: government legislation" in the prescribed book). Let's now look at the South African population as a diverse workforce.

7.4 SOUTH AFRICA'S DIVERSE POPULATION

South African business can only succeed if it recognises the emergence of the diversified workforce and finds the means to combine its energies, talents and differences for tomorrow's challenges. Leaders must emerge from the workplace to motivate and direct the workforce. As in the past, these leaders must be able to understand the organisations and the employees' needs, and see that both are met.

Study section 3.1 in chapter 3 of the prescribed book.

Activity 7.2

Read the scenario in activity 7.1 again and then answer the following question:

What are the major groups that provide diversity in the South African workforce?

Feedback

There are five major groups that provide diversity in the South African workforce.

1. The South African population consists of the black/African, coloured, Indian/Asian and white population groups.
2. The next factor contributing to workplace diversity is the influx of women into the labour force, together with the legal, political, social and economic efforts to advance gender equality in the workplace. Although reports indicate there is 80.1% male representation in top management compared to 19.7% female, the influx of women into the labour force will in the future lead to increasing numbers of women occupying leadership positions.
3. South Africa has a relatively young population. According to reports in the newspapers, the unemployment rate is highest for people aged between 21 and 49 years.
4. Another category is found in South Africans with disabilities, who have now been identified as a designated group according to the Employment Equity Act 55 of 1998 to ensure that HR managers set the tone for proper treatment of workers with disabilities.
5. The fifth major group relates to an individual's sexual orientation. It is now common to have men and women in the workforce who are gay or homosexual.

All these people are part of the workforce and HR managers will be aware of these differences in order to embark on the process of managing diversity effectively. Lastly, the HIV/AIDS pandemic has a huge impact on the workplace and legislation seeks to implement gender-sensitive practices and to eliminate unfair discrimination against and stigmatisation of people living with HIV/AIDS.

7.5 DIVERSITY MANAGEMENT

Organisations must recognise the business necessity of having a diverse workforce and tapping the potential of that workforce. Diversity management is a planned, systematic and comprehensive managerial process for developing an organisational environment in which all employees, with their similarities and differences, can contribute to the strategic and competitive advantage of the organisation, and where no one is excluded on the basis of factors unrelated to productivity.

Study section 3.2 in chapter 3 of the prescribed book.

Activity 7.3

Explain why it is important for organisations to embark on the diversity management process.

Feedback

There are considerable benefits gained by managing diversity. These include tapping into the workforce's varying skills, attracting and retaining the best talent, promoting productivity resulting from employee job satisfaction, cultivating creativity and problem-solving accompanied by prompt responses to diverse customers and markets, and utilising all people to the maximum. What does diversity entail?

7.5.1 Diversity

Diversity refers to any perceived differences or similarities among people, be they age, functional specialty, profession, sexual orientation, religion, geographic origin, lifestyle, tenure with the organisation or position. Diversity can be viewed according to a number of dimensions.

Study figure 3.5 in section 3.2.1 in your prescribed book.

Activity 7.4

Complete this table to indicate the differences between the three dimensions.

#	Dimension	What does it entail
1.	Primary/internal dimension	• ? •
2.	Secondary/external dimension	• ? •
3	Organisational dimension	• ? •

Adapted from Wärnich et al (2015)

Feedback

In any initial encounter, people are grouped and identified most often by the primary dimensions that are most readily observed (age, gender, race and physical abilities or qualities). Although the secondary and organisational dimensions are important, it is the primary dimensions that exert a major impact in dealing with the diverse population.

7.5.2 Stereotypes and prejudices

Study section 3.2.2 in chapter 3 of the prescribed book.

Activity 7.5: Stereotypes, prejudice and discrimination

Watch the following video and reflect on the stereotypes, prejudice and discrimination. Share your thoughts and understanding of these diversity issues – do this online. Refer to the **Discussion Forums** tool on the HRM2602 myUnisa module site and select **Forums 09: Workbook 07 Activities**.

Stereotypes, prejudice and discrimination
https://www.youtube.com/watch?v=ewE2K8A7Ddw

Learning outcomes:

- To be able to distinguish between stereotypes, prejudice and discrimination

Read the following statement: "Women are bad at maths, cannot drive and are always emotional and irrational." Now answer these questions.

a. Do you agree or disagree with this statement? Give reasons for your answer.
b. Differentiate between stereotypes, prejudices and discrimination.

Feedback

A stereotype is a fixed, distorted generalisation about the members of a group. When people have pre-set feelings against people that are different from them, we call it prejudice. Discrimination is treating someone differently than others. The statement in the activity is a distortion about women stemming from the primary dimension of gender. Not all women are bad at maths, just as not all men are good at maths. These types of beliefs are formed early in life by contact with parents, teachers, neighbours or society as a whole. It is this kind of stereotyping that negates people's individuality and perhaps limits their potential. Prejudice, discrimination, lack of tolerance and clinging to negative stereotypes about people different from us has been institutionalised in the workplace. Therefore one of HR's responsibilities is to recognise and eradicate these complex issues through diversity management.

7.5.3 Assimilation and valuing diversity

Study sections 3.2.3 and 3.2.4 of chapter 3 of the prescribed book.

Activity 7.6

Read the following paragraph and then answer the questions that follow.

Mpho is an intelligent young black engineer who recently graduated from university and joined an engineering firm with a predominately white workforce. He is a pleasant young man and a hard worker, but his sexual orientation as gay has started getting in the way and is thus clouding his performance. His supervisors constantly compare his performance to that of his white colleagues and comment negatively about his sexual orientation.

a. As an HR practitioner, use this scenario to help management understand the difference between assimilation and valuing diversity in this organisation.
b. What are the key factors in a diversity management strategy where the focus is on valuing diversity instead of legal requirements?

Feedback

Assimilation assumes that the dominant group's performance and style are superior to those of people who are not in the dominant group. In this case, Mpho's performance is measured against the dominant white group's performance. Valuing diversity is a necessity-driven emphasis on performance by individuals as individuals, which incorporates supportive employment practices, holistic HR development, a retention strategy and effective talent identification and management. The supervisors are commenting negatively about Mpho's sexual orientation, which is an indication of not valuing diversity. They have to acknowledge the difference in Mpho's sexual orientation and appraise his performance as an individual so that the organisation can reap the benefits that a diverse workforce offers. The key factors of a diversity management strategy involve the organisational culture, opportunity for career development and leadership/management practices (refer to figure 3.6 in the prescribed book).

7.5.4 Diversity awareness management

Awareness training seeks to motivate employees to recognise the value and dignity of everyone in the workplace and to treat them with respect.

Study sections 3.2.5 and 3.2.6 in chapter 3 of the prescribed book.

Activity 7.7: The golden rule

Read the following to learn more about respect from a diversity-sensitive perspective:

Most people believe in the golden rule: treat others as you want to be treated. But looking at this proverb through a diversity perspective, you begin to ask the question: What does respect look like; does it look the same for everyone? Does it mean saying hello in the morning, or leaving someone alone, or making eye contact when you speak? It depends on the individual. We may share similar values, such as respect or need for recognition, but how we show those values through behaviour may be different for different groups or individuals. How do we know what different groups or individuals need? Perhaps instead of using the golden rule, we could use the platinum rule which states "treat others as they would want to be treated". Moving our frame of reference from what may be our default view ("our way is the best way") to a diversity-sensitive perspective ("let's take the best of a variety of ways") will help us to manage more effectively in a diverse work environment.

Source: University of California (2010)

Feedback

Diversity training takes many forms. It may involve encounter-type retreats or quiet consciousness-raising sessions. Refer to any of the exercises (section 3.2.6 in chapter 3 in the prescribed book) that can be used in diversity training.

There are problems that can occur in diversity management and diversity trainers often make mistakes in the process. Let's look at some of these problems.

Study section 3.2.7 in chapter 3 of the prescribed book.

Activity 7.8: Diversity management

a. List some of the mistakes made by diversity trainers.
b. When is diversity training effective?
c. Language sensitivity is another issue that needs to be addressed in diversity management. Guidelines for appropriate language can help managers value a diverse workforce. Read through section 3.2.8 "Language sensitivity" in the prescribed book. Write down these rules and discuss them with your colleague at work or with a friend.

Feedback

You could have referred to any of the mistakes in section 3.2.7, the impact of effective diversity training in section 3.2.8 and appropriate language use in a diverse workforce in section 3.2.9 of the prescribed book.

7.5.5 The multicultural organisation

Unlike organisations where the minority members are expected to adhere to the norms and values of the overriding majority group, the multicultural organisation encourages members of different groups to learn from one another and adopt some of the norms and values of the minority groups.
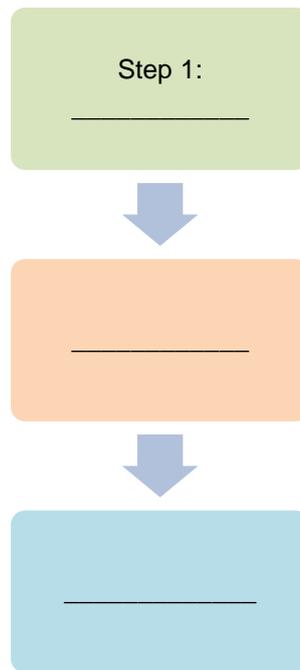
Read section 3.2.10 in chapter 3 of the prescribed book.

Activity 7.9: Model for planned change

Using the diagram below, state the three steps of the model for creating a diverse workforce.

Step 1:

_____

_____

_____

Feedback

To answer this question, you should have referred to the Lewin-Shein model of planned change. The model consists of three steps: unfreezing (changing the current negative culture) → moving (implement the steps to achieve a complete culture change, e.g. recruitment, training, mentoring or educational programmes) → refreezing (institutionalisation of the mentioned programmes by aligning organisational policies and procedures and reward systems to the new culture).

7.6   RESPONSE TO DIVERSITY: GOVERNMENT LEGISLATION

While the South African workforce is becoming increasingly diversified, discrimination is still a problem. In fact, various surveys report that discrimination still exists in organisations and that many South African workers still experience employment discrimination. HR professionals are key individuals within organisations who must develop and enforce policies and procedures arising from various Acts which were initiated by government to protect members of the diversified workforce against unlawful discrimination.

Study section 3.3 in chapter 3 of the prescribed book.

Activity 7.10

Use this table to indicate the differences between the five forms of legislation.

#	Legislation	Brief description of its primary purpose
1	Constitution of the Republic of	

	South Africa 108 of 1996	
2	Employment Equity Act 55 of 1998	
3	Labour Relations Act 66 of 1995	
4	Basic Conditions of Employment Act 75 of 1997	
5.	Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000	

Feedback

Section 3.3 in chapter 3 in the prescribed book highlights different legislation dealing with the human right to equality, the prevention of unfair discrimination, achieving equality in the workplace by promoting equal opportunities, fair treatment, fair labour practices, the employment relationship, conditions of employment and addressing hate speech or harassment as key issues that need to be dealt with in diversity management in the workplace.

7.7   SEXUAL HARASSMENT

More women are entering the workplace following the implementation of the Employment Equity Act. As a result, sexual harassment is becoming more prevalent and this new dimension of discrimination is a cause for concern in organisations. Allowing sexual harassment to go unchecked can lead to the underperformance of employees who are subjected to this form of misconduct. Besides the cost of litigation associated with sexual harassment, other more subtle costs are associated with psychological and physiological harm to victims (e.g. victims often experience depression, frustration, nervousness, fatigue and hypertension). This, in turn, leads to decreased productivity and increased absenteeism.

Sexual harassment is unwanted conduct of a sexual nature. The unwanted nature of sexual harassment distinguishes it from behaviour that is welcome and mutual.

Study section 3.4 in chapter 3 of the prescribed book.

Activity 7.11

a. What constitutes sexual harassment?
b. Complete this table to indicate the different forms of sexual harassment.

#	"This is for that" or quid pro quo sexual harassment	"Can't take it any more" or "hostile environment" harassment
1.	Submission to a rejection of sexual conduct is used as a basis of employment decisions	Can poison the work environment
2.		

3		
4.		

c. What is the responsibility or role of the HR manager in addressing sexual harassment in an organisation?

Feedback

There are three statements that constitute sexual harassment. In other words, the complaining individual must show that they did not want, invite, solicit or encourage the sexual conduct in order to show that sexual harassment actually occurred.

Quid pro quo harassment represents a breach of trust and/or abuse of power, whereas hostile environment harassment describes a case in which a supervisor, a co-worker or even a customer can be the perpetrator.

The HR manager's responsibility is to identify or recognise the most dangerous personality types within the company (**see the ten potentially dangerous personality types in companies, section 3.4.6 in the prescribed book**). People need to understand the seriousness of all acts of harassment, as well as how some minor actions may lead to more serious ones or become part of a hostile environment. Identifying possible dangerous behaviour can be an important first step in the prevention of sexual harassment. However, as this can involve only a limited number of employees, HR managers need to get the involvement of a larger audience by

- drawing up a good sexual harassment prevention policy
- providing effective sexual harassment training

7.8   SUMMARY

You should now be aware of the strategic role that the HR manager plays in diversity management and the implications of diversity for the HR management function. What this basically entails is that HR managers should plan ahead by aligning the HR strategy with the organisation's overall strategy. In conjunction with this, they should then manage the diverse workforce in such a way that all employees' unique contributions are utilised for the optimal achievement of the organisation's goals.

7.9   SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 07 tab on Additional Resources and begin your assessment.

Read the case study on Tranquillity Resorts at the end of chapter 3 and answer the following questions:

Question 1

Does the Employment Equity Act apply to Tranquillity Resorts? Give reasons for your answer.

Question 2

Which dimensions of diversity can you identify from the scenario? List them and explain how each of the dimensions identified can potentially lead to discrimination.

Question 3

Identify examples of stereotypes and prejudices from the conversation. What actions can Patricia as the HR manager take to overcome these stereotypes and prejudices?

Feedback

Question 1

You will find the answer to this question in "Employment Equity Act (No. 55 of 1998) (as amended)" in the prescribed book.

The Employment Equity Act aims to achieve equity in the workplace by promoting equal opportunities and fair treatment in employment. Although Tranquillity Resorts employs fewer than 50 employees, the right to protection of employees against unfair discrimination is extended to the workplace. All employers must ensure that they do not discriminate unfairly against an employee. Tranquillity Resorts employs 46 employees, but its annual turnover is well beyond R10 million and it is considered a designated employer. Therefore, Tranquillity Resorts must ensure that it complies with the requirements of the Employment Equity Act regarding affirmative action.

Question 2

The answer to this question is in "Managing diversity" and "Employment Equity Act (No. 55 of 1998) (as amended)" in the prescribed book.

The dimensions of diversity identified in Tranquillity Resorts include gender, race/population groups, parental status, etc. All primary and secondary dimensions of diversity can potentially lead to discrimination. The Employment Equity Act lists these dimensions as grounds of unfair discrimination (refer to "Employment Equity Act (No. 55 of 1998) as amended" in the prescribed book).

Question 3

You can find the answer to this question in "Stereotypes and prejudices" in the prescribed book.

Johan's, Heinrich's and Christo's statements in the conversation are examples of stereotypes and prejudices. To overcome these stereotypes and prejudices, Patricia as the HR manager will need to get Tranquillity Resorts to value diversity by acknowledging the fundamental difference between valuing diversity, on the one hand, and employment equity and/or affirmative action on the other. This should be followed by appropriate diversity education and awareness training programmes (refer to "Valuing diversity" and "Diversity education and awareness training" in the prescribed book).

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Can I discuss the composition of the South African workforce?		
Am I able to define diversity management and discuss why it is important?		

Can I distinguish between the concepts of affirmative action and diversity management?		
Am I able to identify the primary principles of the South African Constitution and other related employment legislation regarding discrimination?		
Can I discuss the two types of sexual harassment and how employers should respond to complaints?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are now ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

CARRY ON

Now that you have successfully completed Workbook 07 and all the activities, you can go on to Workbook 08.

BIBLIOGRAPHY

Marchington, M & Wilkinson A. 2008. *Human resource management at work: people management and development*. 4th edition. London: Chartered Institute of Personnel and Development.

University of California. 2010. Managing diversity. Available at:
http://ucsfhr.ucsf.edu/index.php/pubs/hrguidearticle/chapter-12-managing-diversity-in…2010/03/31 (as on 12/08/2014).

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C.* Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa*. 5th edition. London: Cengage Learning.
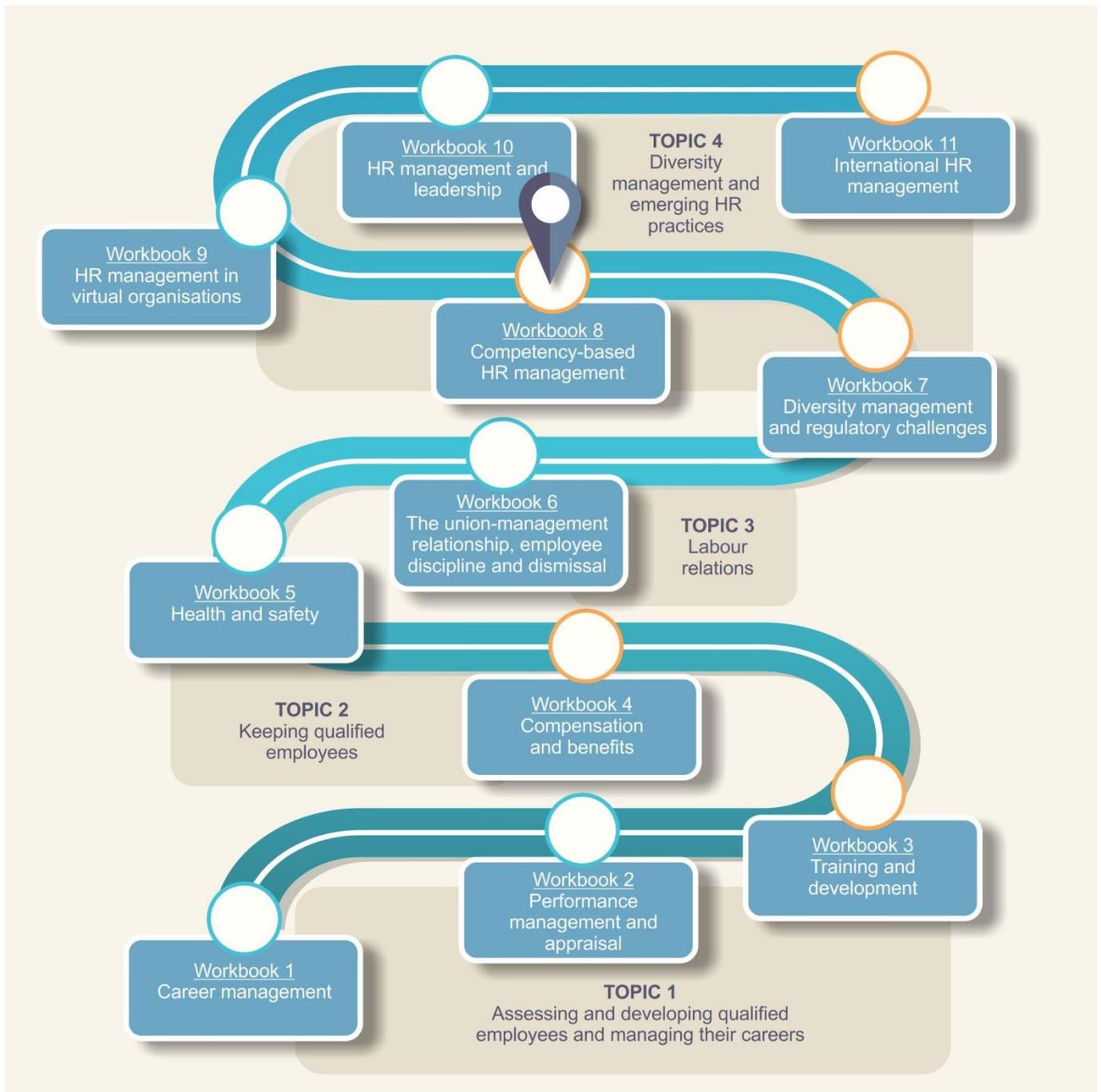
WORKBOOK 08

Competency-based HR management

Contents		Pages
8.1	Learning outcomes	111
8.2	Key concepts	112
8.3	Introduction	112
8.4	Competencies and performance − an integrated approach	112
8.5	Competency identification for the organisation	114
8.6	Competency-based HR management	115
8.7	Competency-based HR transformation	117
8.8	Summary	118
8.9	Self-assessment	119

Have a look at the mind map to see where you are in the process of working through the study material.

8.1   LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- define the concepts of competency and competency-based HRM
- discuss the relevance and importance of competency-based HRM
- identify the components of a total performance solution
- describe a competency-based HR transformation
- summarise the process of identifying competencies for the organisation

- explain competency-based HR planning
- discuss competency-based employee recruitment and selection
- outline competency-based training and development
- describe competency-based performance appraisal
- discuss key aspects relating to competency-based employee rewards

8.2   KEY CONCEPTS

A number of key concepts are listed at the end of chapter 14 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Competency
- Capability
- Core competencies
- General competencies
- Capabilities audit
- Basic competencies

8.3   INTRODUCTION

Have you ever thought about what HR management contributes to employee performance? Businesses continuously attempt to improve their performance because they want to be more profitable. Over the years, various methods have been utilised to help businesses with this – strategic planning, quality management and changing organisational cultures are examples of some of the management interventions that have been applied. Unfortunately, not all of these methods have lived up to expectations. The new focus now is on people and their contribution to organisational success.

Employees' competencies and the role of the HR management department in building and utilising competencies are the focus of this workbook.

8.4   COMPETENCIES AND PERFORMANCE − AN INTEGRATED APPROACH

Organisational performance is the total of the contributions of individual parts of the system, that is, values, purpose, goals, rewards, competencies or leadership development. These contribute to the health of the organisation (see section 14.2, figure 14.1 of the prescribed book). As you can see from figure 14.1, competencies play an important role in the organisation's performance. Now let's look at what competencies are and how they fit into the total performance of the organisation.

Study sections 14.1 to 14.3 in chapter 14 of the prescribed book.

Activity 8.1: Competencies for success

Learning outcomes:

- Be able to define the concept of competencies

112

- Be able to discuss the relevance and importance of competency-based HRM
- Be able to identify and discuss three types of competencies

Why do you think that competencies play a critical role in every organisation? Watch the following video and identify the basic competencies for success in any position or job. Reflect on the competencies and share your thoughts and understanding of these basic competencies – do this online. Refer to the **Discussion Forums** tool on the HRM2602 myUnisa module site and select **Forums 10: Workbook 08 Activities**.

Competencies – basic skills
https://www.youtube.com/watch?v=-ShKlwLRuzA

a. Do you think you possess the basic skills – competencies – mentioned in the video?
b. How do you think these competencies contribute to your performance in your studies?
c. In your opinion, what are three of the most important competencies an employer would look for in an employee?
d. What is the difference between capability and individual-based competency?
e. What is the value of competency-based HRM in organisations?

Feedback

A competency is viewed as any characteristic that we possess and use in appropriate and consistent ways to achieve desired performance. More specifically, a competency defines a behaviour, knowledge, skill or capacity that describes how well the individual excels in specific job positions and responsibilities in a particular work context.

Capability refers to distinctive strengths at the collective or organisational level of analysis that help to differentiate an organisation strategically. Individual-based competency is behaviour, knowledge, skill or abilities that underlie effective or successful job performance, that are observable and measurable and that distinguish superior from average performance.

Basic skills − reading, writing and arithmetic – are key to success on the job. An accountant requires arithmetic skills at a higher level to balance books, whereas a baker will require arithmetic to measure ingredients correctly, otherwise the bread will flop or not taste as good. A student will require additional skills, for example motivation, discipline, good concentration, time management, the ability to work under pressure and the ability to memorise large amounts of information, in order to succeed in his/her studies. The ability to apply theory to practical situations will be another competency that can help students to achieve success in their studies. Depending on the job or position, an employer would most probably look for competencies such as interpersonal, communication, listening, thinking, information usage or technology skills.

The point is that we have different kinds of competencies. A distinction is made in section 14.3 in the prescribed book between individual and organisational competencies. These are further divided into technical and non-technical/social competencies. When competencies are appropriately developed, they are the standards of success that support the strategic business plans, values, purpose, goals and thus the total performance of the organisation.

Competency-based HRM is a critical lever to produce performance excellence within an organisation, because competencies

- provide direction for employees at all levels to produce positive results
- are measurable and therefore enable organisations to evaluate the extent to which their employees demonstrate the behaviour believed to be critical for success
- can be learnt; consequently, an organisation enhances its success by helping to develop the capability of its personnel to demonstrate these competencies on the job

- can differentiate one organisation from another
- can integrate management practices throughout the organisation

The focus of the next section is the methods used to identify employee competencies.

8.5 COMPETENCY IDENTIFICATION FOR THE ORGANISATION

Once the HR department gains recognition through the transformation process, it focuses on developing a competency framework for the entire organisation. This process cannot take place in isolation, but must involve the line function as well.

Study section 14.4 in chapter 14 of the prescribed book.

Activity 8.2

a. Which of the methods described in the prescribed book would you use to identify employee competencies? Substantiate your answer.
b. A capabilities audit gauges how well the organisation is delivering on its required capabilities. Find out if your organisation does a capabilities audit. If so, is your organisation delivering on its required capabilities? Ask a friend or family member if you are not working yet.
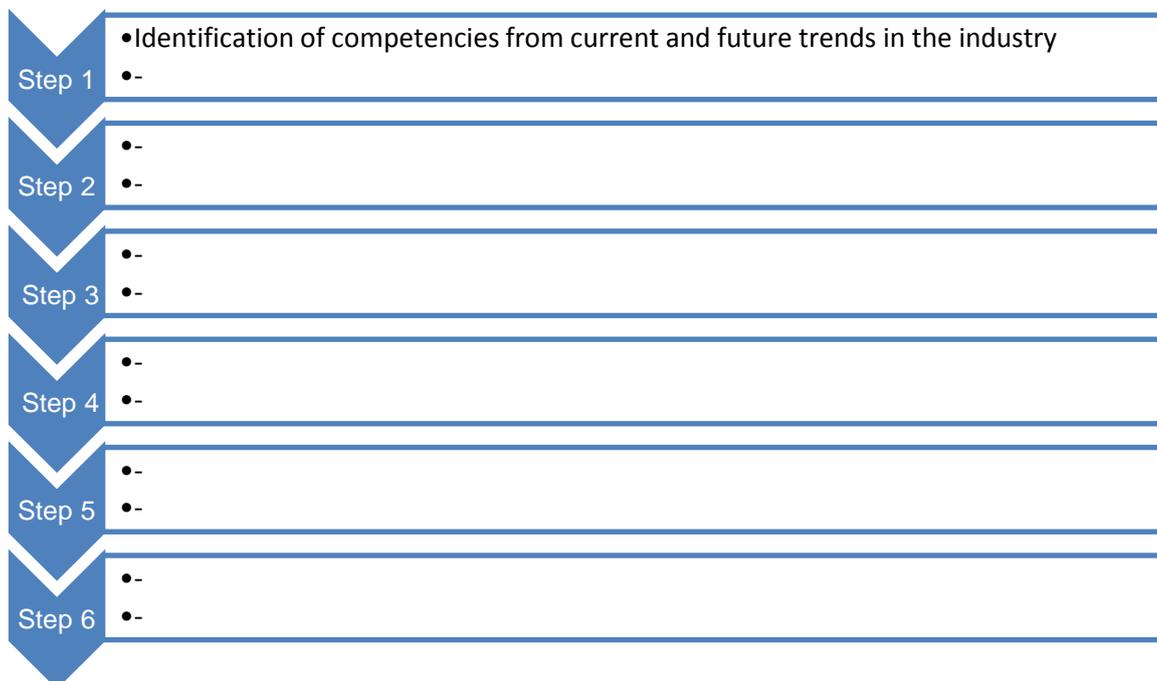c. Complete figure 8.1 on the process of identifying competencies for the organisation.

Step 1
- Identification of competencies from current and future trends in the industry
- -

Step 2
- -
- -

Step 3
- -
- -

Step 4
- -
- -

Step 5
- -
- -

Step 6
- -
- -

Figure 8.1: The process of identifying competencies for the organisation

Feedback

When the organisation knows what should be done to ensure success, it needs to find out what competencies will ensure success in the different jobs. Different methods can be used to identify competencies (see the competency model in figure 14.2 in the prescribed book, the job competencies assessment method (JCAM), the competency menu method and the modified DACUM). These methods have advantages and disadvantages and the one that an organisation uses must be chosen with care.

Did you find it interesting to see how healthy the capabilities of your organisation are? The result of a capabilities audit provides information on how well the organisation is delivering on the required capabilities and areas that need improvement.

The process of identifying competencies for the organisation is outlined in section 14.4 in the prescribed textbook. Figure 14.3 is an example of competencies identified for different groupings of employees within an organisation.

We now focus on how HR practices utilise the identified competencies of each job to create a high-performance organisation.

8.6 COMPETENCY-BASED HR MANAGEMENT

The success of an organisation centres on high-performing employees who are much more productive in achieving work results or outputs than the successful performers who only meet job standards. Maintaining a dynamic culture with employees that strive for achievement requires HR professionals to identify the most effective means to recruit, select and retain employees with core competencies that give the organisation a sustained competitive advantage. HR issues are central to understanding and developing dynamic capabilities. Each value combination is in turn supported and integrated by some of the basic HR functions and processes as illustrated in figure 8.2.

In working through this section and section 14.5 in the prescribed book, we will focus on the highlighted HR functions and processes (figure 8.2) and their implications for competency-based HRM.
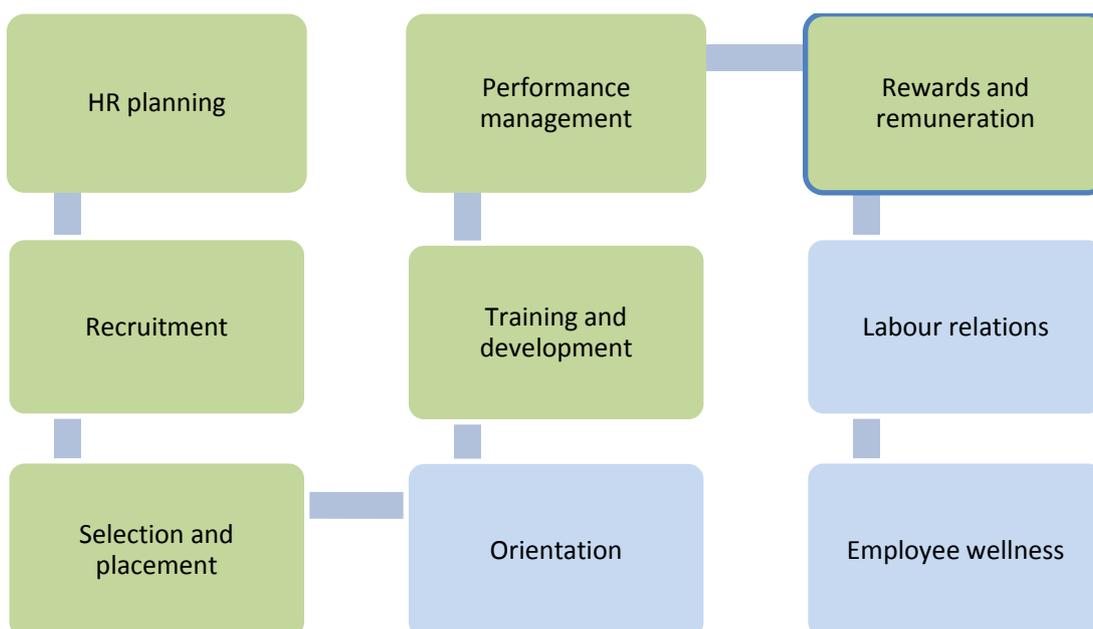

Figure 8.2: A basic HR value chain

Study section 14.5 in chapter 14 of the prescribed book.

Activity 8.3

a. What is the role of HR in competency-based HRM?
b. Explain how a focus on competencies will influence HR management practices and activities. Use this table to answer this question.

Competency-based	Influence on HR management practices and activities
HR planning	
Recruitment and selection	
T&D	
Performance appraisal	
Employee compensation (rewards)	

Feedback

The role of HR in competency-based HRM is as follows:

- HR influences an employee's skills and behaviour (human and social capital) by incorporating the skills and behaviour into the broader organisational processes and systems (organisational capital), resulting ultimately in competencies.
- HR involvement through people management systems ensures that the competencies remain within the organisation as specific employees leave and new employees are brought in to replace them.
- HR is responsible for ensuring that there is an inventory of employee skills within the organisation at any given time (human capital pool).
- It is through people management systems that the organisation influences the human capital pool and elicits desired employee behaviour.
- As competencies are not static, HR needs to continually develop new capabilities and competencies in response to environmental/market change. Therefore, organisations may require new skills sets, necessitating the recruitment of employees with the desired organisational core competencies.

A competency-based approach creates an HR management department that is aligned with the strategic objectives of the company and that is more responsive to the needs of the organisation. Changes in the approach to HR management will be significant; for example, in HR planning, the focus will be on creating a competency inventory instead of the traditional skills inventory. Where T&D is concerned, the focus of the needs analysis process must be wider and highly individualised, also including identifying future competencies to ensure individual development. Performance appraisal will be more complicated and open to manipulation because competencies are not observable and measurable. To prevent this, the process of changing to a competency-based approach must incorporate a mechanism for assessing competencies. The approach to compensation is to link compensation directly to individual contributions that make a difference to the company. This ultimately helps organisations to maintain highly competent employees.

So, a competency-based approach recreates the HR department and its functions, making it more organisationally responsive to and aligned with its strategic objectives. It uses the strengths of its individuals and unleashes their potential in ways that are less likely to occur in a traditional work-based system. Therefore the approach focuses on discovering, applying and using differences between good and excellent performers, leading to great leaps in productivity improvement. This is, of course, an essential requirement for the high-performing organisation.

It is at this stage that we look at how to transform a traditional approach to managing HR to a competency-based HR.

8.7   COMPETENCY-BASED HR TRANSFORMATION

Competency-based HR transformation looks at the people who do the work, and not at the work the people do, that is, the boxes on the HR organisational chart. We consider three major phases to make a shift from a traditional approach of managing HR to a competency-based HR focus.

Study section 14.6 in chapter 14 of the prescribed book.

Activity 8.4

If you were approached by the managers of an organisation to assist them in moving from a work-based to a competency-based approach to HR, what are the steps you would advise them to take?

Use this diagram to answer the question.

Step 1 Planning and discovery	● ●
Step 2 _____	● ●
Step 3 _____	● ●

Feedback

The focus in HR management should shift from looking at the work people do to the people who do the work. In practice, this means that the HR department should firstly plan for the change and investigate present and past competencies, as well as the competencies that will be necessary in the future to ensure continued organisational success. In the second phase of the process competencies must be prioritised and decisions made about organisational structure and the people who will do the work. The last phase comprises getting management's buy-in, implementing the changes, managing and monitoring the process, providing continuous communication about the changes and managing the transition.

Once adequately defined, a competency-based approach can have far-reaching implications across all functional aspects of HR. It can provide a firm foundation on which to build fully integrated HR systems to drive performance excellence.

Having gained recognition within the organisation, the HR department can now focus on the competency framework for the entire organisation.

8.8   SUMMARY

A competency-based approach to HR management will create an HR department that is more flexible. This should help to release the human potential in the organisation by utilising employees' strengths. This will in turn create a high-performance organisation that is able to take on the challenges it faces in

the new business environment.

8.9   SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 08 tab on Additional Resources and begin your assessment.

Question 1

"Employee competencies are the solution to organisational performance problems." Critically evaluate this statement.

Question 2

Briefly describe the concept of competency and briefly explain the four different kinds of competencies found in organisations.

Question 3

You are the HR manager of a well-established retail food store and you are aware of the advantages of competency-based HR management. How would you go about making the shift in your organisation to a competency-based HR focus? Refer to the three major phases that need to be followed to achieve this goal.

Question 4

How does competency-based HR planning differ from traditional HR planning and strategic HR planning?

Feedback

Question 1

You will find the answer to this question in "Competencies and performance − An integrated approach" in chapter 14 of the prescribed book.

Explain that improving performance is always a goal of organisations that want to survive in the business environment. There have been various trends in the past (briefly list the trends), but none of them have lived up to the expectations of providing a permanent solution. No best solution may exist, but there are certain characteristics of organisational performance that we must take cognisance of (list these six points). It is clear that organisational performance is a complex issue and a single formula will not be applicable to all organisations and situations. Performance is determined by six elements, of which competencies form a vital part, but they are not the only solution. The six elements are interrelated and influence one another.

Question 2

You can find the answer to this question in "Competencies in context" in chapter 14 in the prescribed book.

Competencies are characteristics that individuals possess and use in appropriate and consistent ways to achieve the desired performance. These include skills, knowledge, traits, thought patterns and ways of

thinking, feeling and acting. The four different kinds of competencies are individual/technical, individual/social, organisational/technical and organisational/social. Briefly describe these competencies.

Question 3

The answer to this question is in "A competency-based HR transformation" in chapter 14 in the prescribed book.

In your answer you need to refer to the following phases in the shift to competency-based HR management:

- Phase 1: planning and discovery – which include determining the business case, past/present and future competencies, competency categories and sponsorship
- Phase 2: strategic architecture – which entails prioritising the strengths
- Phase 3: implementation – this includes gaining leadership approval, transitional management, monitoring for results, communication and implementing changes

You have to discuss and explain each step in your own words.

Question 4

The answer to this question is in "Competency-based HR management" in chapter 14 in the prescribed book.

HR planning is tied to the company's strategic business plan which attempts to forecast the number and types of employees needed for future requirements. Competency HR planning goes beyond the old style of skills inventory. It becomes a competency inventory that records and enables easy access to what people can do and the results they can achieve. It therefore does not, for example, concentrate on employees' educational qualifications, as many skill inventories do, but rather on personal functional competencies such as interpersonal functioning or team leadership.

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Can I define the concepts of competency and competency-based HRM?		
Am I able to discuss the relevance and importance of competency-based HRM?		
Am I able to identify the components of a total performance solution?		
Can I describe a competency-based HR transformation?		
Can I summarise the process of identifying competencies for the organisation?		
Can I explain competency-based HR planning?		
Can I discuss competency-based employee recruitment and selection?		
Am I able to outline competency-based training and development?		
Can I describe competency-based performance appraisal?		

Am I able to list key aspects relating to competency-based employee rewards?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are now ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

 CARRY ON

Now that you have successfully completed Workbook 08 and all the activities, you can go on to Workbook 09.

BIBLIOGRAPHY

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C*. Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa*. 5th edition. London: Cengage Learning.
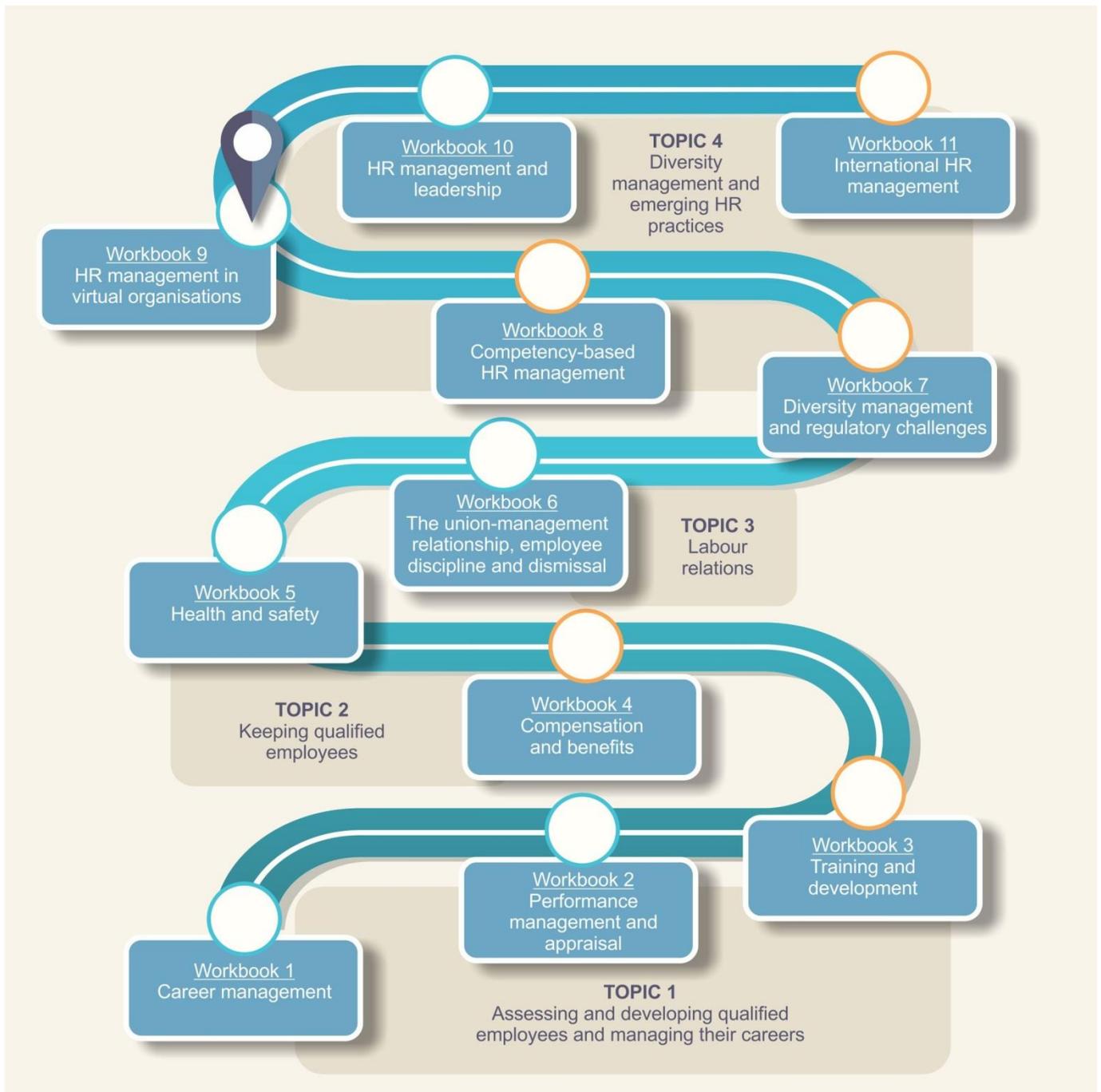
WORKBOOK 09

HR management in virtual organisations

Have a look at the mind map to see where you are in the process of working through the study material.

9.1 LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- define the concept of a virtual organisation
- identify and explain three forms of virtual work arrangements
- discuss the characteristics which truly identify a virtual team
- differentiate between the various virtual teams

- discuss technology within a virtual team
- discuss the role of the HR professional within the virtual organisation
- discuss training and development within a virtual organisation
- discuss issues relating to a number of HR practices within the virtual work environment
- distinguish between traditional and virtual organisations

9.2   KEY CONCEPTS

A number of key concepts are listed at the end of chapter 15 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Culture
- E-learning
- M-learning
- Telecommuting
- Virtual teams
- Virtual workplace
- Virtual organisation

9.3   INTRODUCTION

The 21st century has brought with it tremendous changes in technology. We can now contact someone from halfway across the globe within a matter of seconds. Data is available literally at our fingertips, some cellphones have e-mail and internet facilities and we can even phone friends and relatives abroad via the internet. The information technology revolution touches each one of us and the office environment has not been left out. Virtual teams, telecommuting and even virtual organisations are the new buzzwords in the 21st-century workplace. Let's now look at the virtual organisation as an entity.

9.4   THE VIRTUAL ORGANISATION AND WORKPLACE

In a traditional employment relationship within the organisation's normal operation, employees report to work in an office building. This means that they are office bound and are expected to report for work and leave the office building at a specific time. The employment relationship may require the employee to have frequent face-to-face interaction with the supervisor or line manager. Virtual organisations differ from traditional organisations in that they have partners, a core business and flexible working arrangements, and are linked with partners or teams via technology.

Study sections 15.1 and 15.2 in chapter 15 of the prescribed book.

Activity 9.1

Read this scenario and then answer the questions that follow.

Thabelo is a software developer. He works as an independent contractor, developing software for whoever contracts him to do so. Most of the companies that contract his services are situated in

Johannesburg and Cape Town, while Thabelo lives and works in Mhlanga Bay. For the past three years he has also been involved in a joint venture with Pat and Raman. They are developing a new, interactive computer game and plan to launch it on the market in October, ready for the festive season. Pat is stationed in Scotland and Raman lives and works in Mumbai. They meet three times a year to discuss issues that cannot be resolved over the telephone and internet, have a monthly conference telephone call and communicate daily via e-mail, Skype and video conferencing when needed.

a. Is this an example of a virtual team, a virtual organisation or both? Substantiate your answer.
b. Why did Thabelo, Pat and Raman decide to work in this way instead of the traditional, office-bound way?

Feedback

This is an example of both a virtual team and a virtual organisation. Thabelo, Pat and Raman are a virtual team which are geographically dispersed and whose contact is mostly via e-mail, Skype, video conferencing and telephone. They also form a virtual organisation. A virtual organisation is technology-driven and project-based, with partners involved in a core business activity. There are different types of teams in virtual organisations, such as service teams, project teams and process teams. Working in this way creates flexibility and is more cost-efficient. It also allows organisations to utilise human resources that are geographically dispersed and in this way organisations have access to the best talent, irrespective of where the people live. In summary, a virtual organisation must have partners, a core business, flexibility and capacity to connect all of the partners. It has a focus on teams and is perceived by those working either internally or externally as an organisation.

A virtual workplace involves employees working far away from their colleagues and managers. Let's look at three forms of virtual work arrangements: telecommuting, frontline and cyberlink.

Study section 15.2 in chapter 15 of the prescribed book.

Activity 9.2

a. Read the case study at the end of chapter 15 in the prescribed book and answer questions 1–4 at the end of the case study.
b. What is the difference between a frontline and cyberlink work arrangement?
c. Briefly explain the characteristics of virtual teams and list the factors that promote the success of these teams.

Feedback

To answer the questions in the case study, consult the following sections in the prescribed book:

a. Section 15.2 in chapter 15 of the prescribed book on the virtual workplace with subsections on telecommuting, implementing telecommuting, benefits of telecommuting and skills needed for telecommuting.

- Amy's work involved a traditional office-bound company. A telecommuting virtual working arrangement with her employer was decided on, which meant the sales representatives would no longer have offices. In addition, the company provided a company car, cellphone, laptop and internet access to enable her to do her work.

- Think about what you learnt in HRM1501. Can you remember learning about motivation? Self-motivation is one of the skills an employee needs to work in virtual organisations.

- Peter is unlikely to be successful as a telecommuter as specific characteristics and skills are not evident. He also lacks direction and does not seem to understand the purpose of telecommuting.

- You could have referred to any of the advantages for the employee and employer in the prescribed book − benefits of telecommuting.

b. Frontline models involve moving employees out of the main office of the organisation to mobile offices and customer locations which may contribute to better service delivery to customers. On the other hand, in cyberlink models a team of employees, customers or suppliers and/or producers form to manage work collaborately and they are linked to the same process in a virtual space. These groups work together face to face and in cyberspace to realise a product or service goal.

c. There are three types of virtual teams: project, service and process teams (see section 15.2.3 in the prescribed book for more detail). Virtual teams must work interdependently, possess strong communication skills and be motivated, energetic and committed to working together. Their success depends on the training of team members, the planning and management of tasks and projects, the use of technology and a climate of cooperation, collaboration, trust and accountability.

Technology plays a vital role in realising the potential of working flexibly. Virtual teams rely heavily on technology and the correct infrastructure. Technology forms a large part of managing and empowering a virtual team. HR professionals should be informed of what technologies are offered and used by remote employees and must train managers on how to manage virtual teams (see "A profile of a successful telecommuting employee" and "Virtual tips and tools" in the prescribed book).

9.5   HR MANAGEMENT PRACTICES IN VIRTUAL ORGANISATIONS

Study section 15.3 in chapter 15 of the prescribed book.

Activity 9.3

Again read the scenario about Thabelo in activity 9.1 and then answer these questions:

a. If they were to appoint more staff, for example people responsible for handling the marketing and distribution of their product, they would have to implement HR policies and procedures. How would the virtual environment in which they function influence the work of the HR department?
b. Briefly explain the role of the HR professional in a virtual organisation.

Feedback

To answer the questions in this activity, consult section 15.3 in the prescribed book.

a. Virtual organisations follow a team-based approach to HR. This influences the way employees are managed and thus also the HR practices and principles that will be applied. Staffing practices will concentrate on the characteristics of people who will perform well in a fluid, ever-changing environment; training and development will concentrate on knowledge sharing; and performance monitoring, appraisal and feedback will have to take place over long distances. This complicates an already complicated HR activity. New approaches to compensation such as broad-banding and person-based systems will be more appropriate in the virtual organisation.

b. The HR professional plays the roles of coach, architect, designer/deliverer, facilitator and leader to add value and contribute to the virtual organisation's capacity to be competitive. The HR professional needs to be aware of different sets of expectations from both the employees and employer when fulfilling these roles. You could have referred to the roles of the HR professional (see sections 15.3.2 and 15.3.3 of the prescribed book for a detailed explanation of these roles).

Think about what you learnt in HRM1501. Again, job analysis is the most basic building block of HR management. In examining the components of job analysis and how they apply to virtual organisations, it is important to evaluate the following phases of the process: participation, methods of data collection and types of data, and level of analysis (see section 15.3.3 of the prescribed book). The transition from daily working in the office to having a remote role can create some challenges for both the manager and the employee. Proper training is essential to build a strong virtual team. T&D methods believed to be most effective for employees in virtual organisations include e-learning, job experience, action learning and relationships with mentors, coaches and peers.

Activity 9.4

What would you say are the advantages and disadvantages of e-learning? Watch the following video to learn more about the benefits of e-learning. Reflect and share your thoughts and understanding of these benefits – do this online. Refer to the **Discussion Forums** tool on the HRM2602 myUnisa module site and select **Forums 11: Workbook 09 Activities**.

Advantages of e-learning
https://www.youtube.com/watch?v=sxUQsKxcOYM

Feedback

E-learning involves the use of the internet, electronic media and information and communication technologies (ICT) to conduct training online, whereas M-learning is a subset of e-learning, educational technology and distance education that focuses on learning across context and learning with mobile devices. Before adopting e-learning, consider the following:

• The support of top management must be obtained.
• Sufficient funds need to be available for the development of the training.
• Managers and HR professionals need to be retrained to accept this new training approach.
• The potential users need to be self-motivated enough to direct their own learning.

E-learning and M-learning give the learners the ability to control what they learn, the speed at which they progress through the programme and even when they learn. E-learning has a major impact on HR and training, although advantages and disadvantages need to be considered (see table 15.2 in the prescribed book).

9.6   SUMMARY

In this unit we considered the impact of the management of employees within a virtual organisation and you learnt about different forms of virtual work arrangements. Virtual work arrangements are arrangements that allow employees with unique skills to work remotely from their colleagues and managers. We highlighted the advantages and disadvantages for both the organisation and the employees in implementing these types of arrangements. HR professionals play a critical role in leading the transformation of the HR function within an organisation from a traditional to a virtual organisation.

9.7   SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 09 tab on Additional Resources and begin your assessment.

Question 1

Telecommuting is one of the forms of virtual work arrangements. Discuss this concept by giving a brief description of it and explaining how such a work arrangement can be implemented. Also consider why an organisation would use this kind of work arrangement.

Question 2

HR professionals will have to play five different roles in the virtual organisation. Identify and briefly explain these roles and discuss the ways in which the professionals can fulfil these roles.

Feedback

Question 1

You will find the answer to this question in "The virtual workplace" in chapter 15 of the prescribed book.

Telecommuting means that people work away from the office, for example at home. Elaborate on this description, then explain the six obvious issues that organisations must keep in mind when implementing a telecommuting work arrangement. Lastly, you can explain the advantages of telecommuting.

Question 2

The answer to this question is in "The role of the HR professional and HR practices in virtual organisations" in chapter 15 of the prescribed book and section 9.5 of this workbook. The question is easy to answer: simply explain the theory discussed in the table by referring to each of the five HR roles in the virtual organisation.

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Can I define the concept of a virtual organisation?		
Can I identify and explain the three forms of virtual work arrangements?		
Can I discuss the characteristics which truly identify a virtual team?		
Can I differentiate between the various virtual teams?		
Am I able to discuss technology within a virtual team?		
Am I able to discuss the role of the HR professional within the virtual organisation?		
Can I discuss training and development within a virtual organisation?		
Can I discuss issues relating to a number of HR practices within the virtual work environment?		
Can I distinguish between the traditional and virtual organisation?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are now ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

CARRY ON

Now that you have successfully completed Workbook 09 and all the activities, you can go on to Workbook 10.

BIBLIOGRAPHY

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C*. Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa*. 5th edition. London: Cengage Learning.
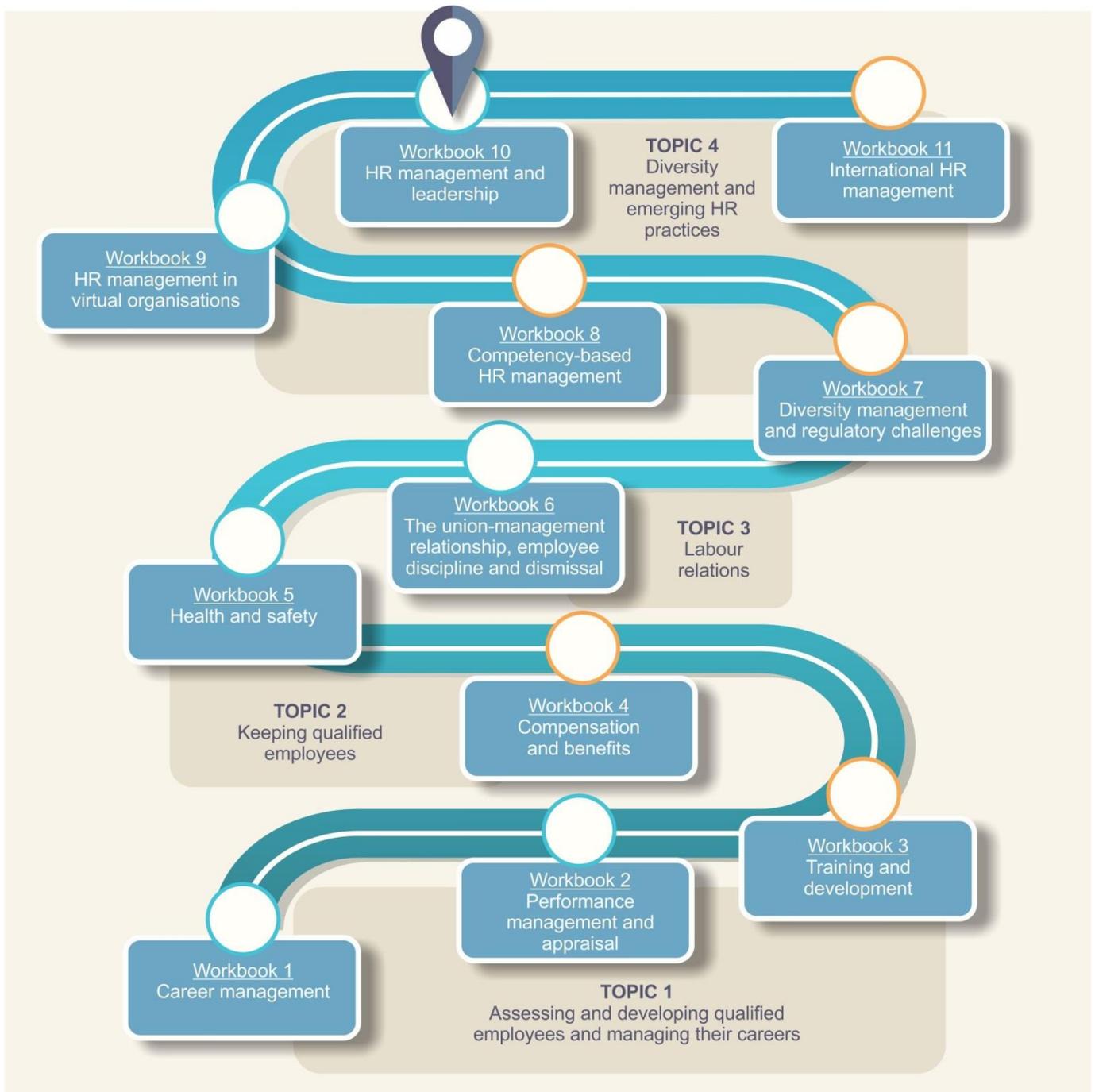
WORKBOOK 10

HR management and leadership

Contents		Pages
10.1	Learning outcomes	131
10.2	Key concepts	132
10.3	Introduction	132
10.4	Human resource transformation	132
10.5	What is leadership?	132
10.6	Leadership versus management	135
10.7	What are the responsibilities of a good leader?	136
10.8	What is HR leadership?	137
10.9	Summary	137
10.10	Self-assessment	138

Have a look at the mind map to see where you are in the process of working through the study material.

10.1 LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- define the concept of transformation
- explain why transformation is important for the HR function
- define the concept of leadership
- explain the importance of leadership

- distinguish between leadership and management
- identify the characteristics of a good leader
- list the responsibilities of a good leader
- discuss the process of HR leadership in an organisation

10.2   KEY CONCEPTS

A number of key concepts are listed at the end of chapter 16 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Transformation
- Leader
- Follower
- Leadership
- Team
- E-HRM
- Strategic leadership
- HR leadership

10.3   INTRODUCTION

All employees in an organisation need some form of guidance. From a managerial perspective, the behaviour and actions of employees have to be channelled and directed towards the achievement of the organisation's objectives. This calls for leadership.

10.4   HUMAN RESOURCE TRANSFORMATION

HR transformation focuses on changing how HR functions operate, increasing capabilities, in order to positively impact the productivity of the organisation's people while delivering tangible cost reductions. The transformation process has not been prevalent in many organisations. This situation can be attributed to a number of barriers (**refer to table 16.1 − barriers to HR transformation – in the prescribed book**). To overcome these barriers, it is essential that HR professionals become true leaders within their organisations.

10.5   WHAT IS LEADERSHIP?

A leadership story

A group of employees and their leaders are set a task of cleaning a road through a dense jungle on a remote island to get to the coast where an estuary provides a perfect site for a port. The leaders organise the labour into efficient units and monitor the distribution and use of capital assets – progress is excellent. The leaders continue to monitor and evaluate progress, making adjustments along the way to ensure that the progress is maintained and efficiency increased wherever possible. Then, one day in the middle of all the hustle and bustle and activity, one person climbs up a nearby tree. The person surveys the scene from the top of the tree and shouts down to the assembled group below ... "WRONG WAY" (adapted from Covey (2004).

Leadership has sometimes been described as taking people to a place that they would not normally go to on their own. When typing the term "leadership" into a Google search on the internet, over 51 million results are generated. This shows the importance placed on this concept.

A leader is often defined as a "person who is appointed, elected, or informally chosen to direct and

coordinate the work of others in a group" (Fiedler 1995). Leadership is usually defined as the "ability to influence others toward the achievement of goals that contribute to a worthwhile purpose" (Cacioppe 2000).

Study chapter 16 in the prescribed book.

Activity 10.1

Read this scenario and then answer the questions that follow:

Frank is a communicative, well-educated man in his forties. He has a relaxed, open approach to people and to life, and gets along easily with almost everyone. After completing his degree, Frank joined HR in the staffing area, then moved to compensation and benefits, and from there into a managerial role.

During the course of his career, Frank worked for several large South African based multinationals and he also travelled globally. For several years he lived and worked in Gauteng. Eventually Frank moved to ABC Industries, assuming a director-level position in one of the company's major divisions. Frank did well and when the corporate HR manager position became vacant, he decided to go for it. Frank had made a good impression on the management committee and had several strong supporters in the group. In a matter of weeks, he was moving into the executive suite. Over the next year, the HR function, staff and budget grew rapidly. ABC Industries was undergoing a major transformation, which provided HR with the opportunity to implement many long-needed cutting-edge programmes. Frank's organisation was publicly cited in several surveys of HR best practices. Seemingly everything was going great. Only two years after assuming the position, Frank was fired and the HR staff and budget were severely cut.

What happened?

The market for ABC's products was becoming increasingly competitive and profit margins were being reduced. All the new programmes the HR team had implemented were taking increasing amounts of time from ABC's line managers, but were not demonstrating pay-back in the business terms that they so desperately needed. During Frank's tenure, the HR budget had spiralled out of control and he had difficulty explaining what had happened. In executive committee meetings he had little to contribute to discussions of overall business strategy or operational changes that needed to be made to remain competitive. As things at ABC got tougher and budget pressures increased, HR and its programmes began to look more and more expendable. There was a notion to move away from the "soft" stuff and get back to basics. Frank defended his position and could not make the cuts that were demanded.

a. Identify Frank's problem and indicate why you think it was a problem.
b. Would you describe Frank as a leader or as a manager? Why?
c. What are the environmental influences of leadership?

Feedback

As you can see, Frank did not see the bigger picture. Business today is faced with many challenges and Frank failed to convince the company that he could meet those challenges. Today's stretched organisations and stressed management teams have little room for departments that are viewed solely as overhead, a perception which has been the lingering legacy of the HR function. Frank does not seem to be particularly visionary, innovative, willing to take risks, hard-driving or results-oriented. He was not inclined to challenge the status quo or stand up for unpopular causes. He did not distinguish himself with

brilliant strategies or take command of the big picture. Frank is a good example of the typical HR type who is not able to link their HR expertise to bottom-line measures and results that the organisation can understand and value.

Frank was not able to transform HR into a strategic partner of the company (see section 16.1 "HR transformation" in the prescribed book for a more detailed discussion). To remain convincing, HR leaders need to take a long, hard look in the mirror and redefine themselves, their capabilities and their role. They need to realise that the leadership style that served them so well in their move up the HR management ranks and that may have been adequate in top HR positions in the past will no longer work. The measures of success have changed and HR leaders need to meet the new standards – there is thus an urgent need to transform!

Refer to section 16.2 "What is leadership?" in the prescribed book. Leaders create a vision and strategy, while keeping their eye on the horizon. Managers plan and budget and keep their eye on the bottom line. Frank was not able to create radical change and adapt to the changing environment of the company. Leaders are people who other people naturally follow through their own choice, whereas managers **must** be obeyed. Managers may only have obtained their position of authority through time and loyalty given to the company, not as a result of their leadership qualities. Leaders may have no organisational skills, but their vision unites people behind them.

To be an effective leader, you need to

- understand and interpret the environment in which you operate
- develop winning strategies
- execute them brilliantly
- measure the impact of your strategies systematically, adjusting strategies as indicated
- develop organisational, departmental, team and personal capabilities
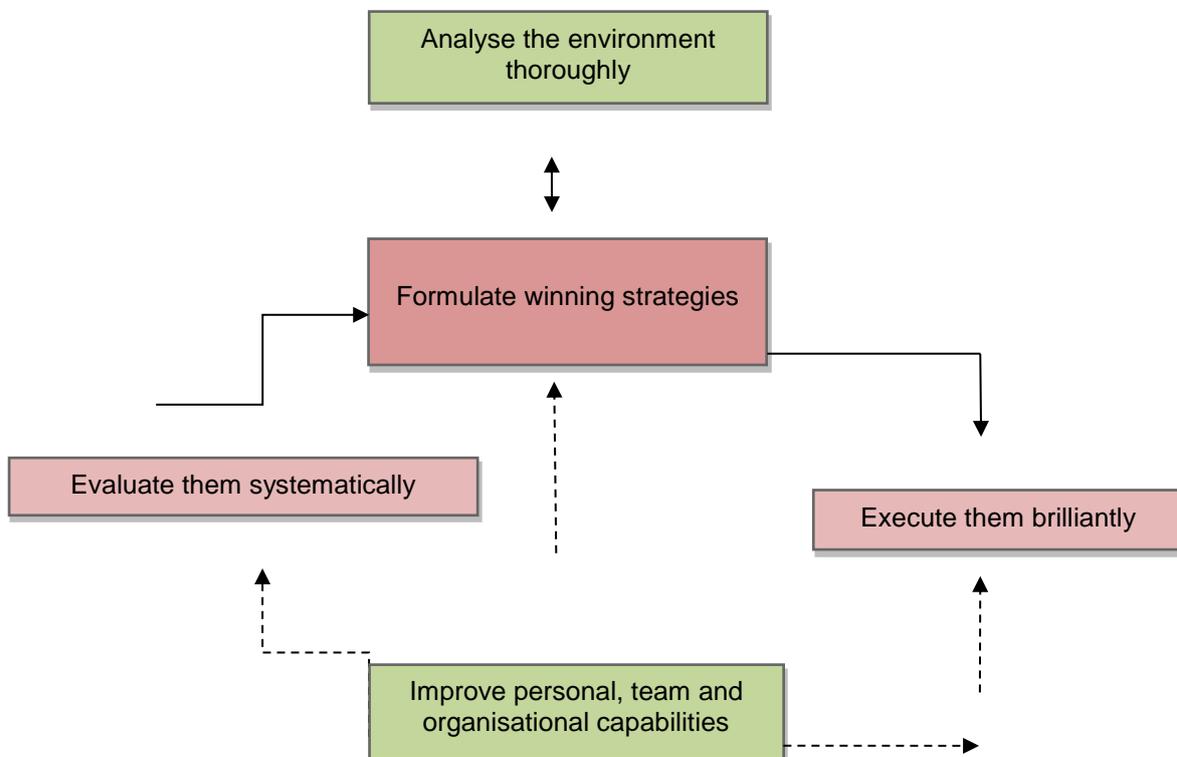
Figure 10.1 depicts these capabilities.

Figure 10.1: Effective leadership capabilities (Gandz 2005**)**

Frank was having a difficult time adjusting to the new role demands and demonstrating the required capabilities. See "What is HR leadership?" in the prescribed book. As a result of the restructuring and

repositioning of the HR function, many companies are redefining the roles of HR leaders so that they may be direct contributors to business performance. The HR leadership role focuses on aligning organisational capabilities with business strategy by designing and implementing HR processes.

Unlike management, leadership involves people relationships, influence, change, a shared purpose for achieving a desired future and accountability to make things happen (see figure 16.2 in section 16.2 of the prescribed textbook). How do these two responsibilities differ?

10.6   LEADERSHIP VERSUS MANAGEMENT

Study section 16.2.1 in chapter 16 of the prescribed book.

Activity 10.2

Complete this table to indicate the differences between leadership and management.

	What are the goals?	How to achieve them	What are the outcomes?
Leadership	• Establish a direction	• - • -	• -
Management	• -	• - • -	• Produce predictability

Feedback

Leadership behaviour focuses on vision, strategic development and initiative. Management behaviour entails formulating detailed plans and schedules and implementing these plans to achieve the vision.

Management is more concerned with short-term and immediate problems in the organisation. Leaders take a more future-oriented perspective. They concern themselves with the environment internal and external to the organisation and how the organisation can adapt to capitalise on these changes (see table 16.2 in the prescribed book for a more detailed comparison of these two concepts).

10.7   WHAT ARE THE RESPONSIBILITIES OF A GOOD LEADER?

Being a leader means the responsibility to serve others – the people who follow you. Great leaders inherently know this and they understand that the benefits of being a leader also bring with them great requirements.

Study section 16.2.3 in chapter 16 of the prescribed book.

Activity 10.3

Think about a specific area in your life where you are in a leadership role, be it as a parent, manager or group leader, whatever position you are in where responsibility is in your hands over subordinates.

Answer these questions.

a. Briefly explain the responsibilities of a good leader.
b. How do you successfully accomplish each responsibility on a regular basis?

Feedback

One of the main responsibilities of a leader is to provide a climate necessary for creating growth and success. The following responsibilities make for a good leader:

- Have a vision.
- Develop a plan.
- Identify the goal to realise the vision and plan.
- Select a team (assess their strengths and weaknesses) to help you realise your vision.

There are three types of teams: functional, cross-functional and self-directed. These depend on your plan of action and how you want to realise your vision. For instance, do you want to be at the centre of things, trust the abilities of the team and let them get on with it, or do you want to be part of the team as a member (coach or facilitator)?

Responsibility is being accountable for what you do or fail to do. As a leader in any organisation, you must accept greater responsibilities to carry out the vision of the organisation, such as solving problems, making decisions and setting priorities. Be aware that leaders are not perfect and do make mistakes.

The challenge is to face and acknowledge the mistakes and rectify them (see mistakes identified among leaders in section 16.2.3 of the prescribed textbook).

10.8   WHAT IS HR LEADERSHIP?

Study section 16.3 in chapter 16 of the prescribed book.

Activity 10.4

a. Think about what you learnt in HRM2601 (see in Additional Resources). Can you remember learning about HR management? Make notes on anything you remember on this topic.
b. Explain the leadership actions that are necessary for HR leadership to maximise its impact in value-added operations to organisations.
c. Briefly discuss the six steps to HR leadership.

Feedback

In HRM2601 you learnt the following about HR management: the HR professionals implement organisational goals through planning, organising, staffing, directing and controlling organisational resources. For HR professionals to become true leaders, they must practise five leadership actions: anticipate change, initiate action, generate confidence, liberate thinking and evaluate the result (see figure 16.3 and section 16.3 of the prescribed book).

Although HR leaders may understand the important role leadership plays in their function, they should not act in a sporadic way. Rather, they must use a more structured approach to maximise their impact and value to the organisation. The following steps can maximise their leadership role in the organisation (see table 16:5 in the prescribed book):

- Set and communicate a strategy.
- Customise best practices in HR processes.
- Align efforts with the strategic goals.
- Communicate and consult with strategic partners.
- Take action.
- Measure results.

HR professionals will be better empowered in dealing with the complexity of transforming the HR function to create the environment needed by the organisation to become fast, flexible and focused in order to compete successfully in a changing world.

10.9   SUMMARY

In this workbook we explained the importance of leadership. Leaders have a major effect on subordinates and ultimately on the success of organisations. Organisations need strong leadership and strong management for optimum effectiveness. In today's dynamic world, we need leaders to challenge the status quo, to create a vision of the future and to inspire organisational members to achieve this vision.

10.10 SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 10 tab on Additional Resources and begin your assessment.

Question 1

Distinguish between leadership and management.

Question 2

Briefly explain the concept of HR leadership and identify the five leadership actions.

Question 3

Briefly discuss the barriers to HR transformation.

Feedback

Question 1

You will find the answer to this question in "Leadership versus management" in the prescribed book.

In your answer you should explain the difference between the concepts of leadership and management. Management is about managing the limited resources of the organisation to maximise the output of the organisation. The manager uses time, money and people to coordinate the jobs, tasks and processes as the organisation reaches the highest possible efficiency. Emotions, visions or inspiration play no role in management. However, leadership is about emotions, common feelings and getting employees to move in the same direction. It is not about time, money and resources. The leader inspires the employees and managers to **believe**.

Question 2

You can find the answer to this question in "What is HR leadership?" in the prescribed book. In your answer you should explain the concept of HR leadership and identify the five leadership actions which are essential to achieve extraordinary success and for the HR leadership to maximise its impact in value-added operations to the organisation. For HR professionals to become true leaders they must practise the five leadership actions.

Question 3

The answer to this question is in "HR transformation" in the prescribed book. In your answer you should be able to discuss the numerous barriers to HR transformation. HR must add value to the organisation by transforming itself.

There has never been a tougher time to be in an HR leadership role. The old answers are no longer applicable in today's world. The typical HR manager that we described at the beginning of this workbook no longer has a place on the 21st-century leadership team.

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Can I define the concept of transformation?		
Am I able to explain why transformation is important for the HR function?		
Can I define the concept of leadership?		
Am I able to explain the importance of leadership?		
Can I distinguish between leadership and management?		
Am I able to identify the characteristics of a good leader?		
Can I list the responsibilities of a good leader?		
Can I discuss the process of HR leadership in an organisation?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are now ready to move on to the next workbook.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

CARRY ON

Now that you have successfully completed Workbook 10 and all the activities, you can go on to Workbook 11.

BIBLIOGRAPHY

Cacioppe, R. 2000. Creating spirit at work: re-visioning organisation development and leadership (part 2). *Leadership and Organization Development Journal* 21(2):110–119.

Covey, SR. 2004. *The 7 habits of highly effective people: restoring the character ethic*. New York: Free Press.

Fiedler, FE. 1995. Cognitive resources and leadership performance. *Applied Psychology: An International Review* 44:5–28.

Gandz, J. 2005. The leadership role. *Ivey Business Journal Online. Reprint #9B05TA01*. Available at: www.iveybusinessjournal.com (as on 22/02/2010).

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C*. Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa*. 5th edition. London: Cengage Learning.
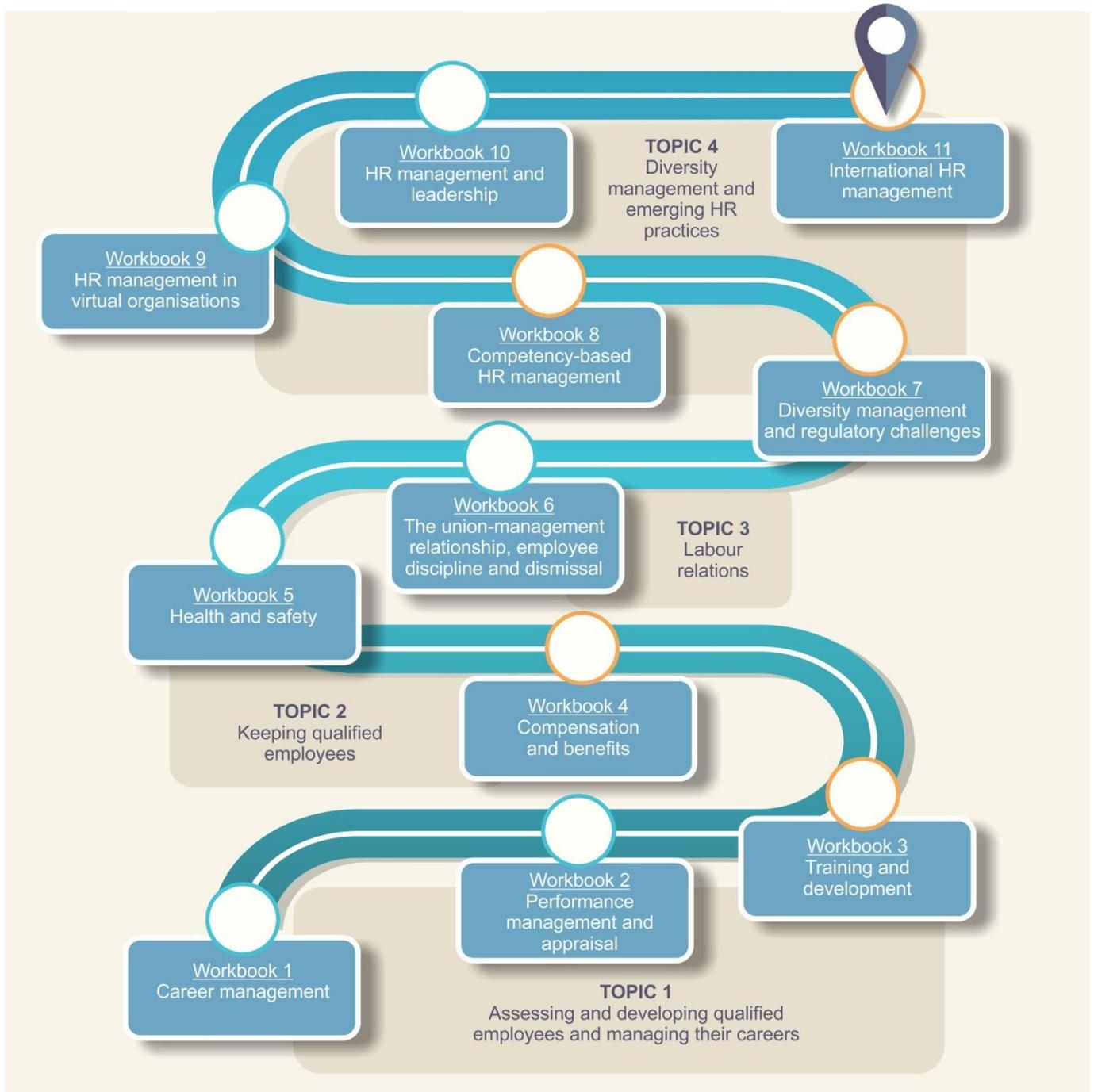
WORKBOOK 11

International HR management

Contents		Pages
11.1	Learning outcomes	142
11.2	Key concepts	143
11.3	Introduction	143
11.4	Why do companies decide to do business abroad?	144
11.5	Types of organisational firms used internationally	144
11.6	What types of culture are found in the world of work?	145
11.7	What impact does going abroad have on the activities of HR professionals?	146
11.8	International HR management activities	147
11.9	Retention of personnel	148
11.10	Key issues in industrial relations of multinationals	148
11.11	Self-assessment	149

Have a look at the mind map to see where you are in the process of working through the study material.

11.1 LEARNING OUTCOMES

Read through the outcomes before you continue. This will give you an overall picture of what we will discuss in this workbook.

After studying this workbook, you should be able to

- discuss the different types of culture found internationally
- explain how domestic and international HRM differ
- discuss the staffing process for individuals working internationally
- discuss issues relating to the induction of international employees

- identify the unique training needs for international assignees
- identify and discuss the two factors in international HRM that assist in retaining competent personnel
- discuss the key issues in industrial relations of multinationals

11.2   KEY CONCEPTS

A number of key concepts are listed at the end of chapter 17 of your prescribed book. Please read through them before you continue. Then you will be familiar with the different concepts that we will refer to in this workbook.

Some of the important key concepts in this workbook are:

- Ethnocentric approach
- Polycentric approach
- Regiocentric approach
- Balance sheet approach
- Geocentric approach
- International HR management

11.3   INTRODUCTION

Companies expand internationally for many reasons. The decision to go multinational has a great impact on the human resources of a company and therefore on the HR management activities. For employees, it may create new career move options and even a change of careers. For HR management, internationalisation creates problems that require different strategies, policies and practices which often include a new dimension of responsibilities not usually found in domestic organisations.

Read chapter 17 and more specifically the introductory part of chapter 17 in the prescribed book.

Activity 11.1

Think back on the past five years. How many companies do you know of that have expanded internationally, either by purchasing other businesses abroad or by opening offices in other countries?

Feedback

A few examples are listed in the introductory section, chapter 17 of the prescribed book. For example, MTN opened offices in Nigeria and Woolworths is set to take over an Australian department chain store (Moorad 2014).

11.4   WHY DO COMPANIES DECIDE TO DO BUSINESS ABROAD?

Study section 17.1 in chapter 17 of the prescribed book.

Activity 11.2

Explain why companies decide to expand their operations internationally.

Feedback

Section 17.1 provides some reasons why companies expand operations internationally. These include

- reducing costs as companies are closer to their markets
- fewer government regulations
- access to growth opportunities
- taking advantage of labour force availability

11.5   TYPES OF ORGANISATIONAL FIRMS USED INTERNATIONALLY

Study section 17.2 in chapter 17 of the prescribed book.

Activity 11.3

What are the primary differences between multinational, global and transnational companies?

Use this table to indicate the differences between these three types of companies.

Multinational	Global	Transnational
• A collection of decentralised and fairly autonomous operating units directed towards their own national markets • -	• - • -	• - • -

Feedback

You should have referred to section 17.2 in chapter 17 of the prescribed book. Multinational companies have a considerable degree of autonomy. Global companies have a high degree of integration managed from their headquarters. Transnational companies include management from headquarters and integrated networks of interactive units.

11.6   WHAT TYPES OF CULTURE ARE FOUND IN THE WORLD OF WORK?

Culture refers to behaviour and belief traits of a particular social and/or ethnic group. In other words, it is the "shaping of the mind" that defines the differences between members of different groups. Therefore, culture is what influences the way in which things are thought and done in organisations specific to a particular country.

Activity

Watch the following video to learn more about culture. Reflect and share your thoughts and understanding of cultural differences – do this online. Refer to the **Discussion Forums** tool on the HRM2602 myUnisa module site and select **Forums 13: Workbook 11 Activities**.

Cultural differences – team challenges 2
https://www.youtube.com/watch?v=QlifMpIwPus

It is obvious that in countries mentioned – China, Japan, India, Argentina or Egypt – people coming from America can inaccurately predict the reactions of those they interact with in these countries. For example, in Argentina arriving late for a business dinner is acceptable, whereas in America it would be considered disrespectful of your host. The codes for interpreting the environment, attaching values and priorities to that information, classifying behaviour as acceptable or not are all passed from one generation to the next and also differ from one country to another. Let's learn more about culture in a global world of work.

Study section 17.3 in chapter 17 of the prescribed book.

Activity 11.4

a. Explain how the culture of a country where an organisation decides to open new offices will influence the way it does business and the kinds of people who will be effective in those offices.
b. Briefly explain how these cultural differences influence the training provided to employees.

Feedback

In chapter 17 of the prescribed book you will see that culture is what defines the differences between members of different groups. It distinguishes one group of people from another. It also defines people, relationships and leadership, and thus has a profound influence on every aspect of business. A shared culture simplifies human interaction, because individuals can easily predict other people's reactions. Misunderstandings occur less frequently when people share a culture than when cultures differ. (See section 17.3 "Cultures in the global world of work" in the prescribed book.)

Hofstede has identified four dimensions of culture that can be used to identify and distinguish between the different values and attitudes of employees in different cultures. The influence of these dimensions on business is that organisational structures, management styles, organisational cultures and change programmes must be adapted to the current culture of the country in which the office is situated. This also means that HR management functions and activities will be different, depending on the country and culture. Let's take a closer look at what impact doing business abroad has on the activities of HR professionals.

11.7 WHAT IMPACT DOES GOING ABROAD HAVE ON THE ACTIVITIES OF HR PROFESSIONALS?

Study section 17.4 in chapter 17 of the prescribed book.

Now that you are aware that culture plays a largely significant role in organisational activities and the people working in these environments, it is time to look at the different activities of HR professionals when working in their local organisations compared to international organisations.

Activity 11.5

Complete the following table by identifying the differences between domestic and international HRM:

#	Difference between domestic and international HRM	How it differs
1.	HR functions	International operations have more functions performed by HR professionals, e.g. international relocation and orientation
2.		
3		
4.		
5.		

Feedback

Employees who move to foreign countries for work-related purposes need to be assisted, by their organisations and the HR professional, in terms of training (e.g. diversity training). This will help them to better understand the country they are relocating to, how the organisation functions within this country, what the cultural norms are, and so on. In addition, the organisation and its HR professionals have more complex HR functions since they need to help employees to transfer, relatively easily, all their personal belongings, and help the employees' family to find alternative work, schools for their children, homes, and so on. Refer to figure 17.1 in the prescribed book to learn more about environmental forces that influence the design and implementation of HRM systems on the expatriation or transportation of employees and their families internationally. Now that you understand the difference between domestic and international HRM, let's focus a little more on important international HR activities.

11.8 INTERNATIONAL HR MANAGEMENT ACTIVITIES

Study sections 17.5, 17.6, 17.7, 17.8 and 17.9 in chapter 17 of the prescribed book.

Multinational companies need to develop strategies that promote success and maintain a competitive edge in the global market. One such important aspect is to focus on human resources, especially global human resources, which are important for the success of multinational companies. Employees should therefore be carefully recruited, selected, managed and retained. For example, the HR professional faces the challenge of recruiting from parent country nationals versus host country nationals. Furthermore, training and development initiatives focus on developing job-related skills and knowledge that enable employees to perform jobs in international organisations.

Activity 11.6

a. Discuss how your job as an HR manager may be influenced by a decision to open offices internationally.
b. Briefly explain who would do the performance appraisals of these employees and if they would be appraised using the same system currently used by the organisation.
c. Suggest how compensation and benefits differ from those of employees who do not go on international assignments.

Feedback

When a company opens offices internationally, it has to decide whether existing employees will be transferred or whether new employees will be recruited. Will new recruits be sourced in the parent country or the host country? Organisations can use recruitment of parent country nationals, host country nationals or third country nationals. HR has to consider the advantages and disadvantages of each option as indicated in table 17.1 in the prescribed book. Posting employees internationally can be very costly; therefore, organisations can consider alternative assignments instead of posting employees internationally for extended periods. The selection process is more complex for international assignments, because candidates need to have unique skills to ensure success (refer to section 17.6 in

chapter 17 of the prescribed book). Orienting and preparing employees for international assignments involve different approaches and activities (refer to section 17.7 in chapter 17 of the prescribed book) which should not be neglected. T&D as a core function takes on a new and more complex dimension, which includes training before, during and after foreign assignments, especially cultural assimilation, sensitivity and language preparation.

Performance appraisals of staff on international assignments are complicated by cultural and policy/structural issues (e.g. who will do the evaluation?). This is further influenced by long distances and the amount of contact with the expatriate (refer to section 17.9 in chapter 17 of the prescribed book). However, performance appraisal should not be neglected for expatriates, because it has a profound influence on their career progression.

Knowledge of the laws, customs, environment and employment practices of host countries is important when compiling compensation packages for international employees.

11.9 RETENTION OF PERSONNEL

Study section 17.10 in chapter 17 of the prescribed book.

Activity 11.7

What are the typical components of a global employee's compensation package?

Feedback

You could have referred to figure 17.4 in chapter 17 of the prescribed book to discuss the components of global employees' compensation packages. The retention of expatriate employees is also influenced by an effective compensation policy that meets the objectives covered in section 17.10.1 in chapter 17 of the prescribed book.

11.10 KEY ISSUES IN INDUSTRIAL RELATIONS OF MULTINATIONALS

A country's own history and the influences from other countries help shape a country's labour systems and employment legislation. When an organisation starts functioning internationally, relationships between management and employees take a different approach. This can be related to diversity approaches taken by different countries regarding their labour relations legislation.

Read sections 17.11 to 17.15 in chapter 17 of the prescribed book.

Activity 11.8

How should HR departments within multinational organisations deal with labour relations issues?

148

Feedback

International HR management is hugely influenced by labour legislation and roles that unions play in the various countries and organisations. HR departments within multinational enterprises must therefore decide which approach to follow when dealing with labour relations issues. You could have referred to section 17.11 in chapter 17 of the prescribed book to learn about the approaches international organisations can take when dealing with labour relations issues such as discipline, dismissals, transfers, layoffs and retirements.

11.11 SELF-ASSESSMENT

The self-assessment questions consist of multiple-choice and written questions. To access the multiple-choice questions, visit the self-assessment workbook 11 tab on Additional Resources and begin your assessment.

Question 1

Explain why managers should be aware of cultural differences when they are sent on international assignments.

Question 2

Explain how HRM activities and functions differ in a multinational organisation.

Question 3

Compensation plays a huge part in the retention of expatriate staff. Explain the complexities of compensation for expatriate employees.

Question 4

You are the T&D manager for an international brewery. You are responsible for preparing employees for overseas assignments. Write brief notes on the five different T&D techniques that you can use for this purpose.

Feedback

Question 1

The answer to this question is in "Cultures in the global world of work" in chapter 17 in the prescribed book.

Begin by explaining what culture is and how this impacts on management. Explain Hofstede's dimensions of culture and the fact that providing a unified managerial approach for managing in different cultures was found to be impractical. The best approach to follow would be to adapt organisational structures, management styles and organisational cultures, and change management programmes to the dominant culture of the host country.

Question 2

This is an easy question to answer. You will find the answer in "What impact does going abroad have on the activities of HR professionals?" in chapter 17 of the prescribed book. You could have discussed the differences between domestic and international operations as indicated in this section.

Question 3

Find the answer to this question in "Compensation" in chapter 17 in the prescribed book.

Compensation for expatriate employees concerns three broad categories of activities: how base pay is determined, how taxes are managed and which benefits are offered.

The six approaches to base salary are

- negotiation
- balance sheet
- localisation
- lump sum
- cafeteria
- regional systems

Where taxes are concerned, the company can decide on one of the following strategies:

- laissez-faire
- tax equalisation
- tax protection
- ad hoc

Companies are often compelled to include compulsory benefits, such as health care benefits, social security or the equivalent thereof in the host country and leave provision.

Discuss these components by explaining each one and mentioning the advantages and disadvantages of the different approaches.

Question 4

The answer to this question is in "Training and development" in chapter 17 of the prescribed book where the five T&D techniques to prepare employees for overseas trips are discussed.

REFLECTION ACTIVITY

Reflect on your learning while working through this unit. Complete the following self-assessment checklist to determine your understanding of this unit and whether you have mastered the learning outcomes:

Learning outcomes	Yes	No
Can I discuss the different types of culture found internationally?		
Am I able to explain how domestic and international HRM differ?		
Can I discuss the staffing process for individuals working internationally?		
Can I discuss issues relating to the induction of international employees?		

Am I able to identify the unique training needs for international assignees?		
Am I able to identify and discuss the two factors in international HRM that assist in retaining competent personnel?		
Can I discuss the key issues in industrial relations of multinationals?		

GUIDELINES FOR COMPLETING THE REFLECTION ACTIVITY

- If you answered yes to all of the questions in the checklist, you are now ready to move on to the self-assessment assignment.
- If you answered no to any of the questions in the checklist, work through the specific sections again.

It is very important that you achieve all the learning outcomes of this module, as they guide your learning process in this module.

This also means that you have completed the four topics for this module.

SUMMARY OF TOPIC 4

Employees are a company's most valuable resource, but the ability to use this resource effectively is limited by the company's HR policies and practices. HR must be flexible enough to embrace the challenges facing the new business environment if it does not want to be a constraining factor that undermines the organisation's competitiveness. It is becoming increasingly important for HR managers to align HR efforts with strategic objectives, to integrate the different HR activities to support employee performance and to recognise individual differences. The competency approach to HR management is a way to ensure HR flexibility. Competencies are characteristics that employees possess and use in appropriate and consistent ways to achieve desired performance. A competency model is the written description of all the competencies needed to ensure organisational success. This approach will lead to a change in HR practices such as recruitment and selection, T&D, performance appraisal and compensation.

Virtual office, virtual teams and virtual organisations are the new buzzwords in HR. They have come about owing to advances in technology and social and economic changes, which have led to significant changes in the world of work. Examples are changed organisational structures, different work arrangements and changes in the way people are managed. The new approach to working has had such an impact on HR management that a new field of HR management, called e-HRM, has been created.

The globalisation of businesses continues to grow. Multinational organisations have opened offices in South Africa and local businesses have entered into agreements with businesses abroad. South African businesses are thus exporting products and services and entering into joint ventures with overseas businesses, and have in this way entered the international arena. Multinational organisations impact on HR management activities with the complex legal, political, economic and culture factors in staffing global jobs, selection, orientation, T&D, performance appraisal, retention of expatriates and labour relations issues when doing business internationally.

BIBLIOGRAPHY

Grobler, PA, Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2010. *Human resource management in South Africa*. 4th edition. London: Cengage Learning.

Moorad, Z. 2014. Woolworths seals Donald Jones takeover. *Business/Retail & Consumers*. Available at: http://www.bdlive.co.za/business/retail/2014/07/18/woolworths-seals-david-jones-takeover (as on 14/08/2014).

Wärnich, S, Botha, J & Grobler, PA. 2006. *Human resource management: study guide for MNH202C*. Pretoria: University of South Africa.

Wärnich, S, Carrell, MR, Elbert, NF & Hatfield, RD. 2015. *Human resource management in South Africa*. 5th edition. London: Cengage Learning.

APPENDIX A: SELF-ASSESSMENT ASSIGNMENT (BOTH SEMESTERS)

Note that the questions in the self-assessment assignment (Assignment 03) are good examples of possible examination questions and should be used as such in your preparation for the examination. For your convenience, a mark has been allocated to each question. As a general guideline, we suggest that you write at least one to two pages (depending on your handwriting) per 10-mark question. Do not expect a high mark if you do not produce the correct volume and content.

Assignment 03 for both semesters

Study workbooks 01 to 05 to complete this self-assessment assignment.

Do **NOT** send this assignment to the university.

Question 1

Your friend, Jane, is visiting you as usual. However, you notice that she looks stressed and worried. You ask her what is troubling her. She tells you that her performance appraisal is taking place the next day and that she hates appraisals. Jane says she does not understand why her organisation always wastes time on this activity. She does not see what benefits this performance appraisal has for either herself or the organisation. She also feels that this activity is too formal and finds it boring. She further mentions that, in some cases, employees do not receive any feedback after this activity. It appears that this activity is only carried out as a matter of formality.

Explain the purpose and objectives of a performance appraisal to help Jane understand the importance of performance appraisals. (10)

Assessment criterion:

- *The purpose and objectives of a performance appraisal should be clearly explained.*

Question 2

Gina is a training consultant for an HR outsourcing company. An accounting firm has approached her to deliver leadership and management training for their board of directors to improve their leadership and management skills. Gina decides to use "away-from-the-job" training, because she feels that these directors' jobs are very stressful and training would be more successful away from their working environment. This will enable them to focus only on the training.

Briefly discuss any five appropriate methods that Gina can use for this training session. (10)

Assessment criterion:

- *You need to discuss five appropriate methods that Gina can use for this training session.*

Question 3

Rosina is a single parent of two children, aged four and six. She resides in Pretoria, but has recently been called in for an interview at a company in the Sandton area of Johannesburg. At the interview Rosina voices her concerns relating to her possible acceptance of the position, such as finding day care for her children.

Organisations vary greatly in the services and benefits they offer their employees so as to increase employee loyalty and decrease absenteeism and staff turnover.

Identify five different types of employee services or benefits that organisations can make available that could attract Rosina to this company. Provide an explanation of each. (10)
Assessment criteria

- *Identify five employee services or benefits offered by organisations to their employees.*
- *Provide an explanation of each of the five employee services or benefits.*

Question 4

Lena and Timothy have been married for six years and have three children. They are both medical doctors and work long hours at Shebang Hospital in a rural town. They are currently facing potential conflicts over their career paths and the division of family responsibilities.

As an HR practitioner you advise couples on their dual-career problems. Explain to management the characteristics of effective programmes to assist dual-career couples in overcoming their career-related challenges. (10)

Assessment criterion:

- *Clearly explain the characteristics of effective programmes to assist dual-career couples.*

Question 5

Write a short essay to indicate the differences between EAPs, wellness programmes and safety programmes. Use a table with three columns to structure your answer. (10)

Assessment criterion:

- *Clearly explain the differences between EAPs, wellness programmes and safety programmes.*

APPENDIX B: COMMENTS ON THE SELF-ASSESSMENT ASSIGNMENT

Have you attempted to answer these questions before looking at the answers?

"Self-assessment" means that you need to answer the questions and then assess your answers by means of the guidelines provided.

Do not read the answers if you have not yet attempted to answer the questions by yourself.

These questions refer to workbooks 01 to 05. The marks awarded are indicated in brackets.

Question 1

Your friend, Jane, is visiting you as usual. However, you notice that she looks stressed and worried. You ask her what is troubling her. She tells you that her performance appraisal is taking place the next day and that she hates appraisals. Jane says she does not understand why her organisation always wastes time on this activity. She does not see what benefits these performance appraisals have for either herself or the organisation. She feels that this activity is too formal and finds it boring. She further mentions that, in some cases, employees do not receive any feedback after this activity. It appears that this activity is only carried out as a matter of formality.

Explain the purpose and objectives of the performance appraisal to help Jane understand the importance of the performance appraisal activity. (10)

You could have used chapter 9 in your prescribed book and Workbook 02 to answer this question.

Purpose:

As far as employees are concerned, one of the primary purposes of PA is looking at past performance.

Evaluative:

- The most common decisions based on evaluative objectives concern compensation, which includes merit increases, employee bonuses and other increases in pay. Thus the term *merit review* or *merit evaluation* can be found in organisations using PAs to determine pay increases.

- A performance appraisal normally has a two-part effect on future pay. In the short run, it may determine merit increases for the following year; in the long run, it may determine which employees are promoted to higher-paying jobs.

- Staffing decisions constitute a second evaluative objective of the PA because the managers and supervisors must make decisions concerning promotions, demotions, transfers and layoffs. Past performance normally helps to determine which employee is most deserving of a promotion or other desirable job changes.

- PAs can also be used to evaluate the recruitment, selection and placement system. The effectiveness of these functions can be partially measured by comparing employees' PAs with their test scores as job applicants.

Developmental:

- This is the second type of objective of PA – it encompasses developing employee skills and motivation for *future* performance.

- Performance feedback is a primary developmental need because almost all employees want to know how their supervisors feel about their performance. Their motivation to improve their current performance increases when they receive feedback that specifies goals, which in turn enhances future career moves.

- Developmental PA is mainly focused on giving employees direction for future performance. Such feedback recognises strengths and weaknesses in past performances and determines what direction employees should take to improve their performance. Employees want to know exactly how they can improve. Because PAs are designed to cope with poor employee performance, they should develop better employees.

- The results of appraisals influence decisions about the training and development of employees. Below-average evaluations may signal areas of employee behaviour that may be strengthened through on-the-job and away-from-the-job training. However, not all performance deficiencies may be overcome through T&D. Supervisors must distinguish performance problems resulting from a lack of critical skills or abilities from those caused by low morale or some form of job dissatisfaction.

Question 2

Gina is a training consultant for an HR outsourcing company. An accounting firm has approached her to deliver leadership and management training for their board of directors to improve their leadership and management skills. Gina decides to use "away-from-the-job" training, because she feels that these directors' jobs are very stressful and that training would be more successful away from their working environment. This will enable them to focus only on the training.

Briefly discuss any five appropriate methods that Gina can use for this training session. (10)

You could have used chapter 10 in your prescribed book and Workbook 03 to answer this question.

Lecture:

The lecture is the second-most popular away-from-the-job T&D technique, with some 85% of organisations in South Africa using this controversial method. Its strength lies in delivering uniform information to a large group of people in a timely manner. Almost all T&D methods contain at least some lectures.

Conference/discussion:

Many training programmes focus on organisational problems, innovative ideas and new theories and principles. Discussing problems and critical issues in a conference/discussion format permits a dialogue between the trainer and trainee, as well as among the trainees. This two-way communication provides trainees with immediate feedback on their questions and ideas, and heightens the motivation for the learner.

Vestibule or simulation:

In a training area created to resemble the employee's actual work area, vestibule or simulation training is performed with the aid of an instructor who demonstrates on the same kinds of machines and uses processes that the trainee will use on the job. Vestibule training has been successfully used for a variety of skilled positions, including retail sales personnel, bank tellers, machine operators and aircraft pilots.

Technology-based systems:

There are two main types of computer-based training (CBT) – CD-ROM approaches and web-based training. Programmed instruction allows trainees to learn the information or skill in small segments and at the learner's own pace. We have shifted from the old booklet-based applications to computers using this same idea. Anyone who has been through a tutorial for programs such as Quicken, Windows or Print Shop realises how well computers can apply the programmed instruction approach. E-learning takes place through the use of the internet or an organisational intranet to conduct training online. No educational or training approach has ever exploded onto the scene faster and with as much promise as web-based training (WBT) or e-learning. The internet offers training opportunities not bound by either time or place.

Case study:

A case study is a written description of an organisational problem. Case studies require participants to identify and analyse specific problems, develop alternative courses of action and recommend the best alternative. A case study may be analysed by individuals or groups. In T&D programmes, participants often form teams to study cases and then present their recommendations for discussion and analysis. The primary purpose of the case study is to enhance problem-solving skills. Participants practise defining problems, generating solutions and deciding on optimal solutions. Working in a group gives members insight into group dynamics and group decision-making processes.

Role playing:

This is a training method in which participants are required to respond to specific problems they may actually encounter in their jobs. During role playing (or *reality practice*), participants play the roles of those involved in an organisational problem. Usually there are no scripts and participants have limited information on which to base their roles. The primary goals of role playing are to analyse interpersonal problems and develop human relations skills. Role playing is commonly used to develop skills in interviewing, negotiation, job counselling, disciplining, performance appraisal, sales and other job duties that involve interpersonal communication.

Management games:

Management games (or *simulation exercises*) are designed to replicate conditions faced by real organisations and usually involve competing teams that make decisions concerning planning, production, finance and control of a hypothetical organisation. The winner is typically the team which achieves the highest net profit at the completion of the game. More complex games involve the use of a computer. In these games, teams receive a printout detailing the overall impact of their decisions on the effectiveness of the enterprise.

In-basket exercise:

The in-basket exercise is designed to develop the analytical and problem-solving skills of lower-level managers. The technique centres on a series of hypothetical problems that a supervisor may find in a typical in-basket. The in-basket exercise forces the trainee to make immediate decisions and to determine priorities. For this reason, the exercise is often part of an assessment centre programme.

Question 3

Rosina is a single parent of two children, aged four and six. She resides in Pretoria, but has recently been called in for an interview at a company in the Sandton area of Johannesburg. At the interview, Rosina voices her concerns relating to her possible acceptance of the position, such as finding day care for her children.

Organisations vary greatly in the services and benefits they offer their employees so as to increase

employee loyalty and decrease absenteeism and staff turnover.

Identify five different types of employee services or benefits made available by organisations that could attract Rosina to this company. Provide an explanation of each. (10)

You could have used chapter 11 in your prescribed book and Workbook 04 to answer this question.

Employer services and benefits

Childcare programmes: One of the rapidly growing employer services offered is the provision of childcare programmes. The recent growth in employee interest in childcare programmes provided by employers has been enhanced by the employment equity efforts of many companies in South Africa. Employers could follow any of at least four different approaches to childcare, such as on-site programmes, flexible benefits, referral centres and employer consortiums.

Food services: Most companies provide some type of food facility to minimise the time taken for breaks and lunch. Food services vary according to the size of the company and the nature of the work. Some organisations may only provide vending machines and a few tables; others provide complete cafeteria services underwritten by the company.

Education benefits: Many organisations offer employees partial or full tuition reimbursement. Employees often use these highly sought-after benefits to prepare themselves for promotion opportunities.

Transportation programmes: Higher energy costs have caused employers to consider methods of helping employees to get to work. Many alternatives can be considered: paying a transport allowance, offering a motor financing scheme (for all employees), providing company cars for certain job grades and running a company bus.

Housing subsidy: An important benefit offered by companies is the payment of a housing subsidy. The subsidy is normally granted towards the repayment of a housing loan with a registered financial institution. To ensure that the organisation retains control of the process, the subsidy is paid directly to the financial institution together with the employees' repayments, which are deducted from their salary.

(Marks are awarded for identifying and discussing employee benefits and services that organisations offer to increase loyalty and decrease absenteeism or staff turnover.)

Question 4

Lena and Timothy have been married for six years and have three children. They are both medical doctors and work long hours at Shebang Hospital in a rural town. They are currently facing potential conflicts over their career paths and the division of family responsibilities.

As an HR practitioner you advise couples on their dual-career problems. Explain to management the characteristics of effective programmes to assist dual-career couples in overcoming their career-related challenges. (10)

You could have used section 8.12 of chapter 8 in your prescribed book and Workbook 01 to answer this question.

Refer to section 8.12 in the prescribed book.

- Dual-career audit: An audit, performed through a company survey, should be a starting point for a company to recognise the extent of the problem. Areas the audit should address include the number of dual-career employees, the conflicts they face, how effective they perceive present company policies and opportunities to be and how competent they think they are in managing their careers.

- Special recruiting techniques: By giving a potential employee and his/her spouse a realistic view of the company's workload, travel and career opportunities, employers may be able to avoid a potentially poor job match. Some companies offer employees couple counselling immediately after hiring them to help identify potential problems and conflicts.

- Revision of transfer policies: In many companies, advancement inevitably means a geographical move. But in many cases, relocation results in a crisis for the dual-career couple. Employers are now finding ways to enhance their employees' careers without permanent geographical transfer.

- Examination of nepotism policies: Many employers are revising their policies to allow both spouses to work for the company, as long as an employee does not supervise a relative or participate in decisions concerning the relative's salary, performance or advancement.

- Assistance for dual-career couples: Many employers are helping couples learn how to manage their careers. Workshops and seminars enable participants to assess their opportunities, obstacles, potential conflicts and developmental needs.

Question 5

Write a short essay to indicate the differences between EAPs, wellness programmes and safety programmes. Use a table with three columns to structure your answer. (10)

You could have used chapter 12 in your prescribed book and Workbook 05 to answer this question.

EAPs	Wellness programmes	Safety programmes
Are designed to help employees overcome personal problems ranging from substance abuse to stress and burnout, as well as family and financial problems. Identify problems early in their development. Use positive and negative employer reinforcement to motivate EAP patients to continue treatment. Follow-up monitoring to minimise relapse problems.	Assist employees with their overall health, mainly with the aim of preventing health issues in future, but can also be applied to address existing health problems. Help employees identify potential health risks through screening and testing. Educate employees about health risks such as high blood pressure, smoking, poor diet, obesity and stress. Encourage employees to change their lifestyle through exercise, good nutrition and health monitoring.	Focus on the effective management of matters related to the physical safety of employees. Motivate employees to adopt safe work habits. Can reduce accidents.