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# HUMAN RESOURCES



**T**he skills shortage is one of the major challenges facing the South African economy today. Many companies are struggling to both recruit and retain talent. What are the challenges facing HR managers and how do they overcome them? This feature article examines this important issue as well as some of the important trends in effective human resource management.

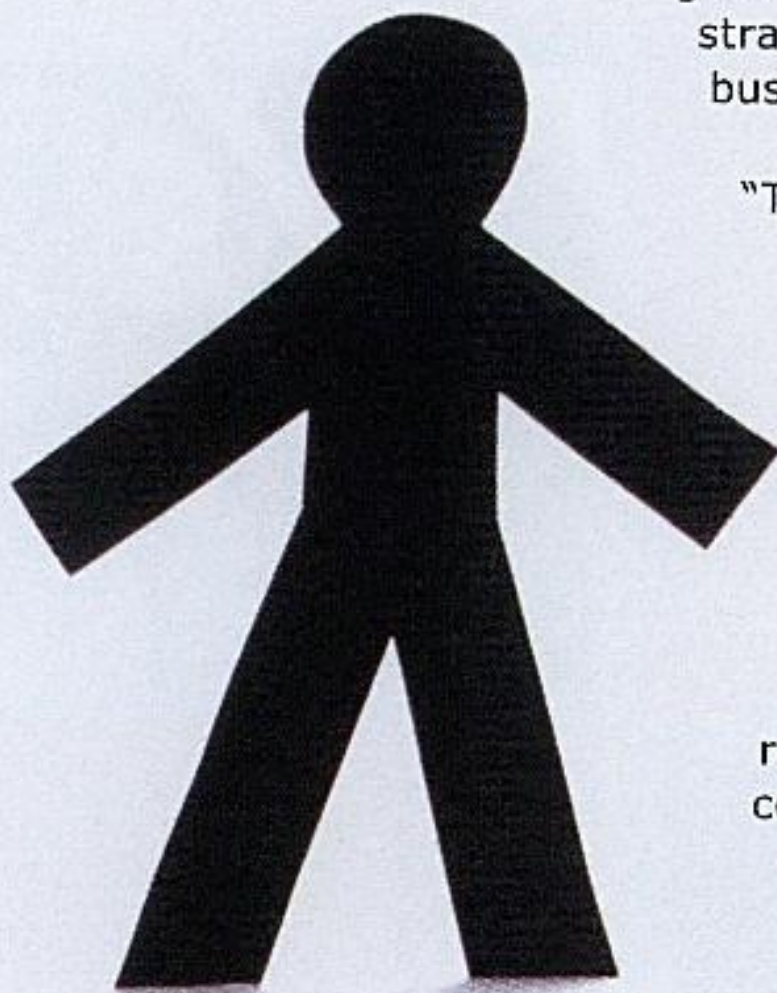
Carol Allen-Payne of the Centre for Conscious Leadership (CCL) points out that HR as a function and a profession is transforming – willingly or unwillingly. No more the traditional administrative and process-focused role of the past, she says.

“What business needs now is a strategic partner that is intimately involved in both the strategy and the operational aspects of the company. Jack Welch gives an indication of the pivotal role a strategically focused HR team can play in the overall success of a company.

“To meet the challenges of this new role – that of business partner - HR professionals have to develop a deep and strategic understanding of the business they are in, the industry in which they operate, and the global market dynamics which impact their organisation,” continues Allen-Payne.

“HR practitioners have to drive their own awareness, skill and capabilities to generate innovative and practical strategies that deliver against business objectives.

“The option of serving the administrative and rule enforcement needs of business – a role HR has become accustomed to - is falling away. Corporate South Africa, like corporate America and Europe, is realising the strategic, the cost, and the efficiency benefits of outsourcing this administrative role to specialised and expert service providers.”



“So where does this leave the in-house HR function in corporate South Africa? Put bluntly, it has no alternative but to step into the business partner role. Organisations have restructured, reprocessed and ‘restrategised’ every part of their operating processes – there is now little room left in most organisations to cut costs or significantly improve operating practices. The realisation that people are the key area for driving growth is now well documented in current business literature and tangibly built into the strategies of every large organization globally. Talent management is the buzz word of the day – finding, developing and keeping talent, is probably the most important aspect of most organisations’ strategic plan.” Talent acquisition and management, skill shortages,

challenging health issues in the workforce, organisation culture and operating dynamics – these are all critical strategic imperatives for most businesses. To meaningfully impact these business challenges, HR functions are now under pressure to develop innovative and integrated strategies to ensure they play their part in driving their organisation’s success going forward.

With as much as 40% of the value of organisational strategy being lost between the planning and implementations stages, the HR director or HR manager has a new and increasingly crucial role to play in today’s competitive business environment by eliminating the barriers that hinder successful strategy implementation.

### Operational level

Rentia Muell of Stracienta Corporation says that while consultants and strategists are formulating excellent corporate strategies, the execution of these as well as the alignment of structure, projects and processes to achieve the corporate objectives is then left to the company’s line managers without a logical way to bring it down to operational level.

“Therefore, employees do not see and understand their contribution to the company’s results and thus do not really support the strategy implementation,” she observes. “As a consequence, research shows that approximately 40% of the value-creation potential of strategies is lost due to implementation barriers.”

According to a study, strategy implementation barriers that erode the potential value of formulated strategies include inadequate resources, actions that have no clear definition, vague accountabilities, silos and culture blocks, inadequate performance management, inadequate reward systems as well as insufficient leadership capabilities.

“To become successful at strategy implementation, organisations need to eliminate these barriers,” she says. “It is here that the HR director can play a significant role by ensuring the organisation has sufficient human resources and strong leadership, instilling a culture that supports the corporate strategy, implementing performance management that enables organisational effectiveness, and incorporating reward systems that focus on retaining human capital and talent.”

Muell says that while it is a relatively simple process to discuss, conceptualise and create organisational strategies, implementing these within a large organisation is an even bigger challenge.

### Biting hard

Nearly half of the privately held businesses surveyed in Grant Thornton’s recently released annual International Business Report (IBR), believe that the availability of a skilled workforce is the greatest constraint to business growth in South Africa. This is the second consecutive year that workforce issues have been cited as the greatest impediment to growth. Most affected by a lack of skills is the construction sector with 72% of respondents citing this factor as their greatest constraint

to growth. At 52%, more than half of the services sector also feels constrained by a lack of skills.

## **Global competition**

There are many reasons why South Africa is experiencing critical skills shortages in many key sectors. Debbie Goodman-Bhyat, MD of Jack Hammer Executive Headhunters says in this globally competitive skills market, desirable candidates now have the luxury of choice. South African corporates are competing not only with one another, but also with companies abroad. Skilled individuals who are in demand find themselves being wooed by more than one organisation at a time, and the company that can complete their interview process and extend an offer first will succeed in securing top candidates.

Sandra Burmeister of Landelahni Business Leaders believes that South Africa's skills situation is not all the doom and gloom it is so often portrayed as. She says that many companies today are viewing mobility as important to increasing performance standards, economic growth and the creation of a vibrant entrepreneurial environment. In addition, while we so often focus on the skills leaving the country, large numbers of professionals are also entering the country and are finding opportunity here.

Karen Geldenhuys, MD of Abacus Recruitment has some

controversial views on the subject of South Africa's 'brain drain', which she believes is an important contributor to the skills shortfall particularly in areas such as IT.

She is concerned that another mass exodus of skilled workers is on the cards as people begin to seriously worry about their future

She says that with the uncertainty as to the future policy direction of the government and ANC due to Jacob Zuma's recent appointment as ANC president - as well as other critical factors, such as the "Jackie Selebi saga" and power outages are among the causes of this exodus.

"I believe a far larger proportion of skilled workers than ever before have made sure they have back door exits in case the future turns awry. It is possible that we might be facing an exodus of workers last seen since the late 1990s. In addition, while we were noticing increased interest from South Africans who were considering returning to South Africa, this is now far more muted."

"We are at a crossroads; and, until certain matters are resolved, such as the Zuma corruption and fraud case, and the question of a peaceful hand-over of governmental power in 2009, skilled workers are going to be jittery. They are going to be eying what they believe may be greener pastures."

## Desirable place to work

In the battle for talent, employers need to market their company as a desirable place to work, suggests Goodman-Bhyat of Jack Hammer. Hiring processes are a key marketing tool for companies, providing an opportunity for potential employees to get a sense of the organisation.

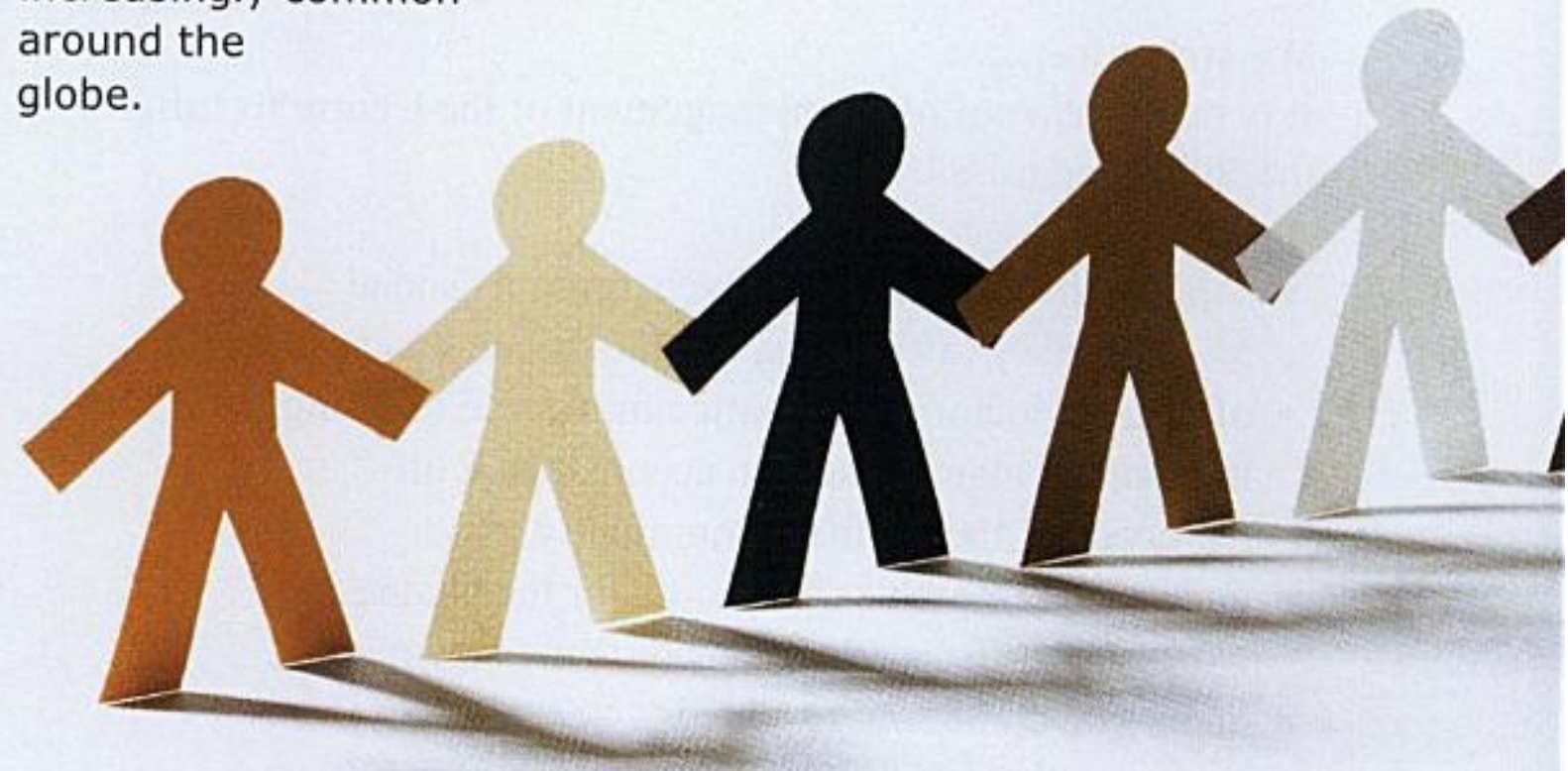
"Deloitte's recently released Best Companies to Work For survey reinforces what we regularly advise our clients: attractive offers are not only about salary. Companies must offer candidates interesting and challenging work, the opportunity to develop and grow, flexibility and an open trusting corporate culture," she continues.

If a company's hiring process creates the impression that ingrained disorganisation and a red tape culture will slow an employee's growth and limit their flexibility and access to challenging work, the candidate will accept a position elsewhere.

"Word of an individual's negative experience with a particular company can travel fast in tightly-knit top executive circles. This can be detrimental to a company's reputation. While we are by no means suggesting that interview processes compromise thoroughness, companies must adopt a balanced approach that is comprehensive, concise and attractive to

skilled individuals."

In those sectors where skills shortages are experienced, a multi-pronged strategy to skills development and attracting talent is necessary, suggests Burmeister of Landelahni Business Leaders. She also believes that businesses need to change their mindset regarding mobility, which can significantly accelerate skills development. They also need to start thinking differently about atypical forms of employment such as project and contract work, which is becoming increasingly common around the globe.



"The global and local skills shortage has heralded a move to the outsourcing of recruitment services as one way of finding scarce skills. Another is the trend to project-labour driven by the increasing mobility of skilled employees such as engineers and accountants."

### Keeping them

Lawrence Wordon, of recruitment firm PAG, advises companies to have a close look at their retention strategies as high interest rates and rising inflation take their toll on disposable income. This pressure puts considerable stress on employees, which could in turn affect their productivity and result in them looking for better paying opportunities.

"While most employees will buckle down on their spending and hold onto their job until the situation improves, there will be some employees who have overextended themselves and are now in dire financial straits. These employees can be disruptive in the workplace as they exert more energy on their financial crisis and lose focus on work. Financial pressure could also lead to higher incidences of fraud," advises Wordon. The first thing employers should do is to ensure that their people are receiving market-related salaries. "It's also a good idea to employ the services of a debt expert to either give seminars in debt management or, in extreme cases, to help consolidate the debt of individuals and decrease interest payments."

According to Wordon, another strategy may be to lessen the burden caused by other stressors in the workplace. He agrees that companies could introduce more flexible working hours or virtual offices (working remotely through an internet connection) to better manage the frustration experienced and productive time lost from sitting in traffic during rush hours.

"Companies could also introduce commission or performance based incentives to allow employees to work their way out of debt," he concludes.

The highest priority for any company is to remain successful, observes Shaun Day, MD of Kelly Industrial. One critical factor to ensure success is the ability of an organisation to not only attract top talent, but to retain those already working within the company.

"Losing employees can have a significant impact on your company's morale, productivity and overall profit," points out Day. "In order to maintain an exceptional employee base, companies need to anticipate their human resource needs, develop motivational environments and create adequate

measurement policies to ensure that they stay ahead of their competitors."

"The formula for attracting and especially retaining top talent lies in creating a high level of job satisfaction. One of the most overestimated reasons companies think they attract and retain top talent is through financial compensation. However, this is ranked very low for most in regard to overall job satisfaction, according to studies on the topic."

Day suggests there are a number of things that a company can do to keep their talent from leaving:

- Show your employees that you care. Take personal interest in developing your staff, mentor and coach the high performers.
- Maintain your credibility by ensuring that you consistently do what you say you will do.
- Measure the 'soft' skills as well as the hard skills. In addition to output, profit and sales, consider how the work gets done, the balanced score card, customer satisfaction, etc.
- Fight turnover with good, rational training targeted to specific and individual needs.
- Weed out poor managers: Employees dislike poor management, so act quickly to preserve your credibility with the workforce.
- Address issues of poor performance. Other workers resent having to carry someone who cannot or will not pull their own weight.
- Provide inspirational vision and strong values.
  - Create meaningful and challenging work and an environment that enables



people to grow and do their best.

- Offer career development and promotional opportunities.
- Grant tangible rewards in both monetary and non-monetary ways.
- Ensure work-life balance and support its importance.

## **Employer branding**

"Competing with large corporates with big budgets and well known brand profiles for the very best talent can be a daunting task for smaller businesses. However, by leveraging the power of employer branding, this needn't be," says Desiré McDonald, Managing Executive of Adcorp Talent Resourcing.

South Africa's until recently thriving economy boosted competition in business as the number of companies entering the market - from local small- to medium-sized enterprises to large, international corporates, increased.

According to McDonald, this healthy economic growth opened up the scope of job opportunities for SA's talent pool, upping competition stakes in attracting the best employee talent, regardless of the size of the business.

SMMEs are therefore going head-to-head with larger corporates, with all parties trying to identify, employ, develop and retain employees of the highest calibre.

Although it is thought that top graduates and employees are attracted to companies with high profile names, in reality, SMMEs are in an advantageous position when competing for and attracting top talent away from large corporates because of the flexibility of their employer offering.

"The first step in developing an effective employer brand is to define the businesses' employer value proposition," she suggests. "This differentiates it from other employers competing for the same talent pool. The employer value proposition moves away from focusing purely on remuneration and illustrates what is unique about the company's offering.

It forms the foundation for future employer-employee communications and the businesses' employer brand proposition."

## **Developing your own**

A meaningful, effective skills development programme is essential for any company wishing to optimise the potential of its workforce.

This is according to Debbie Radford of Faritec. Equal weight to technical and soft skills in order to provide all-round development for staff is vital. As skills become harder to find, learnership programmes also play an increasingly significant role.

"When devising personal development plans based on the aspirations and capabilities of the individual, we take specialisation and cross-skilling into account," Radford says.

## **Don't forget the soft skills**

Liza van Wyk, CEO of the training organisation BizTech says a primary reason bosses give for so many unemployed graduates is a lack of confidence, assertiveness and familiarity with the requirements and culture of the workplace.

Poor knowledge of English in spoken skills and comprehension is another major obstacle to finding employment, suggests van Wyk including among native English speakers. Van Wyk advises companies to take deliberate measures to ensure staff receive regular training to improve written and comprehension competency in English.

## **The professions respond**

Samantha Louis, Southern Africa Regional Director for CIMA (the Chartered Institute of Management Accounts) says training and skills development is key not only for personal growth but is vital to the economies of developing countries

on the African continent, increasing the number of skilled professionals in business.

"As infrastructures are set up for smaller countries to compete in the global market, qualified professionals are of paramount importance to both business and government."

Louis believes professional skills and qualifications will win the fight against unemployment and corruption. "Companies will need to embrace the 'earn while you learn' approach which will enable organisations to enhance their skills levels without losing key staff members to outside education facilities. Staff members are given the opportunity to upgrade their qualifications while maintaining the ethics and culture of their own companies and still contributing to strengthening the economy."

## Getting help

One way that companies can improve morale and facilitate the development of staff is through the Recognition of Prior Learning (RPL). Ntsiki Gumbe, Deputy Director Information Services, SAQA, says that many people have vast knowledge and experience, but no formal qualifications. RPL is a means for individuals to gain formal recognition for such experience. Recognising prior learning has many benefits for companies and the individuals involved. Gumbe says that it encourages individuals to study further and improve their career prospects. On the other hand it provides a means for companies to provide staff with development opportunities, and to contribute to plugging the skills gap.

Gumbe says that the NQF Support Link, which is published by eDegree and is a means for promoting the aims of the National Qualifications Framework (NQF), has launched a seventh module on the Recognition of Prior Learning (RPL). This module outlines the key defining features of RPL as a theory and practice, recognising the national and strategic importance of RPL in ensuring equity in the arena of education and the labour market. It is specifically aimed at those operating at a strategic, systems and managerial level of understanding

and implementation of RPL, but it also serves as a useful introduction to RPL for any practitioner. It should also encourage business to make use of the opportunities.

## Conclusion

With increasing numbers of wealthy South Africans having come to the fore in the recent years, wealth management and comprehensive financial planning services have become increasingly popular. Wealth management has also become an increasingly competitive arena and much sound independent advice is available. ■

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