HUMAN RESOURCES MANAGEMENT IN THE
SOUTH AFRICAN SOCIO-ECONOMIC CONTEXT

by

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THESIS

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SUPERVISOR: PROFESSOR JOS COETZEE

October 2011
DECLARATION

I, Penelope Margaret Abbott, the undersigned, herewith declare that this dissertation submitted in the fulfilment of the qualification Ph D (Leadership in Performance and Change) is my own, independent work. Furthermore, I declare that this dissertation has not been submitted for another degree at another university.

____________________________

Penny Abbott

October 2011
ACKNOWLEDGEMENTS

In the formulation and implementation of this research project, the following people have been instrumental and I would like to thank them each for their contribution:

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Annette Kien, for proofreading this dissertation with her eagle eye.

All my interviewees for their time and reflections. My appreciation of their work, not only as a contribution to this project, but also their dedication to the HR profession.

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All the HR professionals that I have worked with and for during the years of my very satisfying career. They have inspired and helped me along the way and confirmed me in my belief that HR professionals can make a difference to people’s lives.
The purpose of this study was to explore the lived reality of the work of Human Resource practitioners in South Africa in relation to the socio-economic context of their organisations and to consider how appropriate or not their responses might be to the impacts of that context on their work. This was explored through a qualitative study wherein interviews with 50 volunteer practitioners from all types of organisations spread across the country were conducted and compared to views of 17 informed commentators in this field. It was found that the work of Human Resource practitioners is significantly impacted by social and economic factors external to the workplace, but that the current response by practitioners is probably not as appropriate as it could or should be. A role for human practitioners as “social activists” was identified and factors influencing whether such a role is played were explored. Frameworks of appropriate actions are proposed at both strategic and individual contributor level to support this role. The role of Human Resource professional bodies in addressing social issues in South Africa is challenged and a framework proposed to improve the extent to which leadership is given to Human Resource practitioners and to increase the visibility and voice of the profession in contributing to alleviation of societal problems. Recommendations for implementation of the proposed frameworks are proposed. One of the most significant recommendations is for Continuing Professional Development to provide coaching support based on Constructive-Developmental theory to enhance the ability of Human Resource practitioners to cope with the high levels of complexity that they encounter in their roles. Further research into a proposed model of influencing factors in the social activist role is recommended.
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1. CHAPTER 1

INTRODUCTION, BACKGROUND AND MOTIVATION FOR STUDY

1.1 Introduction

“The human resource function matters more than its practitioners tend to think. Human resources is a crucial point of intersection between the broader society and business” (Capelli & Yang, 2010, p.1).

The principal focus of this study is the relevance of Human Resources (HR) practice to the socio-economic priorities of South Africa in the short, medium and long term. A secondary focus is how relevant the HR profession makes itself as a partner at national level to Government in finding solutions to these socio-economic priorities.

Although little documented, the impact of societal issues such as unemployment, poverty, inequality and lack of human development on the workplace, and therefore on the work of HR practitioners, is very significant. An “outsider” impression may be founded on topics covered in HR conference papers, articles in HR and management magazines, and research topics at universities. These tend to indicate that the need to be “world-class” and “globally competitive” drives HR practice in South Africa to be focused almost exclusively on international and strategic HR practices such as talent management and employee engagement. This, however, is far from the truth as experienced by HR practitioners in their daily work lives.

Conversely, there is an absence of articles or academic contributions on how HR can contribute to the reduction of poverty, to the improvement in divisions and inequalities in our society or to the burning issue of delivery of critical government services such as housing, education and health to the urban and rural poor. This absence does not change the fact that there are examples and role models of where HR does contribute positively to these types of issues.
This research study has explored the real world of HR practitioners and it will be shown that, despite this significant impact of societal issues and despite the fact that there are excellent examples of good work, the majority of HR practice in South Africa is not very relevant to human development. Low levels of awareness of the problem and low levels of capacity to deal more effectively with the problem have been identified through the study, which is very concerning.

A US based study of future HR trends predicted in 2008 that “work will be recognised as central to social concerns (presumably especially in developing economies)” (Capelli & Yang, 2010, p. 4). Debates in South Africa around the lack of proper employment, the lack of social progress in the workplace in terms of Black Economic Empowerment (BEE) and diversity management, and the gross inequalities and disconnects in society between the “haves and the “have-nots” illustrate that this prediction is already a fact of life. It is therefore extremely important that the function of Human Resource Management (HRM), which deals with how people contribute to, and are developed within, the organisation, adopts relevant practice. HR practitioners can be considered as key players in contributing to higher levels of human development and this research study investigates how this might be achieved.

Although there is a considerable body of literature on the issues of human development and on the work of HRM, there is little work on the linkage between the two. This study has therefore been positioned as exploratory work and has produced some preliminary ideas about useful ways in which HR work can be aligned to societal needs. As will be shown, the role that HR practitioners can play has to be activist in nature if it is to make any impact on these societal issues. This is not a role that is comfortable for many people who work as HR practitioners, partly because their education, training and career experiences have not prepared them for it.

The scope of this study covers HR practitioners in a wide range of organisational settings. A decision was taken during the study to exclude public sector settings, because it became apparent that there are specific issues in this setting, and these issues were not necessarily focused on the main research problem and objectives.

To clarify what is meant in this research by “the practice of HRM”, this means the holistic approach, or mindset, of people practising HRM towards their work, and it is not intended to refer to the set of individual HRM practices that together make up
HRM. An appropriate analogy for the way in which this expression is used in this research is “the practice of medicine”, or “the practice of law”. HR practitioners can regard themselves as professionals, who contribute to growth in human capital and quality of life through their work, and/or as employees of an organisation who help to maximise shareholder returns through the use of HR practices. It will be shown that these two different self-definitions play an important part in how relevant HR practice is to social issues which are rooted outside the workplace, but which impact heavily on the workplace.

HRM is defined by van Aswegen et al. (2009, pp. 3 & 7) as “about managing the people who work in an organization” and they define strategic HRM as “the human resource management activities planned to enable the firm to achieve its goals.” Kelly (2008, p. 9) quotes Shonhiwa and Gilmore who define HRM as activities with the objective “that individual, organisational, and society objectives are accomplished”. Brewster (1995, p. 3) notes that “the meaning of HRM is far from clearly established in the literature: different authorities imply or state different definitions and draw on different evidence”. The fact that HRM is not always clearly defined leaves room for widely varying perceptions of the role of HRM in an organisation and also in wider society, and these perceptions also impact on the relevance of HR practice within this societal context.

1.2 Background of the problem

The background to the problem described above, namely the poor linkage between HRM and the socio-economic context, is explored by looking at what the HR function does; what the impact of HRM on wider society is or can be; the training and education that HR practitioners have undergone and the career path they have followed; and the standards set by the profession to which they belong.

1.2.1 The work of HR

The work done by HR practitioners within organisations is complex and demanding (van Aswegen et al., 2009). Not only must the corporate strategy and internal dynamics be considered, but a wide range of legislation must be complied with.
Many laws and associated regulations, charters and codes of good practice impact on the work of HRM (Brewster, Carey, Grobler, Holland & Wærnich, 2008a). McGaughey and de Cieri (1999, p. 235) discuss the integrative nature of HR policies and term them “meso-level processes, integrating endogenous and external processes”.

The scope of HRM is shown in Figure 1 and it can be seen that while external relationships are taken into account, there are many other priorities for an HR function. In addition, many HR departments are allocated responsibility for the activities of Corporate Social Investment (CSI) and possibly other functions such as health and safety (personal experience).

**FIGURE 1 - HRM PRACTICES.**

![HRM Practices Diagram](image)

Source: Adapted from UJ HRM (2010, P. 22).

Although many HR practitioners view their work as internally focused (as will be shown in this research study), Brewster (1995) argues that it is not possible to isolate an organisation from its environment and that a model of HRM must include external factors (the contextual paradigm). He uses the contrasting examples of the United States (US), where companies exist quite autonomously of government, and Europe, where legislation demands adherence to a wide range of social practices such as co-
governance with unions in Germany. In Europe, organisations also operate in an environment where there is greater social security provision; more direct government intervention in the economy; government provides a range of industrial relations and job market services; and where government is a significant employer in its own right. Brewster (1995) also refers to what he calls a “contingent” approach which combines elements of macro / micro economics; internal / external focus; and exogenous / endogenous factors, depending on what is appropriate for the individual organisation. In this approach, these issues are part of an organisation’s existence, rather than simply external influences. In Figure 2 can be seen the external and internal factors which influence what HR practitioners do and how they do it and Figure 2 also shows that HRM is practised at both strategic and operational levels.

FIGURE 2 – STRATEGIC PLANNING FOR HUMAN RESOURCES.

The question of the objective of HR work can be discussed in terms of the values on which HR work is based, as shown in Figure 3 – is the objective that people serve the ends of the organisation, or do people have value in themselves and the
organisation should endeavour to support their development simply because they are human beings worthy of development. This argument becomes very relevant in looking at the role of business in society, as will be discussed later in paragraph 2.6.

**FIGURE 3 – CONTRASTING VALUES IN PEOPLE MANAGEMENT.**

<table>
<thead>
<tr>
<th>Management practices</th>
<th>Management attitudes</th>
<th>Organisational orientation</th>
<th>Developing people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resource management</td>
<td>People are a valuable resource</td>
<td>People serve the ends of the organisation</td>
<td>Competencies approach – equipping people for the job</td>
</tr>
<tr>
<td>People development</td>
<td>People have a value in themselves</td>
<td>The organisation serves the ends of its people</td>
<td>Holism – developing the whole person</td>
</tr>
<tr>
<td>Management practices</td>
<td>Management attitudes</td>
<td>Organisational orientation</td>
<td>Developing people</td>
</tr>
</tbody>
</table>

Source: Jackson (1999, p. 308).

Jackson, in Harzing and van Ruysseveldt (2004), criticizes instrumental definitions of HRM, because such definitions view human beings as a means to an end. Jackson further criticizes the adoption of Western views on HRM as being inappropriate to the needs of developing countries and refers with approval to the term “people management” as increasingly used in South Africa. He advocates the adoption of a humanistic approach as depicted in Figure 3. Interestingly, the findings of this research study, as presented in Chapter 5, do not support Jackson’s view that a humanistic approach is typical in South African HR practice. The findings of this research study are closer to the findings of a Chartered Institute of Personnel and Development (CIPD) study in 2007 which found “managerialist” leanings in HR professionals (du Toit, 2010).
1.2.2 The impact of HR work on wider society

Whilst HR work, from a humanistic viewpoint, would aim at human development, HR work happens inside organisations and therefore, in South Africa, has a limited impact on wider society due to the low employment rate. It would seem that formal sector employment constitutes only about 18% of the total population, or 9 million people (see Appendix 1). If each person in employment is estimated to support a minimum of 4 people, then HR work potentially could affect up to 80% of the population if HR practitioners adopt practices positively impacting dependants of employees, such as educational, housing and health support. Many of the participants in this research study referred to the “ripple effect” of helping an employee with societal coping skills which then impact on family and other dependants.

According to many commentators, the primary issues of the wider South African society at present are high structural unemployment; unequal income distribution and high levels of poverty; crime and corruption; and poor service delivery of public sector agencies (Bernstein, 2010; Mills, 2010; Turok, 2008). At first glance, it would seem that the work of HR practitioners could have only limited impact on these issues, but an examination of a broad definition of corporate social responsibility (CSR) (Brewster et al., 2008a) reveals the importance of organisations and HR practitioners accepting their role as corporate citizens and seeking to find solutions to society”s major problems. The material gathered during this research has revealed several substantial areas in which HR work can make a difference. These are discussed in Chapter 6.

1.2.3 Education of HR practitioners

Education of HR practitioners at Universities in South Africa is conducted within Faculties of Management or Social Science and covers both strategic and operational aspects of HRM. Table 1 lists the study learning units for HRM at the University of Johannesburg, as an example. The majority of the course content covers universalist HR concepts – that is, concepts which apply in the same way wherever in the world the work is being done – for example, structured interviewing.
The courses recognize that HR work is always done within a societal context and therefore specific local challenges and issues are also dealt with.

**TABLE 1 – HRM CURRICULUM**

<table>
<thead>
<tr>
<th>HRM1</th>
<th>1. What is human resource management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Human Resource Management in context</td>
</tr>
<tr>
<td></td>
<td>3. Job design, Job Analysis and HR Planning</td>
</tr>
<tr>
<td></td>
<td>4. Recruitment, Selection and Orientation</td>
</tr>
<tr>
<td></td>
<td>5. Introduction to Training</td>
</tr>
<tr>
<td></td>
<td>6. Performance Appraisal</td>
</tr>
<tr>
<td>HRM2</td>
<td>1. HRM: A strategic function</td>
</tr>
<tr>
<td></td>
<td>2. HRM: HR Planning</td>
</tr>
<tr>
<td></td>
<td>3. Performance management systems</td>
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<td></td>
<td>4. Organisation reward system</td>
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<tr>
<td></td>
<td>5. Base wage and salary systems</td>
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<td></td>
<td>6. Incentive pay systems</td>
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<tr>
<td></td>
<td>7. Benefits</td>
</tr>
<tr>
<td></td>
<td>8. Human Resource Information Systems</td>
</tr>
<tr>
<td></td>
<td>9. Employee Wellness (Health and Safety)</td>
</tr>
<tr>
<td>HRM3</td>
<td>1. Employment Relations Management</td>
</tr>
<tr>
<td></td>
<td>2. Strategy and policy, procedures and practices</td>
</tr>
<tr>
<td></td>
<td>3. Industrial democracy, participation and cooperation</td>
</tr>
<tr>
<td></td>
<td>4. Challenges integral to South Africa</td>
</tr>
<tr>
<td></td>
<td>5. The business environment: a global perspective</td>
</tr>
</tbody>
</table>

Source: UJHRM (2010).

Despite this apparent inclusion of local issues into the curriculum, it was common for participants in this research to believe that current HR education and training is not as relevant as it should be. It should produce HR practitioners who understand the need for taking a wider view of their work and are able to put in place suitable strategies and action plans.

1.2.4 The influence of HR professional bodies on HR work

In March 2010, the South African Government launched the Human Resource Development Council to provide stakeholder involvement in “the planning, stewardship, and monitoring and evaluation of human resource development activities in the country” (Motlanthe, 2010, p. 1). At the launch, Dr Blade Nzimande, Minister of Higher Education and Training, recognized that there are “weaknesses which include: skills shortages and mismatches; few opportunities for low-skilled workers; few alternatives for those who do not find employment; a correlation
between educational attainment and labour market prospects” (Freeman, 2010, p. 1). The list of business representatives on this Council does not include any HR representative, which would seem to indicate that the profession is not regarded as a social partner. This exclusion of HR as a role-player in deliberations on relevant matters at national level was confirmed almost unanimously by participants in this research study, who also generally believed that the HR profession could offer value-adding contributions to such deliberations.

The influence of the profession on HR work is limited. At the present time, the majority of HR practitioners in South Africa are not registered with the South African Board for People Practices (SABPP) or with the Society for Industrial and Occupational Psychologists (SIOPSA). The SABPP is the only body of expert practitioners in the HRM field that meets the criteria laid down by the South African Qualifications Authority for a recognised professional body (SAQA, 2011), whilst SIOPSA is a professional association for qualified psychologists. A total of 8 000 practitioners are registered with the SABPP at various professional levels (SABPP, 2010a), and 625 with SIOPSA (SIOPSA, 2011). An estimate of the total number of HR people working in the field is about 40 000 to 45 000, estimated from the total formal sector employment figures and using a rough ratio of 1 HR professional to 200 employees. This figure is apparently much lower than estimates done by the SABPP, which totalled about 70 000 to 80 000, based on high ratios of employees to HR practitioners in the public sector and Defence Force (about 1 to 100). Of the 460 respondents to an HR Survey in 2009 (Crous, 2010), only 88 were registered with SABPP, with 81 being registered with SIOPSA (these registrations may or may not be overlapping). This gives a maximum of 36% of respondents who subject themselves to professional standards, despite the further finding that 95% of respondents hold a degree or diploma.

These non-registered HR practitioners comprise an unknown population which is therefore difficult to access for research. A related issue identified by the SABPP is that people working in the HR discipline have come not only through HR education and training routes, but also from other disciplines, and these people are much less likely to register as HR professionals (SABPP, 2010a). The way in which the professional body seeks to influence the work of practitioners includes competence
standards, a code of conduct for HR practitioners and a continuing professional development requirement (SABPP, 2010a).

1.3 Research problem and objectives

The problem formulated for the purposes of this research study was that Human Resource Management as practised in South Africa is not aligned with its socio-economic context.

Research objectives (these are numbered for ease of later reference):

1. To explore whether the HR profession and individual HR practitioners believe that current practice is appropriate to South Africa’s development needs;
2. To construct a framework for an effective response by HR to SA’s development needs;
3. To explore how to implement such a framework and what might influence that implementation.

1.4 Motivation for the study

The 2005 Global HR Challenges research study conducted for the World Federation of Personnel Management Associations by Price Waterhouse Coopers states in its conclusion “We live in a global economy and, although details differ, the issues are remarkably similar.... This survey can help HR professionals identify broad, core issues, ... and focus on finding solutions to the broad Human Resource challenges that face their organizations throughout the world” (WFPMA, 2005, p. 29). However, a comparison of the differences between developed economies and developing economies shows huge contrasts between socio-economic-political indicators, which translate into differences in challenges in managing human capital in organisations.

For example, the developed world faces an aging workforce and low population growth rates, while the developing world faces high population growth rates, high and structural unemployment and a lack of skills in the workforce. This contrasting paradigm of the contexts in which HR practitioners have to deliver results has been
highlighted recently by two senior members of the profession in South Africa (Crous, 2010; Sibiya, 2010).

The seriousness of the developmental issues facing South Africa has been highlighted recently in various studies, including one by the World Bank called “Quiet Corruption – how it undermines Africa”s development efforts”. This report emphasizes how non-delivery by public servants infects national productivity and the stability of society (World Bank, 2010). Naidoo (2010, p. 325) believes that “a business that is profitable in a sea of poverty will at some point be overwhelmed by a tidal wave of a social crisis of unmet expectations that results in extremism, violence and civil strife.”

A 2011 study, by a World Bank on-line publication called Foreign Policy, is The Failed State Index. This annual study looks at indicators which indicate a vulnerability to conflict. These indicators cover a wide range of elements of the risk of state failure, such as extensive corruption and criminal behaviour; inability to collect taxes or otherwise draw on citizen support; large-scale involuntary dislocation of the population; sharp economic decline; group-based inequality; institutionalized persecution or discrimination; severe demographic pressures; brain drain; and environmental decay. South Africa in 2011 was classified as close to stable, but “borderline” and deteriorating, largely due to the uneven development in the country (Foreign Policy, 2011).

This research study therefore sought to determine whether or not HR practice is reflecting the development needs of South Africa and to determine whether, based on empirical research, a framework could be developed to guide the HR profession in this area. The study is timely because, “business is not a separate vested interest operating outside of society ... private firms lie at the heart of the development process” (Bernstein, 2010, p. 11). However, the major institutions in the economy are recognising that better dialogue is required to make that development process work. “Demands for equity and those who voice them must be taken seriously if we are to move forward” (Friedman, 2011, 27 July, p.11). A framework for HR practice in this area can help by contributing towards this dialogue.
1.5 Current level of knowledge

In order to address the research problem, literature in the field of development economics was reviewed and the current development policy of the South African Government was referenced to establish a framework of the socio-economic priorities (also termed as the developmental needs) of South Africa. Literature in the field of HRM was then reviewed in order to establish current thinking on the practice of HRM internationally and in South Africa in relation to developmental challenges. This literature is briefly referenced here and expanded upon in Chapters 2 and 3.

1.5.1 Levels of economic development

South Africa is often described as a “middle income developing country”. In order to understand this description, the concept of development is defined and the differentiation between levels of development is explored. According to Sutcliffe (2001, p. 7), development is defined as: “the structural transition from a traditional state in which economic activity consists largely of low productivity agricultural production, via industrialization, to a state in which high-productivity industrial production comes to predominate over agriculture until finally it is far overtaken by services.” Thus, a developing economy would be characterized by dependence by a large proportion of the population on low-productivity agricultural activity. Jackson (2004) notes that the “developed-developing” world paradigm is a cultural construct, defined by the developed world and indicative of power relations.

An alternative concept of categorizing the various countries of the world in economic terms, adopted by the United Nations development agencies, is that of relative income per capita. The World Bank produces a list of per capita incomes, adjusted for purchasing power parity, and distinguishes, for the purpose of prioritizing and directing development aid, high income, middle income and lower income countries (World Bank, 2009a).

Both of the above approaches are based on what Todaro and Smith (2006) call a “neo-classical approach”, which uses theory developed in advanced capitalist economies and can be characterized as free-market based. This approach also
assumes that the primary measurement for success of an economy is the economic growth rate. Development policies based on this assumption promote economic growth through the industrial sector and transfer some of the benefits to the poor via progressive taxation and social benefits.

Todaro and Smith (2006) describe how, from early in the 1970’s, economists recognized that the characteristics of economies which fell outside the grouping of advanced economies did not conform to the neo-classical assumptions on how to achieve economic growth. A new field of study, termed “development economics”, looked at wider aspects of improving the quality of human lives. Development policies based on this approach are multi-faceted and embrace not only economic growth policies but also the development of social systems and institutions and the enlargement of the range of choices that people can make in goods and services.

In this school of development economics, Sen, the 1998 Nobel Laureate in Economics, was a pioneer of an alternative approach to the measurement of development, which he called the “capability approach”. This is concerned with the ability or non-ability of a poor person to function and live as a decent human being. This approach emphasises the freedom of an individual to exercise social choices and choose what they value, in a democratic way involving “continuous involvement of the citizenry in the setting of economic priorities (Evans, 2002, p. 55).

The United Nations Development Programme reflects this capability approach and emphasizes that opportunity and choice lie at the heart of quality of human life:

> Human Development is a development paradigm that is about much more than the rise or fall of national incomes. It is about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests (UNDP, 2010a, p. 1).

All countries are measured on a Human Development Index (HDI) and ranked, so that the term “developing country” can be used for countries in the lower half of the rankings.
Perhaps the ultimate in the idea of development is the Happiness Index, developed out of thinking in the Buddhist state of Bhutan, where, it is contended, the Gross National Happiness can be measured. Happiness is defined as “a range of dimensions of human well-being. Some of these are quite traditional areas of social concern such as living standards, health, and education. Some are less traditional, such as time use, emotional well-being, culture, community vitality, or environmental diversity” (GNHI, 2011, p.1). This idea has recently, controversially, received endorsement at a high level by the Prime Minister in the United Kingdom (UK), who has instructed the government statistical service to work out how to incorporate Happiness measurement into the national census process (BBC, 2010, 25 November).

Although developing countries display considerable diversity in many respects, certain common features can be described including, amongst others, low levels of living (low incomes, inequality, poor health and inadequate education); low levels of productivity; and high rates of population growth (Todaro & Smith, 2006).

1.5.2 Level of development in South Africa

Industrial output (including mining) as at December 2008 accounted for 33,7 % of South Africa’s GDP (GDP) and services accounted for 63% (World Bank, 2009b), which would seem to indicate that South Africa is a developed economy. The World Bank classifies South Africa as an “upper middle income” country, along with, for example, Brazil, Malaysia, Algeria, Mexico and Poland (World Bank, 2009a). The HDI for White people in South Africa as at 1994 was 0,878 (Sutcliffe, 2001), indicating that, for the people who participate in the developed part of the South African economy, living standards compare well with developed countries in Western Europe and North America.

However, despite these indications of relative wealth in the South African economy, it is generally accepted that South Africa faces major development challenges, largely due to the structural problems introduced during the apartheid era (IJR, 2007; Turok, 2008). The extent to which the majority of the population benefits from the relatively advanced economy is low, as demonstrated in South Africa’s poor ranking on the
HDI, which in 2010 was 110th out of 182 countries (at a value of .594, just below the world average), thus putting the country well down the lower half (UNDP 2010b).

Figure 4 shows the disaggregation of the HDI for South Africa, using 1994 data, which seems to be the latest detail available. As can be seen, the HDI for racial groups, gender and urban/rural populations differed widely, showing that South Africa consisted of two widely differing and often spatially separated worlds – characterized as “first world” and “third world”. It is unlikely that the situation has changed much since 1994.

**FIGURE 4 – HDI SOUTH AFRICA 1994.**

According to the Presidency, 49% of South Africa”s population lives on below R524 per month in 2008 Rands (Presidency, 2010). According to the Institute for Justice and Reconciliation (IJR), South Africa”s problem is “unequal development, not under-development” (IJR, 2007, p. 43). Unequal development is reflected in a measure of income inequality used to compare societies globally – called the GINI co-efficient (Todaro & Smith, 2006). The closer the co-efficient is to 1, the worse the inequality. As at December 2008, the GINI coefficient in South Africa was 0,666, although this could be over-stated as it does not take into account social grants and other monetary transfers to the poor (Presidency, 2010).

According to the IJR, the extent of inequality in South African society poses a major threat to societal peace (IJR, 2007), and also indicates apparently intractable problems in reaching global benchmarks in human development. For example, the rankings on the HDI illustrate that the low scores on various measures are in those
areas in which the Government has not succeeded in implementing its policies – education, health and reduction of rural poverty.

1.5.3 The current policy approach

The path of the South African Government economic policy reflects the difficulty of balancing development with a stable macro-economic framework. From the Reconstruction and Development Programme (RDP) of 1994, through the Growth and Employment and Redistribution (GEAR) macro-economic strategy of 1996, to the New Growth Path (NGP) introduced in late 2010, the Government has tried various approaches, with limited success.

The RDP was based on economic theory holding that growth must co-occur with redistribution and specifically rejected “trickle-down development” from the first world economy to the third world economy (ANC RDP, 1994, para. 1.3.5). However, after the RDP negatively affected investor confidence, because RDP was seen as “populist macro-economics” (IJR, 2007, p. 5), the Government introduced its macro-economic strategy, Growth and Employment and Redistribution (GEAR).

GEAR was positioned, not as moving away from the RDP, but as clarifying the economic plans designed to deliver the RDP. However, its central objective was to raise the economic growth rate significantly to 6% per annum, in order to generate more jobs (ANC GEAR, 1997). The Government recognized that this approach would not in the short term benefit the majority of the population and therefore extensive social programmes including welfare grants and school feeding were put in place. In hindsight, Turok (2008, p. 75) argues, “GEAR was in fact not a growth strategy, but a strategy to attain a particularly defined macro-economic stability”.

However, this policy approach was criticised by the African National Congress (ANC) National Conference in 2007, and the Conference adopted a Resolution which directed the Government in its economic policy making (ANC Conference, 2007). In late 2010, the New Growth Path (NGP) was published, which heavily emphasises the need for job-centred growth in the face of massive unemployment, and seems to imply a bigger role for the state in the economy (NGP, 2010).
The idea of increased state involvement in the economy has aroused much criticism and commentators have pointed out differences between other countries which successfully attained development through a state-led approach and South Africa (Bernstein, 2010; Gumede, 2009). But Swilling (2009, p. 1) describes the developmental state approach as making possible “a compromise between a growing middle class elite and increasingly militant formations”. He points out that in order to achieve real transformation for the poor, a modern developmental state must engage widely with civil society, not just with the private business sector (“business elites”). He believes that “the reason for this goes back to Sen’s notion of development as freedom. If money on its own could resolve poverty, poverty eradication would not be so difficult to achieve. “Real solutions are context specific” (Swilling, 2009, p. 3).

Crous (2010) approaches the developmental state concept from an HR point of view and states that it should be about capability building (education; healthcare; knowledge dissemination; and innovation), institution building and ensuring positive ecological outcomes. Turok (2008, pp. 11, 97) finds “little evidence of a comprehensive development strategy directing the state and all its institutions” [which would include the business sector] and “a grand agreement to pursue a common agenda” is required. “Only a developmental state can address these problems directly [of massive unemployment, poverty and inequality]. A developmental state is one that has a developmental orientation and consequently adopts developmental functions.”

1.5.4 Socio-economic priorities

According to Todaro and Smith (2006), typical development problems that developing countries need to address include: poverty; inequality; population growth; urbanization; education; health; agricultural transformation and rural development; and the environment. One attempt to prioritise can be seen in the Millennium Development Goals (MDGs) which were adopted in 2000 through the United Nations by 189 countries and commit signatories, of which South Africa is one, to achieve the eight goals by 2015. The goals are listed in Appendix 2. The adoption of the MDGs by developing countries is heavily criticised by Bernstein (2010). She argues that
they represent the imposition of a standard set of goals, which are too broad in scope (meaning almost impossible to achieve) and do not necessarily represent the developmental priorities of a particular country.

The specific developmental problems of South Africa are illustrated by the fact that the country has met or exceeded some of these goals already, but is not making the required progress on the unmet goals (SA MDG, 2010). For example, enrolment in primary school is very high and gender parity has been achieved, although completion of primary school is not satisfactory. Unemployment and poverty rates remain very high. HIV infection rates are not decreasing, and child and maternal mortality rates remain high. Access to safe drinking water has improved greatly, and the access to cellular phone technology is almost universal.

South Africa’s ratings on the HDI are not improving. In 2007 the country was 110th out of 182 countries (UNDP, 2010b). Figure 5 shows trends since 1980 in some comparator countries and the trend for South Africa is downwards, in contrast to countries like China and India which have shown a massive improvement over the same period. This is largely due to a very low ranking in South Africa on the child mortality rate, with middle rankings on literacy, school enrolment and GDP per capita.

**FIGURE 5 – HDI TRENDS.**

The ANC Conference Resolution of 2007 on economic transformation states that “the central and most pressing challenges we face are unemployment, poverty and inequality” (ANC Conference, 2007, para. 5). The New Growth Path states that the priorities are: creating decent work; reducing inequality; and defeating poverty (NGP, 2010).

Other views on priorities often differ on which comes first, development or growth (for a fuller discussion on this, see paragraph 2.2.3) and include the following:

- The IJR believes that the priorities are: creating confidence in government and public institutions; getting the skills development system to work; improving the quality of basic education; land reform and dealing with rural poverty (IJR, 2007).
- The Centre for Development and Enterprise (CDE) believes that the central priority is the creation of more jobs (economically viable employment) (Bernstein, 2010).
- Organised business, in its response to the Government’s New Growth Path, listed as priorities macro-economic stability; global competitiveness; poverty reduction; the labour market; and the development of small and medium enterprises (BUSA, 2010).

The National Planning Commission, in its initial Diagnostics report of 2011, has stated that the two key objectives are to reduce poverty and inequality (NPC, 2011) and the Commission is seeking to achieve a national consensus on priorities as a basis for an agreed action plan.

1.5.5 Current practice of HR Management

The literature has been reviewed to establish to what extent HRM should or does take account of its external environment. According to Brewster, Sparrow and Vernon (2008b), there are two contrasting paradigms of HRM – the universalist and the contextual. The universalist paradigm proceeds from the assumption that organisations function on the same principles everywhere, and since HRM is concerned with optimizing the performance of the organisation, HRM should be
practised in the same way everywhere. A review of the curriculum of HRM at the University of Johannesburg supports this paradigm (UJHRM, 2010).

The Price Waterhouse Coopers Global Best Practices annual study measures HRM performance, firmly based on this universalist paradigm. It measures 44 items, based on 5 key areas: cost and staffing; recruitment; training and incentives; benefits communication; and HR information systems and employee feedback (PWC, 2010). The 2003 study showed that South Africa does not rate well on these comparisons (Turvey, 2003). One explanation for this may be that the contextual features of HRM in South Africa are more salient for HR practitioners than the “global best practices”.

The contextual paradigm recognizes that HRM varies between countries, based on cultural differences and institutional differences (Brewster et al., 2008a). In addition, the socio-economic context may forcibly impact on HRM through the enactment of legislation (van Aswegen et al., 2009).

Pucick is quoted as saying in 1997 that the HR function is a barrier to globalisation because of “ethnocentric and parochial HR systems that only focus on their home country” (Jackson, 2002b, p. 457). But in fact, the two paradigms seem to have been adopted in parallel in many countries of the world. Brewster et al. (2008a) discuss whether HRM practices are converging as globalisation increases, or whether in fact HRM practices remain distinct between countries. In a South African survey of 400 HR practitioners in 2010 (Knowledge Resources, 2011), all the priorities listed are of the universalist type, see Figure 6 for the detail of these priorities.
The literature is also reviewed to consider how HRM might take its external environment into account. One of the major ways this is done is through the channel of CSR. Brewster et al. (2008a) devote a chapter in their book on HRM to the question of CSR, business ethics and corporate governance, and how these impact on, or are impacted by, HRM. Although in many companies, CSR is set up as a distinct function, it is also common for CSR to be an HR responsibility.

Brewster et al. (2008a) distinguish between various philosophical/moral approaches to CSR, ranging from a narrow approach to a broad approach also known as a corporate citizenship approach. Some commentators and prominent business people in South Africa promote this point of view, for example, “Management of societal risk is management of shareholder investment” (Mahabane 2011, 8 July, p. 9).

According to Brewster et al. (2008a), corporate citizenship is a concept deriving from a broad, maximal view of CSR, which holds that companies should contribute to shaping society and solving social problems, because companies are powerful social institutions. In the discussion in Brewster et al. (2008a), views are noted that such responsibilities derive from companies’ activities and the primary and secondary consequences of such activities. As an example, car manufacturers should get involved with driver education and pollution reduction. Bernstein (2010) is heavily
critical of this approach where it implies that business has a responsibility (rather than an interest) – she argues, however, that one cannot take a narrow view of the role of business in a developing economy, because there the markets do not work so well and governments are not so capable.

In a UK scenario planning exercise for HR in 2020, one of the scenarios was sketched as a “green world” – where “capitalism is subjugated to broader social goals beyond just environmental sustainability, and employees are engaged with firms through their sense of mission. Human resources are not only sensitive to the needs of their employees, reflected by innovative benefit programmes and working arrangements, but to those of a broader society” (Capelli & Yang, 2010, p. 5). Respondents to the 2009 HR Survey did rate corporate values and ethics important (the 8th highest priority), but it is not clear whether this refers to internal values and ethics only, rather than including wider concepts of corporate citizenship (Crous, 2010).

1.5.6 New approaches to HR Management

Indications of closer linkages between HR work and the socio-economic context might be seen in considering some implications of a pluralist point of view, which considers the interests of a range of stakeholders when taking decisions, rather than a unitarist point of view which considers only the interests of the organisation. According to Brewster (2007), HR practitioners in Europe, who are used to operating in the contextual paradigm, are more likely to evaluate strategic decisions by considering the consequences of several stakeholders, such as individual employees, the community and the country, as well as considering long-term consequences for the organisation. They are thus more likely to contribute constructively to business strategy formulation, even sometimes challenging top management strategic decisions.

Ulrich and Brockbank (2010) discuss the strategic role of HR in integrating the external and internal environments of organisations. But there is criticism of Ulrich”s business partner conceptualisation of one of the roles of HRM because this conceptualisation itself reflects a unitarist stance and in a modern pluralistic world,
“HR should concern itself with diversity, individuals and human beings – not human resources” (Toulson and Defryn (2007, p. 91).

Various research studies have looked at the formulation and application of a model of contrasting values (instrumentalism and humanism) underlying management practices in relation to employees (Jackson, 2004). These studies discuss how this model might form the basis of a new approach to HRM which is more appropriate, particularly in non-Western cultures. Toulson and Defryn (2007) compare the paradigms of welfarist personnel management (looking after employee interests) and technicist personnel management (looking after employee effectiveness) in New Zealand in the 1970s and 1980s. This conceptualisation can be considered as close to the humanist – instrumental model of Jackson and illustrates a historical and deliberate move within the HR profession away from humanism to instrumentalism. Now the pressure appears to be to move back in the other direction.

A view of the professional duty of HR practitioners has been put forward by the SABPP in a recent opinion paper. This paper notes that the founding principles of a profession include, in addition to the knowledge and ethical basis of their work, “acceptance of a duty to society as a whole” (SABPP, 2010a, p. 30). This implies a recognition of the external environment and the relationship of the profession with that external environment. The SABPP is also of the opinion that the profession should be “working towards establishing the profession’s role in the economy and contribution to the country” (SABPP, 2010a, p. 35).

Crous (2010) believes that the new paradigm for HR practitioners in South Africa involves accepting the development reality. This reality is that 50% of HR practitioners work in the public sector; that the macro-issues which affect human capital management/development have to be influenced at national level; and the HR contribution to social capital development (security, ethics and political stability) have to be worked out. He believes that the agenda should be set by indices such as the HDI and the GINI coefficient.

One channel through which HR practitioners can contribute is within their “normal” work inside the organisation. A case study published by the SABPP describes how a
hospital group restructured the work of their professional nurses in order to maximise the contribution made by this scarce resource, and in the process, created additional, less-skilled jobs (SABPP, 2010c). As noted, another route for contribution to the country is through CSR or corporate citizenship programmes and many examples of such programmes are published regularly.

This overview of some seminal literature indicates potential theory bases and empirical examples for linking HRM practice to its external socio-economic environment. Some possible models and examples are discussed in Chapter 3.

1.6 Research Design

The research design for this study was interpretive, using qualitative methods. HRM is highly context dependent and therefore the power of qualitative methods to describe and interpret these contexts needed to be exploited.

The general strategy of this research project was a basic qualitative study at two levels of unit of analysis – one unit being the HR profession and the other being individual HR practitioners. Within this strategy, interview, focus group and document review techniques were used.

Data was collected in four phases:

- In Phase 1 a group of people who are knowledgeable about HR practice in South Africa were interviewed in face to face interviews on a semi-structured interview protocol.
- A second interview protocol was developed from themes coming out of Phase 1, and Phase 2 interviews were conducted telephonically with 50 HR practitioners in a wide variety of work settings.
- In Phase 3 of the research, learning resources such as books, journals, magazines and conference programmes were reviewed.
- One focus group of HR executives was conducted in Phase 4 of the research, to test some early findings.

Purposive sampling methods were used in the different phases of the research. Phase 1 interviews were conducted on a maximum variation sample of qualified
people known to the researcher or identified by reference to existing contacts. Phase 2 interviewees were obtained on a convenience sample basis, by asking for volunteers through emails distributed to a large data base of over 20 000 people. Phase 3 documents were obtained through Internet searches and physical searching in a specific book store. The Phase 4 focus group participants were a convenience sample obtained through asking for volunteers at a conference of HR executives.

Data was analysed thematically based on transcripts of the interviews, using manual and computer-based systems to support the constant comparison method. The coding into themes and then the construction of categories were conducted independently by two researchers (the principal researcher and a co-researcher) and then discussed and integrated.

1.7 Ethical considerations

Ethical considerations included ensuring informed consent of all interviewees. The Phase 1 interviewees were approached, but had the opportunity to decline to participate – some potential interviewees did in fact decline. All Phase 2 and Phase 4 interviewees were volunteers, responding to a general invitation to participate, and this invitation included full disclosure of the purpose of the research.

Interviewees in Phase 1 and focus group members in Phase 4 of the study gave their informed consent to attribution of their views and were given the opportunity to request non-attribution of certain of their remarks. The anonymity of interviewees in Phase 2 of the study was ensured, because of the personal nature of opinions and views that were being solicited from them. This was achieved through using a numbering system to refer to quotations from those interviews. Data in the form of interview recordings and transcripts has been safely stored on the premises of the office of the researcher.

Chapter 4 describes in detail the research design and methodology.
1.8 Structure of the thesis

This thesis is laid out in six chapters, as detailed below.

**Chapter 1 – Introduction, background and motivation for the study**

Chapter 1 provides a brief overview of the research study. It sets out the background to the problem, the research objectives, an overview of current knowledge on the topic and the research design and methodology.

**Chapter 2 – The South African socio-economic context**

Chapter 2 forms the first part of a two part literature review and examines important aspects of the South African socio-economic context. Contrasting arguments on these aspects are reviewed and an approach to analysing policy options is discussed. The role of business in society and the importance of social consensus on a development agenda are discussed.

**Chapter 3 – HRM and its external context**

Chapter 3 continues the literature review and considers how HRM relates to its external context, why this interrelationship is important at an individual, organisational and societal level, and considers some ways of conceptualising the relationship to provide the required alignment.

**Chapter 4 – Research Design**

Chapter 4 describes the research approach adopted and how the research was carried out. The sampling and analysis processes are described.

**Chapter 5 – Research Findings**

Chapter 5 presents the findings using extensive quotations and extracts from the interviews. The findings are analysed in terms of the research objectives and the research question is answered.
Chapter 6 – Discussion and Conclusions

Chapter 6 discusses the findings in relation to the research objectives and the literature, explores some further insights and interpretations, and presents some conclusions and recommendations.

1.9 Conclusion

Chapter 1 has dealt with the background of and motivation for this research study through the idea that HR practice in South Africa is not as appropriate to its socio-economic context as it could and should be. The importance of having a good linkage between the two is explored. HRM is defined and presented in its South African socio-economic context, with reference to some of the literature. Some of the main issues which arise in linking HRM to its context are introduced. It is evident that the linkage of HR practice to its context is not often discussed or recognised and that this research study is both timely and important. The results of this study can contribute to the HR profession being able to offer a real contribution to debates at national level on meeting South Africa’s human development needs.

The literature on economics and society is reviewed in Chapter 2, highlighting the concept of development economics and some of the major topics in this subject as they relate to South Africa.
CHAPTER 2

THE SOUTH AFRICAN SOCIO-ECONOMIC ENVIRONMENT

2.1 Introduction

Following the introduction in Chapter 1, this Chapter is one of two reviewing relevant literature. Chapter 2 covers the nature of the socio-economic context and HRM in this context is then explored in Chapter 3. The context within which a society operates includes not only socio-economic aspects, but also aspects such as, for example, religion, the physical environment, and sport. These latter aspects are excluded for the purposes of this study.

The South African social and economic environment is highly complex, partly because of its history. Ramphele (2008, p. 24) argues that the challenge of redressing socio-economic inequities post 1994 was grossly underestimated – “socio-economic transformation is a demanding task under any circumstance anywhere in the world.” The socio-economic environment is also characterised in two prominent ways – firstly, major inequalities exist in the country and secondly, there is heated and sometimes acrimonious debate about how to reduce these inequalities. The context is also dynamic and rapidly evolving.

The scope of this topic is very wide, and for the purposes of this research, this literature review is concentrated on aspects which will summarise the socio-economic features of South Africa in a way relevant to HR practitioners. The review will also explore in more depth certain features of particular relevance. Many features of the socio-economic context are not included in this study, being excluded for reasons of space and less direct relevance – these would include savings/investment; tax rates; crime/corruption; and BEE.

This literature review refers extensively to Todaro and Smith (2006) which is a comprehensive text on development economics used in teaching the subject at the University of Johannesburg. In addition, a wide range of South African and
international sources are referenced as appropriate to illustrate points or to present a
different point of view.

2.2 Human development, poverty and inequality

Todaro and Smith (2006, p. 207) explain how human development is undermined by
poverty and inequality - they state that “social welfare depends positively on the level
of income per capita, but depends negatively on poverty and negatively on the level
of inequality”. Poverty is measured in absolute terms by how many people in a
country are living at a level below which health is compromised. The universal level
is currently measured at $1.25 per day or at $2 per day in equal purchasing power
terms. The poverty level may also, more appropriately, be set in each country by
considering the actual cost of basic needs. As an additional element, the amount of
money that would be required to bring everyone up to this minimum level is
expressed as the total poverty gap. A formula can be used to further describe the
distribution of income below the minimum line. This is called the P2 formula and is,
for example, used in Mexico to allocate funds for education, health and welfare
programmes so that the local density of poverty is taken into account (Todaro &
Smith, 2006).

The level of absolute poverty has dropped globally from 28.3% of the world’s
population in 1987 to 24% by 1998 (Todaro & Smith, 2006). World Bank statistics
show for 2005, regions with poverty levels of between 3.7% (Europe and Central
Asia) and 50.9% (Sub Saharan Africa) at the $2 per day level. The Sub Saharan
level rises to 72.9% at the $1.25 per day level (World Bank Data, 2011).

In South Africa between 1993 and 2008, absolute poverty dropped from 50% to 39%
at R388 per month in 2008 prices, although clearly, even in 2008, the level is much
higher than the world average. The P2 gap in South Africa in 2008 showed that the
average income of people below the poverty line was 19% below that line, down from
24% in 1993 (Presidency, 2010).

Some projections have shown that absolute poverty can be eradicated globally by
the end of the 21st century, but this depends not only on the rate of economic growth,
but also on how much money is allocated to poverty reduction programmes and how well they are targeted and managed (Todaro & Smith, 2006). In South Africa, the Deputy President said in September 2010 that the country had the resources to eradicate poverty within 20 years (Motlanthe, 2010, 21 September), while an Organisation for Economic Cooperation and Development (OECD) analyst said it would take until 2030 unless income redistribution measures were taken (West, 2011, 7 June).

Inequality, in the view of Todaro and Smith (2006), is problematic for both economic and social reasons:

- in economic terms, extreme inequality leads to economic inefficiencies (little access to and use of credit; low savings rates leading to low private investment; inefficient use of the education system; and inefficient farming because of a juxtaposition of huge commercial farms with tiny holdings which cannot even support a family).

- in social stability terms, inequality leads to a lack of stability and possible civil unrest; unequal bargaining power between rich and poor; shoring up of illegitimate politicians; rent-seeking behaviour (appropriation of excess profits from distorted economic patterns); and temptation by governments to pursue populist policies which are self-defeating.

- in moral terms, inequality is regarded as unfair.

Inequality, according to Todaro & Smith (2006), is principally caused by unequal ownership of assets (land, capital assets, financial assets and human capital assets). Economic growth may or may not ameliorate inequality, depending on which part of an economy grows, and how the benefits are distributed. Thus, if only the modern sector in a country with a dual economy grows, and if this does not lead to more jobs and higher wages, then inequality will increase (typical of growth in Latin America in the 1960s and 1970s). If growth occurs only in the traditional sector (for example, agriculture), growth is likely to be low, but the benefits are likely to be more equally distributed. If growth occurs only in the modern sector, and this sector employs more people, it is likely that inequality will first get worse and then improve – this has been observed in countries as diverse as Taiwan, Costa Rica and Sri Lanka. It can be
difficult to discern which pattern is emerging unless analyses are done over a long
time period.

It is not clear in South Africa which pattern is occurring over the long term, although it
looks as if the growth of the economy is not leading to sufficient growth in jobs and
incomes to reduce inequality. Certainly, Government and labour economists are
concerned that the market economy is not producing the type of growth which will
reduce inequality, and they therefore prefer an interventionist approach, as in the
New Growth Path (NGP, 2010).

Mills (2010, p. 179) notes that “poverty is not mono-causally explained, it has plural
and inter-related determinants”. Poverty in South Africa is largely, but not entirely,
located in the rural areas (Turok, 2008). Although development efforts aimed at
urban or peri-urban poor can produce economic results more quickly (Bernstein,
2010), poverty alleviation efforts have to be directed towards the large numbers of
poor people in rural areas (Todaro & Smith, 2006). Poor people are also
disproportionately female, for reasons including their economic status and access to
work and resources. Development efforts must therefore include women in training
programmes especially in rural areas, and must ensure that women can access
government resources. The economic return on investment of development
programmes for women is likely to be higher than for men, because “the educational
attainment and future financial status of children are much more likely to reflect those
of the mother than of the father” thus generating future economic growth (Todaro &
from being unemployed, but also from marginal employment, where people work
very hard, at low levels of productivity and with low incomes.

Policy options described by Todaro and Smith (2006) for poverty reduction include:

- encouraging labour intensive job creation through policies such as wage
subsidies to employers and through removal of capital subsidies such as
investment incentives and tax allowances.
- reducing concentrated control of assets and unequal access to credit,
educational and income-earning opportunities. Land reform is another aspect
of these redistribution policies, but will not be effective without other support
such as marketing, logistical and technical support.
progressive income and wealth taxes (aimed at the wealthy, not the middle income earners) to fund development programmes. Indirect taxes are regressive and should be reduced. Tax collection should be improved.

- direct transfer payments and public provision of goods and services. Examples include public health, clean water, sanitation and electrification projects in rural areas; educational support such as school feeding; and keeping the price of basic foodstuffs low for poor people. Social grants are included here, but care is needed to ensure that only the poor benefit; dependence is avoided; poor people are not thereby discouraged from engaging in informal sector economic activities; and avoidance of a rigid line that leads people marginally above the threshold to be relatively disadvantaged. Work requirements for food aid and health/schooling requirements for social grants are also advocated.

- supporting and encouraging micro-enterprises.

Elements of all of these policy options are evident in the strategies and policies of the South African Government since 1994. Social grants are a major feature of Government spending (R62 billion in 2007 for 12 million beneficiaries) (Turok, 2008), but are criticised by many. For example Mbeki (2009) believes that they amount to placating the poor and distracting the Government from the necessity of finding creative solutions to poverty. Turok (2008) points out the huge discrepancy between social grant spending and spending aimed at encouraging the development of small and micro-enterprises (R3 billion). He argues that the result of this is likely to be continued dependence on social grants by the poor who have no access to formal labour markets. However Friedman (2010, 23 July, p. 11) believes that “social grants are probably the Government’s key achievement of the past 15 years”. He states that research shows that social grants are often used to generate economic activity, and that they support the retail industry in rural areas.

The evidence is that poverty in South Africa is decreasing, but not fast enough. The Chief Executive Officer (CEO) of the Government development agency, the Independent Development Trust (IDT), states in the 2008 Annual Report that:
If we compare the significant resources which have been invested in the pursuit of the national social policy objectives since 1994 with the objective data on the impact of these investments and data on the state of poverty in our country, we have to conclude that the aspirations of millions of our compatriots trapped in poverty have not been adequately met (IDT, 2008, p. 35).

This CEO notes that the IDT has therefore changed its approach from pure infrastructure projects to an integrated development approach which includes looking at holistic social outcomes.

2.3 The economy and societal outcomes

The intense level of debate in South Africa about the economy and society reflects disagreements on what outcomes citizens of a country should and do derive from the workings of the economy, and on how to manage the economy. This section explores where there is broad agreement and the next section will explore where there are opposing points of view.

Most, if not all, interested parties agree that the economy, and political influences on the economy, have a major impact on individuals, organisations and society – this is evidenced by literature from authors of diverging opinions on many matters (Bernstein, 2010; Mills, 2010; Naidoo, 2010; Turok, 2008). Societal problems such as poverty and crime are usually considered to be associated in important ways (maybe even causally) with the economy (Todaro & Smith, 2006).

Within South Africa, interested parties also agree that South Africa is not improving economic and social outcomes as much as it should be. In terms of economic outcomes, since 1993 the global economy in GDP terms has grown, slightly more than doubling from about $28 trillion to $61 trillion in 2008 (Mills, 2010). In Rand terms, the South African economy has grown by a factor of about 4 (Statistics SA, 2011). However, since the Rand to Dollar exchange rate has weakened from around R3/$ to around R7.60/$ in that same period, the South African economy would have needed to grow by a factor of 5.5 to match global growth. IJR (2007) argues that this
is not due so much to poor policies, but that these policies needed at least 4 or 5 years of steady growth to bear fruit – and this was interrupted by the global recession.

In terms of social outcomes, there is general agreement in South Africa that the country must create more jobs, and the New Growth Path sets a target of 5 million jobs by the year 2020. However, it is also noted that this would still result in only 15 million people working, out of a projected population of 55 million, so although the target may seem ambitious, even if the country achieves it, social development may not be at desired levels.

The initial report of the National Planning Commission (NPC, 2011) presented a view of the nine major problems facing South Africa. This was presented as a consensus view, based on the viewpoints of the Commissioners, who are drawn from a wide range of diverse backgrounds. The nine major problems are shown in Figure 7 and it is noted that the two key strategic objectives are to eliminate poverty and reduce inequality.

**FIGURE 7 – CONTINUING CHALLENGES IN SOUTH AFRICA.**

Source: Diagnostic Overview of the National Planning Commission (NPC, 2011, p. 7).
2.4 Opposing points of view on the linkage between the economy and society

Many aspects of the economy give rise to debates between different points of view. These include what the economy should deliver to the population (outcomes); the link between economic growth and human development; the link between economic growth and unemployment; how to reduce poverty and unemployment; the role of productivity; labour market flexibility; skills shortages; to what degree government should manage the economy; and the importance of good governance by political leaders. These are discussed next.

2.4.1 Desirable outcomes

Positions taken on desirable outcomes range from outcomes expressed only in economic terms (which assume that the human condition will automatically improve if people are richer) to outcomes expressing a holistic approach to human quality of life. The debate is also complicated by a common belief that the most desirable outcome is to be economically secure as well as happy; whilst many research studies have shown that being economically secure does not necessarily bring happiness, whilst being poor does not necessarily preclude happiness (happiness being defined as a sense of fulfilment as a human being in a social system) (Todaro & Smith, 2006). This debate becomes even more complicated by arguments as to whether happiness is the ultimate goal that humans should pursue. Todaro and Smith (p. 21) consider that the “inner meaning of development” can be described in terms of three core values: sustenance (the ability to meet basic needs); self-esteem (to be a person); and freedom from servitude (being free to make choices). Paragraph 1.5.1 discussed how such outcomes might be measured.
2.4.2 The link between economic growth and human development

A very important debate is around whether economic growth leads to human development or not. A “high” economic growth rate is considered to be one of about 3 – 5 % above the population growth rate of a country, and is measured normally in GDP per capita. “That development requires a higher Gross National Income and a faster growth rate is obvious. The basic issue, however, ... is who would make it grow, the few or the many” (Todaro & Smith, 2006, p. 193). Developing countries have shown a wide range of the effects of economic growth on poverty reduction and social indicators, as shown in Figure 8.

**FIGURE 8 - OUTCOMES OF ECONOMIC GROWTH.**

<table>
<thead>
<tr>
<th>Poverty reduction</th>
<th>More</th>
<th>Less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher economic growth</td>
<td>South Korea</td>
<td>Argentina 1960s (inequality increased)</td>
</tr>
<tr>
<td>Low or no economic growth</td>
<td>Nicaragua 1980s</td>
<td>Indonesia 1990s</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Better social indicators</th>
<th>More</th>
<th>Less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher economic growth</td>
<td>Malaysia 1970s and 80s</td>
<td>Brazil 1970s</td>
</tr>
<tr>
<td>Low or no economic growth</td>
<td>Sri Lanka 1980s, Kerala (India) 1960 – 90</td>
<td>Sub-Saharan Africa</td>
</tr>
</tbody>
</table>


Other examples quoted by Todaro and Smith (2006) include:

- where rapid economic growth has led to human development (Vietnam, Costa Rica);
- where rapid economic growth has not led to human development (Nigeria, Saudi Arabia); and
- where human development has occurred without rapid economic growth (Sri Lanka, Cuba).
As can be seen above, human development does not result naturally from economic growth and the linkage between the two is bi-directional. For example, targeted poverty reduction programmes are also required, and these cost money and will therefore affect economic growth. Todaro and Smith (2006) describe how widespread poverty is economically inefficient and therefore reduction of poverty can accelerate growth. Bernstein (2010) concludes that rapid economic growth is a necessary, but not sufficient, condition for human development to be sustained in the long term. Other factors including competent government and good public policy choices must be present for economic growth to improve human development indicators. Mehrotra and Delamonica (2007) argue that specific policies and programmes are needed which are targeted to ensure that poor people benefit disproportionately.

The Sri Lankan example is unusual, where HDI results showed real improvements even under conditions of civil war and low economic growth (Allen & Thomas, 2004). In South Africa, the example of the Royal Bafokeng tribe’s investment of mining royalties into the community does perhaps show that economic growth can lead to real improvements in “public goods” – that is, services and institutions for the people, again where a developmental focus is maintained for public expenditure (Bafokeng Holdings, 2011).

2.4.3 Unemployment

The business lobby in South Africa (for example, Bernstein, 2010, Mills, 2010) acknowledges that there are casualties in the process of normal market functioning. Competition between companies (including global competition) can and does result in failure of some companies, or even industries, and people will lose their jobs. But as the economy grows faster (as a result of freer competition), more alternative jobs will become available. It is also important, according to this argument, that the Government supports people who have lost their jobs (temporarily in this argument) and provides mechanisms to facilitate finding a new job. The business lobby also argues that a major barrier to job creation is overly high wages in the formal sector, brought about by the collective bargaining arrangements of the Labour Relations Act.
The counter-argument to this is that unemployment in South Africa is mostly structural unemployment, that is, of a more permanent nature, caused by enduring mismatches between the number and type of job opportunities and the number and skills of the unemployed (Naidoo, 2010; NGP, 2010; Turok, 2008). The role of government therefore is to direct investment such that the mismatch is reduced, thereby reducing unemployment. The role of business is to ensure that jobs are created as the business grows (job centred growth as opposed to capital intensive growth).

Evidence that this structural unemployment has got worse is attributed to the “de-industrialisation” of the South Africa economy. Mbeki (2009) states that in 1990 manufacturing represented 25% of the economy and this reduced to 16% by 2009. This reflects to some extent the global trend of “financialisation”, or replacement of the “real” economy by the financial economy, and also reflects investment decisions by, for example, the Industrial Development Corporation into large capital intensive steel, basic chemical and basic metal plants (Turok, 2008).

Mohamed and Roberts, in Turok (2008) discuss the increase of over 600 000 jobs in the services sector between 1990 and 2005, but they comment that many of these jobs were of a less permanent nature than manufacturing jobs (for example, security, cleaning and wholesale/retail jobs), and others were in higher skilled industries such as financial services, thus making little impact on structural unemployment. NGP (2010) reports that 1 in 14 of the new jobs created between 2002 and 2008 were in the security sector. Mbeki (2009) argues that the partnership between the resources sector (“the old economic oligarchy”) and the new political elite protects the sector and puts emphasis on keeping prices down by importing goods from cheap labour markets. This increases structural unemployment and creates an urban underclass.

Employment figures between December 2008 (which was the peak employment prior to the latest recession) and September 2010, by which date 363 000 formal sector jobs had been lost, show that most losses were in manufacturing and construction. Services jobs decreased only on average 2.7% (Statistics SA, 2010a). However large numbers of jobs were lost in the informal sector (Statistics SA 2010b).
The perception that minimum wages are too high and that unions are to blame is not necessarily valid because only 16% of workers are unionised (Mahabane, 2010, 20 August). Extension of bargaining council agreements on minimum wages may have an effect, but only 40% of bargaining councils operate in the private sector, and it is not clear what percentage of workers in the country are covered by bargaining council agreements (Temkin, 2010, 13 December).

Regarding the argument around minimum wages, Leonard (2000) reviews economic research on the topic and concludes that much of the classical economic theory on this is not supported by empirical evidence (probably because labour markets do not behave purely as price elastic markets). He states that empirical research in fact shows some complex relationships between minimum wages and dis-employment and between minimum wages and poverty reduction among workers. The argument could be summarised (highly simplistically) as that minimum wages could lead to barriers to employment for young people but not necessarily for older people, but that minimum wages do benefit older people in work.

Todaro and Smith (2006) describe how it is very common in developing countries to have wage rates in the modern sector of the economy that are over-priced in strict economic terms. This, together with interest rates that see the price of capital being under-priced, leads to the substitution of capital for labour. They argue that if the true social costs of labour and capital were used in evaluating alternative public sector investment projects, more labour intensive projects would become more attractive.

McCutcheon (2002) details lessons learned from labour intensive construction projects in South Africa. McCord and Meth, in Turok (2008), record that research in South Africa into labour intensive construction methods at the Research Centre for Employment Creation at the University of the Witwatersrand has shown the feasibility of adopting labour intensive approaches, but these have not been taken up across the construction industry.

Mbeki (2009, p. 91) believes that the scarcity of skilled labour is artificial - “South Africa has encouraged the development of bloated middle and senior levels of management that are vastly over-priced”. He recommends that the country should import skilled people and invest in a massive education drive to increase supply and thereby bring down wages. Mohamed and Roberts (in Turok, 2008) argue that high
South African labour costs (calculated on an overvalued Rand) are more reflective of high global commodity prices than the local skills and education base. Within the car manufacturing industry, a comparative study between South Africa and Thailand found major salary/wage differences at management and artisan level, reflecting skills shortages in South Africa (West, 2010, 4 November).

There is general acceptance that the South African economy has a few dominant businesses and that this reduces competition. This is considered to be detrimental to economic growth because prices become too high and therefore consumption narrows and reduces. Mills (2010) is of the opinion that South Africa has not yet transformed its economic structures. Mbeki (2009) traces the roots of this concentration of the economy to the fact the economy was based during the 20th century on natural resources that were easy and cheap to access, developed with foreign capital and dependent on cheap labour. The Competition Commission has been very active in tackling some of these market dominance situations with positive results, however there is still too much concentration of power (Naidoo, 2011, 18 February).

This concentration of economic power is also seen by some observers to be a barrier to meaningful BEE, while others observe that some form of BEE has been facilitated by transfer of ownership within these concentrated sectors. “BEE has co-opted the Black elite to the economic oligarchy” (Mbeki, 2009, p. 61). Turok (2008, p. 91) believes that there are “the disproportionate interests held by black business in mining”. The real influence of BEE has, according to Mbeki (2009), been limited because it has taken place mainly in the financial services sector and thus the concentration of power in the resources sector has remained.

Public sector employment is sometimes regarded as a partial answer to the unemployment problem. The State President said in January 2011 that each Government department would be expected to create jobs (Mkokeli & Shoba, 2011, 10 January). But, after downsizing the public service considerably in the mid 1990s, the service now has high vacancy levels. However, these are mainly in the skilled and professional staff levels and therefore, an argument that, if all the vacancies were filled, unemployment would be somewhat reduced, would appear to be ill-informed and simplistic.
Similarly, efforts to provide jobs through the Expanded Public Works Programme have succeeded to some extent in providing work and income. The programme aims to provide 200 000 jobs each year, thus addressing maybe 2 – 5% of the unemployed. But the jobs provided have been temporary and do not seem to have provided a gateway for people into permanent jobs, as the duration of the jobs is not sufficient to train people in the scarce skills, such as artisan skills (Turok, 2008).

Regardless of which side of the general argument around unemployment is favoured, evidence shows that accessibility to the labour market in South Africa is very difficult, particularly for first time entrants. According to a report in the Financial Mail (Paton, 2010, 26 March, p. 34) these young people “lack useful networks, search skills and basic work readiness capabilities such as communication, reading comprehension, interviewing, personal presentation and general work behaviour”. Youth unemployment is considered as a major problem area, with 2.5 million young people between the ages of 18 to 24 neither working nor in any form of education or training. Not only is this undermining of social stability, but it is indicative that these youth may in fact become long-term unemployed. Even graduates have difficulty – a Human Sciences Research Council (HSRC) report in 2010 showed that 43% of Black graduates had not secured employment within 12 months of graduating (Bhorat, Meyer & Visser, 2010).

Proposals to deal with this run into problems, because many proposals are based around encouraging job creation through wage subsidies or exemption from labour laws. This approach is strongly resisted by the labour movement for fear of labour substitution (Paton, 2010, 26 March). One example of an alternative approach from Morocco is that employers of first time job entrants are exempted from social security payments (which are high in Morocco), but the people are still eligible for the benefits (Mills, 2010). The CDE in South Africa has made suggestions on how to generate new jobs for young people:

- pilot tax incentives and exemption from labour laws in one province;
- experiment with exemption of businesses in Special Economic Zones from taxes and regulatory requirements;
- pilot vocational education programmes linked to apprenticeships in certain rapidly growing towns;
• public employment schemes in the poorest areas. (Bernstein, 2010, 23 April).

An OECD report into improving employment in South Africa notes that several legacies of apartheid need to be remedied. These include: homes far from job opportunities; suppression of entrepreneurial activity amongst the Black population; and measures which discourage the informal sector. The report recommends that a package of policies be looked at, including more active measures to get young people into work (OECD, 2008).

Wage subsidies for young people were announced in the Budget in February 2010, but the implementation programme had not yet been announced by July 2011. In April 2010, the Industrial Development Corporation and the Unemployment Insurance Fund launched a new fund for loans to employers who need capital for ventures which will create new jobs (and also avoid retrenchments through new business) (Anderson, 2010, 15 April). Other ideas include incentivising placement agencies to prepare and place school-leavers, and wage subsidy vouchers, both of which are being piloted in Gauteng (Paton, 2010, 26 March).

2.4.4 Reduction of poverty and inequality

As discussed in paragraph 2.1.2, economic growth can lead to worsening inequality and economic growth may not reduce poverty. The business argument (Bernstein, 2010) is that the only way to reduce inequality is to grow the proportion of people employed within an economy, and to raise incomes over time, through increased productivity and production of higher valued goods and services. Any attempt to interfere with this natural process, the argument goes, will cause distortions within the system.

Figures in South Africa show that the inequality argument here is much more pertinent in relation to the disparity between the unemployed and the employed than the disparity between the lower paid and the executives in an organisation. The low threshold of the top 10% of earners (which was $35 000 in 1997) and the fact that this was 40 times that of the lowest 10%, indicates that the poor are extremely poor
in South Africa. The poor in India and China are even worse off, predominantly because of the large numbers of rural poor in those countries (Sutcliffe, 2001).

If unemployment could be reduced by the 5 million jobs targeted by the Government’s New Growth Path, and it is assumed that the new jobs earn, on average, the same as current low paid workers, then the GINI coefficient would be considerably reduced. It is difficult to see how the same result on a national level could be achieved by reducing the “wage gap” between the highest and lowest paid in an organisation. To reduce this would require a massive reduction in the pay of the executives or a massive increase in the pay of the lowest paid, which could only be sustained by massive productivity increases. On historical trends, this would be unlikely to be achieved.

2.4.5 Improving productivity

According to van Aswegen et al. (2009) South Africa has amongst the lowest levels of labour productivity in the world (meaning productivity as in value produced per hours worked) and amongst the highest wages for unskilled or semi-skilled work. However, OECD figures on labour productivity (as in GDP per worker) show that South Africa has “relatively strong” labour productivity (OECD, 2008). The statistics on wages are difficult to interpret, however, as the standard of living that a South African worker can purchase with these wages must be compared with the standard of living of counterparts in other countries to get a valid comparison. Although there are no directly comparable figures available, studies showing the high cost in South Africa of items such as housing, transport, schooling, health and security would seem to indicate that South African workers, even if paid more cash than other workers, do not get the same value for their money (OECD, 2008).

Mills (2010, p. 11) believes that “Africa is not poor because its people do not work hard. Their productivity is low because of various factors, including poor health and skills, inefficient land use and chauvinism”. He argues further that productivity increases come from better combinations of capital, labour and technology, and that innovation plays a major role. Brewster et al. (2008b) discuss productivity comparisons around Europe and state that factors affecting productivity include
exposure to foreign trade; stock of human capital and how much companies invest in training; investment in physical capital; and innovation and technological progress.

The New Growth Path in this regard, notes that productivity improvements can not only be a source of competitiveness, but can also be a route to improving working conditions. However, no specific proposals are made to increase productivity, noting merely that new ways have to be found to improve multi-factor productivity. The Government will pursue a National Productivity Accord and encourage strong shop-floor partnerships (NGP, 2010). Recent major investments by motor manufacturers in South Africa, in a sector with high relative wages, would seem to indicate that it is possible to compete globally on productivity and quality (Furlonger, 2010, 10 December). It seems therefore that it could be factors in an individual business or sector rather than factors endemic to the South African labour market that inhibit productivity.

The New Growth Path also proposes an agreement between the social partners on wage restraint and executive pay. This has met with vociferous resistance from both unions and the “business lobby”. However, experience from both Australia and New Zealand in the 1980s shows that such agreements can be effective in restructuring an economy (Schwartz, 2006).

2.4.6 Labour market flexibility

The “business lobby” argues strongly that the South African labour market is far too rigid – that is, the requirements for taking on extra labour are too onerous in terms of minimum wage rates and processes regarding termination of employment as business fluctuates or changes. These are seen as particularly onerous for Small, Micro and Medium Enterprises (Bernstein, 2010). This means that an organisation would rather invest in automation or other means of finding “jobless growth”. This labour market rigidity is argued as a major reason why the absorption of new entrants to the labour market (young people coming out of school and tertiary education) is so poor. The Index of Economic Freedom (IEF) rates South Africa as below the world average on labour freedom, citing difficulties in dismissing workers, even though it notes that the “non-salary cost” of employing labour is low (IEF, 2010).
However, the opposite is shown in the OECD Employment Legislation Index, where South Africa is the second least restrictive after the US (OECD, 2008). The argument is put forward strongly by, amongst others the Congress of South African Trade Unions (COSATU) that the labour movement should not give up gains made since 1970 in South Africa in terms of worker protection against dismissal and in minimum wage setting mechanisms (COSATU, 2010).

There is evidence that, based on the fact that the country lost one million jobs (8%) in a short space of time in the 2009/10 recession (for a 1.8% contraction in GDP), it is indeed possible to reduce labour in times of need. A report by the International Monetary Fund (IMF) in 2010 also looked at the response of employment figures to both the 2000 – 2007 upswing and the 2008 – 2009 downswing and concluded that the job market is not inflexible (Davie, 2010, 1 October).

A Government scheme to cushion the effects of the 2008/9 recession saved only 6 261 jobs, using 1.5% of the money available. The amount put into the scheme could have saved about 0.5 million jobs. Reasons for the low take up seem to have been timing (introduced too late); unfamiliarity with the idea; complexity; and lack of confidence that it would work. A different scheme, aimed at supporting distressed companies, introduced at about the same time, saved 15 000 jobs at approximately double the cost per job (Paton, 2010, 19 November).

The “decent work” concept is also used in argument around labour market flexibility. This argument holds that that South Africans should not just be employed in conditions which are unacceptable (as compared to first world standards) but that all South African workers have the right to decent working conditions, decent pay and the right to acquire skills and advance themselves. It is noteworthy that the International Labour Organisation (ILO) has not brought out a final definition of decent work, one of its working definitions being “productive work under conditions of freedom equity, security and dignity, in which rights are protected and adequate remuneration and social coverage are provided” (ILO, 2010, p.1).

However, the concept of “decent work” is used by the ILO more as an umbrella concept for a process of defining national priorities for development in the world of work, thus each country defines for itself how it intends to proceed (ILO, 2011).
should be noted that the ILO concept does not set minimum standards for pay, but relates it more to poverty levels.

Certainly, one of the key challenges to accelerating economic growth in South Africa is how to reconcile the high standards already in place for workers with the more usual development route through so-called “sweat-shops” to higher paid and better protected work (Bernstein, 2010). At organisational level, this is a challenge that HR practitioners could strategise around.

2.4.7 The skills shortage

There is a common view that the skills available in the South African labour market do not match up, in quantity and quality, to the needs of employers. This prevents unemployed people from getting jobs, prevents lesser-skilled workers from advancing, holds back growth of businesses and reduces government capacity to deliver. Turok (2008) points out that the estimated skills shortage is about 100 000 people, and that this is miniscule compared to the unemployment figure of more than 4 million people. He agrees, however, that the shortage of technical and professional skills is a major barrier to the realisation of infrastructure projects. IJR (2007, p. 17) states that “skills development has been identified as the principal constraint that is preventing the development of the economy”.

The rapid decrease in skills training by formal sector employers has contributed to the skills shortage. The number of apprentices in 1992 had decreased to 5 588 from over 11 000 in 1985. The spending on training by employers was also considered low in international terms – in South Africa the spending was 2% of payroll, compared to 6 - 8% in industrialised nations (Jackson, 2002a). These figures seem to be under-estimated – other figures quoted show 30 000 registered apprenticeships in the early 1980s, falling to 1 400 in 2005 (Temkin, 2010, 19 October).

The resolution of the skills shortage is much debated. A considerable amount of tripartite work (Government, organised labour and organised business) has been done to draw up strategies, programmes of action and institutions to improve the availability of skills. These have ranged from the National Skills Strategy, to the Sector Education and Training Authorities (SETAs) and associated learnerships, to
Further Education and Training Colleges (FETs), to attempts to improve the basic education system (IJR, 2007). Results have been slow to emerge. IJR (2007) believes that the mandate of the SETAs is too wide and that experience overseas shows that it is hard to implement similar models of skills development, even with greater capacity – SETAs can only become effective once their priorities are clarified, their scope restricted and their strength built up.

The “business lobby” argues for relaxation of immigration restrictions for skilled people, and yet quotas issued by the Government, based on consultations with business, have not been taken up. For example, in 2008 36 000 permits were available and only 1 133 were taken up (CDE, 2010).

The Leitch Report on skills in the UK (Leitch Report, 2006) noted that despite assets such as a good tertiary education sector, good vocational training and an increasingly effective school system, 14% of adults are functionally illiterate, 50% of adults are innumerate to varying degrees and 33% of adults have not completed the basic school leaving qualification. The Report notes that skills in the UK are not world class and that this is likely to undermine UK’s long term prosperity. The Report recommends that all the social partners work together to ensure all job market entrants have the basic school leaving qualification (and if they do not, that employers make up the deficiency); that less supply-side planning is done for skills training and more training to employer-led demand, with fewer bodies involved; and that an adult careers service be set up which also advises on financial support entitlements.

India, although famed as a source of software developers and highly skilled people, still has a 40% illiteracy rate in the country generally, and 1 out of every 500 children who enter the school system will graduate from university (Todaro & Smith, 2006). Although the throughput of South Africa’s education system is heavily criticised, the figures actually show that about 15 out of every 500 children who enter the school system graduate from university (SA Transformation Monitor, 2010). This seems to indicate that in India, it is the very large size of the population that has made it possible to create a critical mass of educated people even with a very low throughput and low literacy levels. South Africa does not have the same population base and
therefore finds it difficult to create a skills base in the face of major deficiencies in the skills-production system.

Some interesting examples from overseas demonstrate the complexity of the system in which skills shortages are embedded. A comparison of France and Germany, which both introduced changes to the vocational education and training system to try and improve skills availability, shows that completely different outcomes resulted. Germany increased the time spent in secondary education rather than vocational training, but because apprenticeships were considered attractive opportunities by job market entrants, they went into vocational training after the longer secondary education. France upgraded the status of vocational education, increasing the time spent in this branch of education, to try and increase the take-up of apprenticeships, but the number continued to dwindle because of the low status attached to them (Harzing & van Ruysseveldt, 2004).

The appropriate ratio of new job market entrants between different education levels to drive economic growth seems to be quite different in different countries. Jackson (2004) holds that a concentration on export-led production (and therefore usually low-input cost goods) rather than producing for domestic consumption (which would include higher value goods with higher skills input) requires low levels of education amongst new entrants to the labour market. IJR (2007) notes that economic growth has created jobs in South Africa, but these are the type of jobs that require skills and new entrants do not have those skills.

Todaro and Smith (2006) argue that economic distortions lead to ever-increasing demand for ever-increasing levels of education, which are not necessarily congruent with the demands of the labour market. For example, where there is an over-supply of labour, employers will increase their entry-level specification above the real needs of the job. In addition, where jobs are scarce, people stay in the education system rather than leave and become unemployed, or take a job below what they believe they are qualified for (thereby denying a work opportunity for someone with lower, but appropriate skills levels). The net result is that unemployment will exist for people at all levels of education, although it will be worse at the lower levels. In addition, it can be shown that the return on investment in terms of social benefits from social
costs is greater at the lower levels of schooling than at the higher, and from a public investment point of view, it is better to invest in primary schools than in universities.

IJR (2007) seems to follow this line of thought in believing that South Africa should be prioritising basic education of a solid quality, rather than concentrating on technical skills. This approach echoes that of the Leith report discussed above. The ANC Secretary General said in 2010 that tertiary education should be viewed as a luxury, and that it should be possible to enter the labour market with a Matric (Mantashe, 2010, 5 August). The Chairperson of the National Youth Development Agency suggests that technical subjects (including carpentry, sewing, cooking, agriculture and mechanics) should be reintroduced at basic education level (Lungisa, 2010, 13 August). These views are supported by research conducted by the HSRC into pathways from the education and training system into the labour market (Cosser, 2010, 30 July).

2.4.8 Managed economy versus free market

Positions taken on how to manage the economy range from advocating a totally free market and limited government (for example, Free Market Foundation, 2011) to advocating a planned economy with considerable regulation of business (NGP, 2010). This reflects disagreements among economists and development experts across the world. Jackson (2004) believes that the level of economic and social regulation in a country is a “cultural value”. Many authors consider that the collapse of the Soviet Republic and the liberalisation of the Chinese economy denote that capitalism (or a “softer” version of this – social market economies) is currently the only form of political economy in the world. Harzing and van Ruysseveldt (2004) show that this is simplistic and that various forms of political economic models can be found, including:

- fragmented (small owner controlled firms which compete adversarially, are very flexible, and work on a short term view – example Hong Kong);
- coordinated industrial districts (which extends firms” outlook to more long term – example Italy);
- compartmentalised (large firms operating in many sectors and up and down the value chain, but not cooperating with each other – example US);
- State organised (businesses depend on State coordination and support – examples, France and Korea);
- collaborative (industrial, employer and employee associations – engender long-termism and mutual trust – examples Germany and Scandinavian countries);
- Highly coordinated (alliances between large companies and their supply chains, employer/employee interdependence – example Japan).

Allen and Thomas (2004, p. 9) state that “the notion that liberal capitalism is now the only basis for development remains strong … [but] a concerted attack on poverty cannot be mounted within a pure capitalist framework”. They describe four different views on capitalism and development: a) neo-liberalism, where development is considered to occur naturally; b) structuralism, or state planning; c) interventionism, where state “fixes up” casualties of development; and d) people-centred development, which cannot happen through pure capitalism.

Mills (2010, p. 26), on the other hand, argues that “markets have been the most efficient means of creating wealth over centuries, much more than governments”, but this argument fails to address the difference between wealth and development. Mills (2010) also notes that economic policy is not necessarily related to the political model of a country. He compares Singapore and Vietnam and finds major similarities in economic policy. Bernstein (2010, p. 247) believes that “the dichotomy of planned economies or free markets is too simplistic. The fact that governments fail does not prove that the ideal state is minimal. There is no single way to structure state and market relations”. A Professor of Humanities in South Africa recently noted that “economic thinking has tipped away from the broad social democracy for which many had hoped and has embraced the market, which has charted South Africa”s public discourse for nearly 20 years” (Vale, 2010, 17 November, p.11).

In South Africa recently, the concept of a “developmental state” has raised much debate, not least in varying interpretations of what a “developmental state” means (Gumede, 2009; Swilling, 2009; Turok, 2008; Woo-Cumings, 1999). The “business
lobby” puts forward detailed arguments in favour of small but competent government
(Bernstein, 2010), usually lobbying for less regulation and less “interference” in the
workings of the market. However, it is noteworthy that the “neo-liberal” Index of
Economic Freedom ranks South Africa as 72\textsuperscript{nd} in the world on overall economic
freedom, well ahead of Brazil (113rd), India (124th), and China (140th) (IEF, 2010).
For example, starting a new business in South Africa takes only 22 days, well below
the world average of 35 days. Gumede (2009, p. 13) notes that “the delivery of a
democratic developmental state is at best still a work in progress. Yet, for South
Africa, not attempting to build a democratic developmental state is simply not an
option; the country”s continued stability may ultimately depend on successfully
achieving it”.

Naidoo (2010, p. 240) explains that the new Government in 1994 was convinced that
it “was the only legitimate representative of the aspirations of our people” and
therefore would be the only channel through which social goods would be delivered.
He considers now that this was a mistake, and civil society should have been more
involved.

Todaro and Smith (2006) explain that it is problematic to expect market mechanisms
to work as well in developing countries as in developed countries, for reasons
including imperfect markets; lack of private sector involvement in health and
education provision where it has to be provided free of charge to poor people; poor
processes of capital formation; the large scale investment requirements of
infrastructure development; and the poor state of human capital. In addition, as
previously discussed, market mechanisms will normally enhance the wealth and
incomes of the richer people rather than the poorer people.

Where large scale structural change is required, governments will have to intervene
rather than rely on the workings of the market, although they should be careful to
choose areas where such intervention is really necessary. This means therefore that
developing countries need a higher level of cooperation between government and
the private sector, especially in the early and middle stages of economic
development (Todaro & Smith, 2006). Bernstein (2010) describes what she sees as
constructive methods of cooperation between business and the government (see
also section 2.4).
The role of State Owned Enterprises (SOEs) in the economy is also much debated. Turok (2008, p. 7) believes that SOEs have not been used developmentally, “the SOEs need to follow a clear economic model that brings in the private sector and gives it direction, as was the case in East Asia”. Todaro and Smith (2006) consider that SOEs play a strategic role in the economies of developing countries, but note that SOEs place demands on scarce resources including national credit and thus must be carefully managed to ensure proper levels of labour and capital productivity.

Management of SOEs is complex because SOEs are expected to pursue both economic and strategic social objectives. Strategically used, they can:

- reduce monopoly power and ensure that goods with a high social benefit can be provided free or at a low price;
- invest in infrastructure development when capital for this is not available in the private sector;
- provide investment in new or promising economic activities where the private sector is reluctant to invest due to risk or uncertainty;
- expand employment and provide training;
- provide investment in backward economic areas;
- increase export earnings where the private sector has been unable to create competitive companies.

The argument in favour of using SOEs draws on evidence from, for example, China and India, but it is also pointed out that China uses many SOEs very strategically, allowing private enterprises to compete with SOEs to the point where the SOE can be disbanded, although many of the remaining large SOEs are inefficient and heavily indebted, which will probably lead to privatisation in the long term (Todaro & Smith, 2006). Mills (2010) points out that, although there are 4 000 SOEs in Vietnam, this figure has reduced over the last 13 years from 14 000 and now represents only 4% of economic activity. In India, although the scope of SOEs remains wide, SOEs share of GDP declined from 17% in 1993 to 13% in 2006. The SOEs share of the electricity, gas and water sector declined from 90% to 68% and of the manufacturing sector from 35% to 14% (OECD, 2009).
The role of SOEs is likely to remain contentious in South Africa. Despite the neo-liberal economic view that SOEs should be minimised because the private sector can provide those goods and services more efficiently, SOEs have been used in the past for purposes of job creation (being used extensively under the apartheid Government to provide employment for lower skilled White people). SOEs are seen by some politicians as one of the few ways in which the Government can use its economic power (Mkokeli & Shoba, 2011, 10 January).

2.4.9 Governance by political leaders

Mills (2010) and Mbeki (2009) both hold the view that development in Africa is considerably hindered by poor governance by politicians. They argue, with much supporting evidence, that in general, leaders in Africa govern mainly in the interests of the political elite rather than governing in the interests of the majority of the population (which is poor). This is reflected also in South Africa, in their view, where the handover of power in 1994 was in fact a transfer of power between one political elite and another. Further, the new elite are re-distributional (to themselves) rather than concerned with growing the economy.

This view is also supported by Ramphele (2008) and she points out that this transfer between elites involved many compromises, which have undermined the socio-economic rights of the majority of the population. Clearly, this is an uncomfortable view for the ANC, which derives its electoral power from a mass base. The typical argument used in defence is that continued structural problems in the economy were inherited in 1994 and have persisted due to continued White dominance of the economy (Turok, 2008).

2.5 Evaluating public policy options and proposals

These debates can mean that it is difficult to evaluate in an objective way public policy choices and positions held by political parties and individual commentators. Mills (2010, p. 14) quotes Zwelinzima Vavi of COSATU as saying “politics is economics and economics is politics”, which makes it hard to be objective. Even news items in newspapers and magazines usually reflect one particular viewpoint or
underlying assumptions. Makgetla (2010, 3 December) argues that agreeing on national priorities and sticking to long term developmental policies is made far more difficult because the societal inequality affects all South Africans in terms of social divisions, violence and crime.

Ramphele (2008, p. 26) believes that we have such debates because we face real dilemmas. These include: recognising inequality without increasing social tensions; undertaking massive transformation whilst keeping the political, economic and social systems going; forging a non-racial society whilst honouring the past; and acknowledging capacity problems without buying into stereotypes. She believes that only by taking a holistic approach can this transformation succeed – “apparently contradictory policy frames” need to be synergised through finding new links and new solutions.

One of the starting points of this research study is that HR professionals, and the HR profession, might have a view of public policy independent to that of the “business lobby” in general, and therefore it would be important to HR people that they be able to evaluate policy options and proposals and put forward a considered view. The role and capacity of HR professional bodies to do this is discussed in Chapter 3 (section 3.2).

2.6 Role of business in development

Mills (2010 p. 11) believes that business is not well regarded by Government as a social partner in development – “attitudes range from suspicion to outright hostility”. However, business is an important part of civil society and needs to play its part in development. Bernstein (2010) produces a comprehensive argument that business has a major role to play in producing outcomes that lead to improvements in human development, but that this role should be conceptualised based on the many benefits that normal business activities produce in a community and the wider economy. She argues against any conceptualisation that sees business having a responsibility outside its sphere of influence, although it has an interest. She also believes that the concept of multiple stakeholders is problematic (do they all carry equal weight, why should they, multiplicity diffuses focus and therefore comprises business efficiency).
She does, however, argue that the “social licence to operate” for a business is fundamental to long term survival and that strategic, focused social investment is critical. Businesses should play an active role – for example, in upstream and downstream supply chains; in the local community (as a role model - paying taxes, protecting the environment, and treating employees with respect); lobbying (in the national interest, not sectoral interests) on national areas of specific relevance; and in tri-partite bodies giving input to public policy, for example, the National Economic Development and Labour Council (Nedlac). She notes that an overall business view is not the same as sectors or businesses arguing for what will be good for them (but which might be bad for other sectors or businesses).

She also believes strongly that organised business should engage constructively with the Government, organise itself properly and formulate its arguments more carefully. Business is only one of the social partners whose interests Government must take into account and therefore business needs to make its points well. She argues that business needs a functioning government with a clearly defined role; a good justice system (to enforce rights); and economic opportunities for growth. Barriers for business success include corruption; poor education; and lack of government accountability. Nel (2010, p. 6), taking an institutional approach, states that “within the larger macro environment, business is the core institution of society where people can engage to become more socially and economically mobile and develop realistic hopes for a better future. This provides the life blood for the whole of society.”

Naidoo (2010, p. 324) quotes Reddy, the founder of a huge Indian pharmaceutical company, in arguing that the difference between a successful business and a great business is that the great business gives good returns to shareholders “in a way which benefits the customers, the communities and the society in which we serve. A business person who does not invest in solving inequality and poverty is very short-sighted”. Spencer, Rajah, Narayan, Mohan and Lahiri (2007) report that Indian business leaders demonstrate a high level of drive to make their businesses successful in the national interest rather than for personal or shareholder gain.

Mehrotra and Delamonica (2007) present advantages and disadvantages of alternative systems of social service delivery, as shown in Figure 9, and argue that
this means that parallel and complementary systems should be put in place and therefore the state or business approach is redundant, it should be a state and business approach.

**FIGURE 9 - ALTERNATIVE SYSTEMS OF SOCIAL SERVICE DELIVERY.**

<table>
<thead>
<tr>
<th>STATE-LED DELIVERY</th>
<th>MARKET-LED DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>DISTORTIONS</td>
<td>BENEFITS</td>
</tr>
<tr>
<td>• Can be co-opted and abused by elites</td>
<td>• Equity</td>
</tr>
<tr>
<td>• Inertia</td>
<td>• Social integration</td>
</tr>
<tr>
<td>• Indifference</td>
<td>• Lower unit cost</td>
</tr>
</tbody>
</table>


2.7 Role of the public sector and State Owned Enterprises in development

Arguments for a free market economy and also for a developmental state both recognise the importance of an efficient and effective public sector (Allen & Thomas, 2004; Bernstein, 2010; Gumede, 2009; Turok, 2008). Mills (2010) notes that India raises the quality level of its public service through high entry levels for public sector jobs through competitive entry examinations. Todaro and Smith (2006, p. 765) note that it is often argued that the shortage of public administrative capability is “the single scarcest public resource in the developing world”. According to these authors, the capability of the public sector is affected by:

- the complexity of managing economic systems in a globalised world;
- lack of training and expertise and overstaffing at the lower levels with understaffing at the higher levels;
- constant changes of political power, meaning that decisions are more likely to be made out of political loyalty than considerations of efficiency and public welfare;
- lack of a merit system, arising out of traditional affiliations;
• public sector transformation objectives such as affirmative action.

The staffing and capability of SOEs are related to this issue, since often the same labour source supplies both the public sector and SOEs – thus stretching a thin resource even further. Todaro and Smith (2006) note that often public sector personnel systems are also used in SOEs but are inadequate for the complexity of an industrial enterprise.

It is generally accepted that the South African public sector in the main presents some major challenges in that is it too often inefficient. A study some years ago concluded that there were inadequate skills across the whole public sector, and that this would seriously impact on performance and service delivery. Skills in short supply included both specific technical skills and more cross-cutting skills such as project management and conflict management. A great need for training, coaching and mentoring was identified (HRSC/DPSA, 2004, cited in Turok, 2008).

2.8 Social consensus on a development agenda

Whilst interested parties have many and major areas of disagreement on how to achieve development, as described above, as Mills (2010) notes, all social partners must work together on deliberate and steady processes of nation building (capacity, governance and the rule of law). Some commentators and organisations have identified the seeds of what could become a social consensus, or social compact. Turok (2008, p. 167) includes the points listed below.

• Manufacturing and physical infrastructure are relatively inefficient and need attention.
• There is insufficient coordination across departments within Government, and an integrated medium and long term plan is needed.
• Infant industries and SMMEs need support.
• The domestic market is an engine for job creation and skills development.
• State incentives for technical and vocational training are required.
• State subsidies for factors affecting workers’ living standards are required – transport, housing, basic foods.
• More labour-intensive enterprises are needed.
Business Unity South Africa (BUSA) has identified some areas of agreement in the New Growth Path, but also defines areas of concern. BUSA agrees that the challenges include:

- “identifying „a more inclusive“ job rich growth path;
- a comprehensive drive to enhance both social equity and competitiveness;
- systemic changes to mobilise domestic investment around activities that can create sustainable employment;
- strong social dialogue to focus all stakeholders on encouraging growth in employment-creating activities;
- adapting to global challenges” (BUSA, 2010, p. 11).

BUSA also sees scope for agreement in many issues identified in the New Growth Path, but outlines certain areas on which it does not agree with the Government. According to a newspaper report, the intention with the New Growth Path was to form the basis for reaching compromises in a highly divided society (Davie, 2010, 3 December).

If HR practitioners and the HR profession are to play a part in the development of South Africa, they need to understand the issues and either develop their own agenda or support one or other agenda as espoused by various parties.

2.9 Conclusion

Some of the basic concepts of development economics have been outlined in this Chapter, and salient arguments around important developmental issues in South Africa have been described. Probably the most important issue (which is both a cause and an effect of South Africa’s development problems) is unemployment. The Chapter concludes with identifying the role of the business sector in development and possible agreed agendas for development in this country. Mills (2010, p. 131) notes that each country will find its own path to development; that it will involve difficult choices; that a country cannot take some lessons from other countries but ignore other relevant lessons; that modernisation must be indigenous to be
acceptable; and that development “depends on people”s ability to transform and modernise themselves”. This is highly pertinent to the practice of HRM.

In Chapter 3 the literature on locating HRM, both as a management function and as a profession, in its wider context and relating it to the development of South Africa, is considered.
CHAPTER 3

HR MANAGEMENT AND ITS EXTERNAL CONTEXT

3.1 Introduction

In Chapter 2 literature analysing features of the socio-economic context of South African organisations was reviewed. Jackson (2004) reports various authors who emphasise the importance of institution building in economic development, and therefore management of organisations (institutions) is a major component of development activities. He further notes that it is the ability of an organisation to take constraints, and turn them into opportunities that enables such an adaptive organisation to thrive under adverse constraints. Much of the work of an HR practitioner consists of looking for trade-offs and how to balance the various competing interests within an organisation. It would seem therefore that HR practitioners are well suited to evaluate the trade-offs required in terms of competing interests in the external environment.

In this Chapter literature will be considered on two related topics: why it is important that HR practitioners understand this context; and various approaches to integrating this context into HRM work. Some possible theory bases in this area are considered and evidence from research studies looked at to see how some linkage models might be constructed.

3.2 The importance of the external context

Management literature originally looked at an organisation as a bounded system, entire unto itself, and management studies focused on improving internal efficiency and effectiveness (Pugh & Hickson, 2000). Gradually during the 20th century, management studies incorporated more and more of the external environment into their theory of the firm, beginning with upstream and downstream activities of suppliers and customers and more recently accepting a wide stakeholder approach,
within an open systems theory view of organisations (Senge et al., 1999). It would seem therefore, that context is now seen as important to an organisation and that the interaction is two-way, so the context influences the organisation, but the organisation also influences the context. In relation to HRM, context could be considered important at three levels – to the individual, to the company and to the HR function. These levels are now considered in turn.

3.2.1 The individual employee and the wider context

As described in paragraph 2.4.1, development economists consider that core values of development must include concepts such as sustenance, self-esteem and the freedom to exercise choice. Psychological concepts such as identity emphasise the importance of integration of the various elements of a person’s life and the important role that work, or being associated with an employer, plays in establishing the sense of identity (de Vries, 2011). Literature on the concept of employee engagement highlights how employees can become alienated from their work environment under various conditions. These conditions include values dissonance (often related to cultural differences between the origin of the individual and the origin of the organisation) and the constant turbulence of change within organisations (de Vries, 2011; Albrecht, 2010; Jackson, 2004).

Capelli and Yang (2010, p. 1) discussed the role of HR people in assisting employees to integrate their lives outside work with their lives inside work. They believe that “HR leaders can play a key role in shaping broader society trends, such as the shift toward two-career families and the management of corporate downsizing … its actions have a profound effect on the lives of employees. Human resources is a crucial point of intersection between the broader society and business.” In South Africa, community issues impact heavily on individuals in their daily lives – lack of affordable, convenient transport for themselves and their children; unsafe neighbourhoods; poor education; poor healthcare; poor housing. These impacts carry through in various ways to their life at work – maybe through loss of productivity, maybe through reluctance to engage with the organisation’s mission and goals, maybe through increased temptation to steal.
3.2.2 The organisation and the wider context

Jackson and Schuler (1995) review several theoretical perspectives of the relationship between an organisation and its context. These include general systems theory (organisations are open systems); role behaviour perspective (individuals are role players in various systems); institutional theory (organisations are social entities that operate in socially constructed environments); resource dependence theory (resources are exchanged between an organisation and its constituencies); capital theory (contextual factors affect the cost of various capital building options); and resource-based theory (organisational competitive advantage is gained through creating better resources than competitors). Brewster et al. (2008b) discuss how cultural and institutional theories can interact – for example, from a cultural perspective, institutions are key artefacts of culture, while from an institutional perspective, culture is one of the institutional elements that explain differences.

All of these theories recognise the salience of the environment in a two way relationship. The environment can contribute to the success of the organisation – thus positive results will come from certain interactions with the environment and negative results from other interactions. Kelly (2008) cites a 1996 study by Newman and Nollen which found that those international offices of US-based firms which adapted their management practices to the local culture were more financially productive than those which did not. Brewster et al. (2008a) argue that, by attending to the interests of stakeholders in a wider sense, an organisation builds intangible assets such as good-will, reputation, trust, loyalty and opportunities for innovation. Jackson (2004) believes that effective management in African environments includes in its strategic objectives the multiple interests of a wider stakeholder base.

Conversely, the importance of business to the wider society can be high. Brewster et al. (2008a) describe the results of the Millennium Poll on CSR in 23 countries. Most of the interviewees thought that companies should make a positive contribution to society, because they are powerful institutions within society (this is particularly true of large corporates) and therefore have an obligation to use this power for good
ends. The concentration of economic power in South Africa to a few large corporates underlines the relevance of this argument.

An example of the effect of context on organisations is shown in the study by Parker and Veldsman (2010) on the validity of world class business criteria across developed and developing countries, using South Africa as the example of a developing country. This study concluded that there are in fact differences in how leading companies develop themselves to be world class, and that some of these differences reside in whether they are based in South Africa or in developed countries.

In some degree of contrast, Toulson and Defryn (2007) found that context is very important, but that the contextual impacts can have similar effects in different countries – they draw a parallel between the effect of the context of the US and that of New Zealand in the early 1980’s. They comment that, in both countries, important issues in the environment, including the economy, technology, socio-cultural forces and politics, resulted in a decline in productivity and an inability to innovate.

One of the extensions of institutional theory is the view of the relationship between an organisation and its environment as that of a “social licence to operate”. This holds that an organisation must earn its right to operate from society through conforming to certain norms and requirements and through contributing added value to the environment. Goldstuck and Hughes (2010, p. 6) describe this as a social compact, “granted not by governments, but by communities, and is conditional on companies behaving in a manner which is consultative, collaborative, ethical, progressive and legitimate”. This approach implies sanction for lack of conformance or lack of contribution. Evidence of this approach lies in the South African BEE requirements which offer rewards for compliance and sanction for non-compliance (DTI, 2011). This approach also underlies the King III Report of the Institute of Directors. The King III report deals with corporate governance, based on “fundamental principles of good financial, social, ethical, and environmental practice” and the Report advocates constructive engagement with all stakeholders (SABPP, 2010b, pp. 1 - 2).

The nature of leadership is also an important organisational consideration and a recent conceptualisation of leadership as used in leadership development at the
Pretoria University Gordon Institute of Business Science emphasises the inextricability of society and the organisation, as shown in their model of long term leadership, shown in Figure 10.

FIGURE 10 - ELEMENTS OF LONG TERM LEADERSHIP.

Source: GIBS (2010).

Research by Jackson (1999) in South Africa some years ago showed that South African managers taking part in a leadership development programme rated the community as of lowest importance amongst their stakeholders, but the same research showed that managers considered acceptance of the company in the community 14th out of 22 factors of organisational success, higher than employee morale, employee motivation or job satisfaction.

3.2.3 HRM and the wider context

HRM is a sub-set of management of an organisation and is therefore also affected by the context in the same ways as the whole organisation, as described in the previous section. Harris, Brewster and Sparrow (2003, p. 87) note that “the scope of HRM goes beyond the organisation to reflect the role of many HR departments: for
example, in lobbying about and adjusting to government actions, in dealing with such issues as equal employment opportunities legislation, or with trade unions and tripartite organisations."

Specific effects of the context on the work of HRM have also been researched extensively (Brewster, 2007; Feng, 2005; Harris et. al., 2003; Jackson, 2002a; Kelly, 2008). Results conclude that, confirming the contextual paradigm, there is no doubt that many aspects of HRM are practised differently in different contexts. Indeed Harris et al. (2003, p. 55) state that “not only does HRM vary between countries, but how it is defined and what is regarded as constituting good practice are also very distinct”.

Research has focused on which aspects are practised differently and why – is it cultural, political, economic or other factors that influence this outcome. Sparrow and Braun (in Harris, 2008, p. 83) review research using various theoretical models into practices of multi-national organisations in their different foreign subsidiaries and conclude that such models (life-cycle; organisation design; process; resource, knowledge based; and contingency) have too many independent variable, which may not be independent of each other and even so, they only explain “a small part of the variance ... context and institutional pressures are much more complex than even these models assume”. Brewster et al. (2008b, p. 285) note that “HRM is the point at which business and national cultures have the sharpest interface”. Another focus of the research has been into whether these differences are reducing (convergence), increasing (divergence) or influencing each other to produce new models (crossvergence) (McGaughey & de Cieri, 1999).

The so-called CRANET project has collected data on HRM practices from 40 countries around the world at four year intervals since 1989 (Lazarova, Morley & Tyson, 2008, p. 1995). The authors note that “HRM is conceptualized differently in different countries. Although some convergence has been observed, different developmental trends, institutional determinants, cultural specificities, stakeholder preferences and relationships, rather than atrophying, have shown intractable resilience.”
The interaction of factors is demonstrated in Harzing and van Ruysseveldt (2004) who consider that society needs to be looked at in four dimensions: organisation of work and the enterprise; human resources, education, training and socialisation; industrial and sectoral structures and relations between industries and sectors; and labour markets including intrinsic satisfaction of workers, social affiliation and money orientation. They give an example of this interaction in explaining the high output of German workers despite individual workers having an average work ethic and low working hours per week (compared, for example, to the US). The explanation lies in the norm of conformance to work rules and discipline because they are seen as legitimate, plus the state-supported and industry-led skills development system.

Research into the nature and impact of cultural differences forms the basis of much of the literature on international human resource management published in the International Journal of Human Resource Management. Culture was defined by Hofstede as “collective programming of the mind that distinguishes the members of one group or category or people from another” (Kelly, 2008, p. 9) and by Brewster et al. (2008b, p. 284) as “established rules and norms, which enable an individual to make sense of their world”. Researchers cited by Lazarova et al. (2008) and many others based their work on the cultural dimensions proposed by Hofstede, listed in Jackson (2002a) as being power distance; uncertainty avoidance; individualism and masculinity.

The school of comparative HRM studies, characterised by the work of Brewster (2007) recognises the influence of other, more institutional, factors such as educational systems and labour market structures. Brewster et al. (2008a) describe how the cultural and legal context in the US, European Union and South Africa combine to implement affirmative action quite differently, even though the intentions are similar. Other examples from the same authors of context specific HRM include employment restrictions (minimum working age, hours of work); benefits mandated for different types of workers; provision of facilities at work that are lacking in homes; provision of transport for workers. The following examples illustrate the importance of understanding how cultural, economic, political and other institutional factors work together.
A study of HRM in China, contrasting HRM practices in Chinese companies to those in Chinese subsidiaries of multi-national corporations, discussed the evolution of HRM practices from the pre-reform period prior to 1978 and to what extent these practices conform to the US HRM model (Feng, 2005). Various institutional influences such as the labour laws, economic and social trends are identified as giving rise to changes in HRM practices, but the study found also that many practices reflecting educational practices and cultural differences such as respect for power and group preferences maintain Chinese HRM as distinct from imported HRM model. The researcher concludes that the interplay between a “genetic factor” based on Chinese traditional Confucian culture and an adaptive learning from different approaches will lead to an appropriate model of HRM, noting that the rapid changes in China will require this model to be also rapidly evolving. Harzing and van Ruysseveldt (2004, p. 138) support this conclusion, noting that “the extent to which any novel practice or protocol (technical, social, economic or political) is diffused and applied in a societal (institutional and cultural) context in which it did not originate, is a function of its mutual adaptation with regard to practices that predate its introduction”. This, they hold, explains the difference in outcomes for HRM in various East Asian countries that have similar philosophical roots but differ in terms of political, economic and historical factors.

A study into HRM practices in Indonesia showed that differences arise not only from national institutional contexts and culture, but also from local cultures within one national jurisdiction (Kelly, 2008). Indonesia, the study reports, is a country of widely varying sub-cultures, geographically based, and this has resulted in differences in certain HRM practices such as methods of recruitment and promotion.

Studies of HRM practices in countries which were previously in the Soviet bloc have shown a range of rates of progress in adopting more “modern” HRM practices and it is hypothesised that this is due to historical influences (for example, how developed the country was prior to becoming part of the Soviet bloc) as well as underlying cultural factors (Jackson, 2002b). It is also noted that the adoption, unaltered, of “Western” HRM practices in Russia (usually for reasons of haste) has resulted in various negative organisation climate indicators such as lack of commitment to the organisation and disregard for health and safety issues.
Jackson (1999; 2002a) explores HRM in Africa in the context of a post-colonial model, where he regards much of management practice, including HRM practice, as consisting of practices put in and left in place by the colonial power. This, combined with a variety of cultural influences in the various African countries, produces what he regards as poor HRM practices, resulting in poor use of human capital and therefore of economic results. He categorises South Africa into this post-colonialist model, arguing that the practices used under the apartheid Government can also be characterised as colonial (imposed by a non-indigenous power elite).

Much of the content of what is termed universalist HRM practices derives from US practice – for example, performance management, talent management, job evaluation and incentive pay systems. Research debate is around the extent to which this can be successfully implemented in other countries (Brewster, 2007, Jackson & Schuler, 1995). Some practices in fact can only be successfully implemented in the US or in US-based multinationals – the prime example being incentive pay practices where US culture demands a high risk high reward approach (personal experience).

Van Aswegen et al. (2008) discuss specific issues within the South African environment and how these impact on the work of HRM. They mention economic factors, highlighting that South Africa has one of the lowest productivity rates in the world and this constitutes a major economic challenge to the country. They also discuss political factors, for example the fact that there is extensive legislation governing human resource issues because the Government understands the impact of the high degree of underdevelopment in this area. Social issues include demographics (single parent or child-headed families, disabled people), diversity and discrimination, unemployment and poverty, lack of basic education, and the impact of HIV/AIDS.

Responses by HR are suggested, including working towards eliminating prejudice; multi-pronged strategies to combat HIV/AIDS; investing in employees and also investing in education and training for non-employees (improving their access to education); helping school goers to understand the requirements of the job market and how to access it; encouraging entrepreneurism at work; and paying attention to ethics and corporate governance. These suggested responses are multi-level – for
action by HR practitioners as individuals both at work and in communities and as an HR function.

There can be significant benefits to HR people in improving their awareness of the external environment and in understanding how to incorporate it into their work – and there can be commensurate risks in not doing so. Ulrich and Brockbank (2010, pp. 3 & 4), in considering the business partner role of HR, report that their recent research has shown “that HR departments that focus on external as well as internal stakeholders are more significantly associated with business performance”. In addition, they report an important new trend, in that “for the first time in our twenty years of empirical research in HR practices, we have found a substantial increase in HR’s role relative to social and political stakeholders from local communities.” They see that this is in response to a realisation by business that issues such as global warming, pollution, rights of indigenous populations, biodiversity, land use and local employment regulations must be taken into account. These issues are complex, difficult and important and HR departments have a role to play in working with local communities on these issues.

One of the six roles that Ulrich and his associates (Ulrich, Brockbank, Johnson, Sandholtz & Younger, 2008, pp. 58 - 63) discern for HR professionals is that of credible activist, which they characterise by “a proactive stance on business and HR issues”. Their research shows that “credible activists have a primary impact on personal and business results”. The critical nature of the proactive element of the credible activist role arises, they say, because of the rapid rates of change in “every element of the social, political and economic environments that impact on business” and HR is “most associated with business performance under conditions of high change”.

3.2.4 HR as professionals within a wider context

Research into the extent of professionalism in the HR field in South Africa has concluded that HR does measure up to the four foundational pillars of professionalism (van Rensburg, 2010):

- mastery of a complex body of knowledge and skills;
- a commitment to integrity and morality through a Code of Conduct;
- autonomy in practice and the privilege of self-regulation;
- acceptance of a duty to society as a whole.

This last pillar, duty to society as a whole, provides a different view of why HR practitioners should work in alignment with their external context, arguing that not only should they work in this way because it benefits their organisation, but also because it will benefit society. The SABPP believes that “Human Resources is at the heart of the implementation of the Human Resource Development Strategy for South Africa to improve the skills in the country so that people and the economy as a whole produce more and better” (SABPP, 2010d, p. 1).

The CIPD in the UK plays a very active role in contributing to public policy. The Institute recognises the huge impact of public policy on what HR professionals do and how they do it and believes that as the body representing HR professionals they have valuable input to make. The CIPD has a Chief Economist and also contracts a public policy consultant who specialises in the people side of economic development. Contributions from the CIPD to public policy include, amongst many, preparing a manifesto for economic recovery, opinion papers on transforming public sector pay and pensions, training Members of Parliament in HR issues and sitting on various commissions and institutions (CIPD, 2010).

### 3.3 Aligning HRM with the external context

The previous section looked at theoretical models explaining the importance of alignment of HRM with the organisation’s external context. This section will look at some examples and ideas of strategic interventions to increase alignment in an active manner. Some other examples, of lack of alignment, are also discussed.

Reichardt (in Boninelli and Meyer, 2011, pp. 2 – 21), presents ideas for interventions by business in the education system in South Africa. He believes that

the single most important long-term challenge for HR managers working in South Africa is created by the need to source human
capital sustainably. Business will need to increase its involvement in the education system. This will require a new, more multi-disciplinary approach to human resource issues by senior and middle level HR professionals in all sectors of the economy.

Areas of intervention, according to Reichardt, include: outreach programmes to build career awareness; various long-term engagements in targeted schools; strategies to maximise investment in bursary holders; and taking a long term view on internal development of technical skills, avoiding short-cuts.

Sloman and Malinen (2010) discuss a strategic approach to skills building in the context of a public policy shift in New Zealand. This approach aimed to build a new skills base in the country to create a higher skill, higher wage, higher productivity economy in order to decrease emigration and improve global competitiveness. The authors note the failure of supply-led training initiatives (for example, government funded training in return for shortening the working week). They propose that an understanding of the fundamental skills requirements of various categories of work – routine production, routine administration, in-person services and symbolic analytical services (knowledge workers) – can lead to a demand-led learning and development approach which can “encourage organisations to develop and use skills to take them up the value chain” (Sloman & Malinen, p. 97).

In this context, the authors see very little demand for generic training and therefore very little need for government-sponsored generic training. The strategic response of HR professionals under this scenario would be to work with government to ensure the right quality of job entrants, to tailor their practices to encourage the acquisition and use of higher level skills, and to substitute in-house, qualification framework aligned training and other learning methods for the use of publicly provided generic training. This is illustrated in Table 2, which shows the training, learning and development requirements of different categories of work.
## TABLE 2 - TRAINING LEARNING AND DEVELOPMENT REQUIREMENTS

<table>
<thead>
<tr>
<th>Category of work</th>
<th>Learning and development requirement</th>
<th>Government support</th>
<th>Employer provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine manufacturing</td>
<td>Achieve basic competence in role in shortest possible time. Embrace opportunities to develop job-related skill and contribute to shared improvements in processes.</td>
<td>Basic literacy, numeracy and communication skills for all new entrants to labour market. Accessible, flexible and transparent qualifications framework.</td>
<td>On the job training using various modalities to suit different motivations Skills based job advancement and reward</td>
</tr>
<tr>
<td>Routine administration services</td>
<td>Achieve basic competence in role in shortest possible time. Develop rapid grasp of the systems in use in the organisation and contribute to shared improvements in processes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-person services</td>
<td>Learn to “read” customer needs and transmit these needs through to process improvements. Develop skills of customer liaison and emotional resilience.</td>
<td>Accessible and efficient job centres to facilitate job mobility.</td>
<td></td>
</tr>
<tr>
<td>Symbolic-analytic workers</td>
<td>Proactively manage their own technical/professional skills updating and contribute to knowledge sharing across the organisation.</td>
<td>Tertiary education aligned to professions’ needs</td>
<td></td>
</tr>
</tbody>
</table>

Source: adapted from Sloman and Malinen (2010, p. 83).

Jackson (2002a) describes a culturally based alignment approach in India. India liberalised its economy in 1991 which led to very rapid increases in both local and international competition with resultant pressure on prices and costs, and therefore national economic growth. This raised expectations on the part of all the various internal and external stakeholders. The response of Indian managements was to
focus on the contribution of their employees and try to maximise this through a human resource development (HRD) approach. A big philosophical shift was involved in moving from the old paradigm of control to the new paradigm of involvement and self development.

Jackson (2002a, p. 214) describes this new paradigm as based on humanistic principles and “places a premium on the dignity and respect of people and is based on a belief in the limitless potential of human beings” and says that this approach is “distinctive”, that is, unique to India. The idea is that people should find fulfilment in their work and flowing from that will seek growth for themselves and for their organisation. In terms of HRM practice, the approach is to develop and multiply competences in a planned way and to create an organisational climate which encourages the use and development of new competences by employees themselves. This HRD approach seems to reflect the “green world” scenario described in paragraph 1.5.5.

An idea from the work of Sennett (2008) could contribute to reducing the problem of the disconnected labour market in South Africa (too few, skilled, people in work and too many, unskilled people out of work). He argues that using Bell curves of constructs such as intelligence is not truly reflective of people’s capabilities, especially in situations where a task requires experience and insight (which he characterises as crafts), and therefore if we want to fully utilise people’s talents, we should search for talent more creatively. Naidoo (2010) gives an interesting example from India, where street children were trained in a very concentrated programme to become call centre operators in only 3 months.

Thurley (in Brewster & Tyson, 1991) discusses the utilisation of human resources and believes that most work in organisations requires a lower level of skill than living in society and driving to work do. This low use of skills at work induces a belief in workers that they are limited in talent and of only marginal use in society, they feel trapped and powerless in the labour market. This links also to the Sloman and Malinen model of skills described above and suggests that HRM practices in recruitment, training and deployment could change. In South Africa, if they did change, this could help to bring into the workplace people who are otherwise kept outside it. A project in KwaZulu-Natal recently showed that “children”s ability to learn
is highly underestimated" – children who failed a maths and science ability test were given two years of careful tutoring and then scored highly in their examinations (Shan, 2011, 10 January, p.3).

CSR approaches, as discussed in paragraph 1.5.5, can vary from a narrow shareholder model to a broad stakeholder model, and this last model incorporates the idea of actively improving social conditions, as Table 3 shows.

TABLE 3 – MODELS OF CORPORATE SOCIAL RESPONSIBILITY

<table>
<thead>
<tr>
<th>Corporate social responsibility viewpoints</th>
<th>Approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narrow classical economic (Shareholder model)</td>
<td>• Maximisation of shareholder value, uphold the law and ethical custom, enlightened long-term value maximisation</td>
</tr>
</tbody>
</table>
| Socio-economic (Stakeholder model) | • Profitability and legal compliance  
• Moral minimum of do no harm (negative duties)  
• Moral minimum of prevent harm (affirmative duties)  
• Uphold issues of justice and rights  
• Respect for all stakeholders as ends in themselves  
• Social contract |
| Broad, maximal (Stakeholder model) | • Profitability and legal compliance  
• Moral minimum with affirmative duties  
• Uphold justice and rights of all stakeholders  
• Active role in social issues and contributing to the betterment of society through improving social conditions |

Source: Brewster, Carey, Grobler, Holland and Wärnich (2008a, p. 204).

There are many examples of investment by South African companies to improve social conditions and thereby positively influence their external environment (for example, in the report CSI - The Human Face of Business (CSI, 2010)). In order to reap the full benefits of such investments, it is important to integrate CSR with internal HR strategies. This report gives examples where some companies have demonstrated excellent integration by involving employees in choosing projects or in
encouraging employee volunteering. Other companies do not seem to regard CSR and HR as closely related, choosing to run the CSI function completely separately.

There are many other examples of a lack of alignment of HRM and the context in South Africa. Nel (2010, p. 9) discusses what he sees as a current failure of leadership by business in South Africa. “After 1994 business leadership appears to have gone into a slumber and to become cloistered in the pursuit of profits and short-term attitudes that are cause for great concern.” He discusses price fixing in basic commodities such as food and medicines, “unsustainably exorbitant executive remuneration and benefits”, lack of investment in job creating industries and downstream mineral beneficiation. He contrasts the attitude of leading businessmen in the late 1980”s where they aimed to “create an oasis of normality and sanity in an ocean of uncertainty and discrimination”, with that of the 2010”s where “we run the risk that we are creating oases of privilege in an ocean of destroyed aspirations” (Nel, 2010, p. 19).

One area where it would seem there is little contextual awareness in HRM is the decision by companies in South Africa to retrench employees when their profits are threatened. A leading labour lawyer notes that law courts have been reluctant to interfere with an employer’s decision to retrench, but that some have held that retrenchments could have been deferred and were not a measure of last resort (Nieuwoudt, 2010, 26 March). Brewster et al. (2008a. p. 170) believe that HR professionals should have sufficient independence of mind to consider whether policies and practices adopted by the organisation are “in the service of the public good”, balancing economic rationality with social responsibility.

The Competition Tribunal, in November 2010, refused to allow retrenchments to take place following a large insurance merger, stating that it was not in the public interest to allow retrenchments in the current economic climate. The Tribunal also noted that the company could not demonstrate “a rational link” between efficiencies and job losses (Kamhunga, 2010, 30 December). It would seem therefore that the Tribunal took a wider, more stakeholder-driven approach than the management of the company concerned.
Another highly contentious and pertinent example of lack of contextual awareness is the use of contract or casual workers through labour brokers. Although more flexible work practices are noted as a major trend in developed economies, the practice remains controversial, especially where wages are low and the difference between “contingent employee” and “vulnerable employee” becomes minimal (Brewster, 2008b). The way that such flexible working has been implemented in South Africa appears to have, in many cases, substituted for permanent work opportunities. “The movement to non-permanent employment has been enormous. Between 2000 and 2010, the number of atypical employees in South Africa increased from 1.55 million to 3.89 million” (Editorial, 2010, 20 December, p.1). The 2007 Labour Force Survey of Statistics SA noted that around half a million workers on temporary or fixed term contracts had been working for the same employer for more than three years (Ensor, 2011, 18 January).

This type of abuse has resulted in a trade union initiated, and Government sponsored, attempt to reduce if not eliminate the use of labour broking through the introduction of amendments to labour legislation. The employment context of South African organisations encourages the use of contract and casual workers (over-supply of unskilled workers and high wages for permanent workers). However, the substitution of non-permanent for permanent work when this is not strictly necessary contributes towards the high number of “vulnerable workers” and poverty which, it is agreed, is at a critical level (NPC, 2011).

It would seem that lessons learned through studying labour intensive methods in large construction projects have not been generally adopted (McCutcheon, 2002). In view of the opportunity in such projects for employment for people with low levels of education, and the opportunity for some useful skills transfer, this would seem to be an opportunity wasted.

Akinnusi (in Brewster & Tyson, 1991, pp. 164 - 170) discussed issues of personnel management in East and West Africa and makes some observations about HRM in the public sector, which seem relevant to South Africa today. He shows how issues arising from the historical and societal context contribute to a situation where “public sector personnel management is a major problem area”. These issues include rapid
indigenisation leading to a loss of skills; the public sector being used to reward political loyalists; and the cultural factor of “particularism” (interaction governed by the personal relationships of the participants rather than qualifications or ability). He believes that better alignment, and therefore improved effectiveness of the public service, depends on personnel managers who “can demonstrate a degree of expertise in the systematic analysis or the social consequences of economic and technical decisions which other members of top management do not have.”

3.3.1 Possible alignment models

A model which could be used for the strategic alignment of HRM practices with the environment is shown in Figure 11. This is adapted from Jackson (2004) who proposed a model for developing effective management practices through understanding and building on cross-cultural dynamics and hybridization of approaches suitable for developing countries.

**FIGURE 11 – ALIGNMENT OF HRM WITH CONTEXT – DYNAMICS MODEL.**

Source: adapted from Jackson (2004, p. 17).
A different model, incorporating more institutional influences but again reflecting a systemic approach, is proposed by Jackson and Schuler (1995) and reproduced as Figure 12. This model was developed to understand HRM in context, but it could also be used as the basis for an intervention design. Interestingly, the concept is discussed in the research paper in the context of the US or US based multi-nationals operating abroad, but as a concept it captures all the relevant variables identified in other research and therefore should be applicable in any context. Of particular relevance to this research study is the inclusion in the Outcomes of societal outcomes, ranging from productivity, to quality of life, to human capital development. This shows a link from the external environment, through internal HRM practices, back into the wider society.

**FIGURE 12 – ALIGNMENT OF HRM WITH CONTEXT – PROCESS MODEL.**

![Process Model Diagram](image)


A third approach to linking HRM and its external environment is the risk management model. Risk management as a business practice looks at the “identification and
evaluation of actual and potential risk areas as they pertain to the company as a total entity, followed by a process of either avoidance, termination, transfer, tolerance, exploitation, or mitigation” (IOD, 2009, p.124). Roodt and Meyer (2010, p. 2) refer to the linkage between HR risk and organisational risk, and they scope HR risk as including “any people, culture or governance factor in the business environment”. Such risks are of an external and internal nature and can arise from legislation, business trends, people and corporate culture, execution of business strategy and execution of operations.

The importance of risk management is highlighted in the King III Report on corporate governance (IOD, 2009) and the SABPP has produced guidance for the HR profession on the implications for HR practitioners of this Report (SABPP, 2010b). Included in this is a set of detailed guidelines on implementing the risk management recommendations of the Report. Examples given in the guidelines mainly relate to the internal risks of an organisation, but the recommendations would apply equally to identification, evaluation and mitigation of external risks. There are various generic and corporate developed risk management models, of which a typical one is shown in Figure 13.

**FIGURE 13 - RISK MANAGEMENT MODEL.**

Yet another approach could be through the consideration of ethics. Brewster et al. (2008a) consider that an understanding of ethics at a philosophical and applied level is important for HR practitioners and describe examples of applying both utilitarian moral theory as well as deontological (justice and human rights) theory to the work of HR. They note that HR practitioners should, in terms of utilitarian theory (which they see as congruent with traditional African moral values), look at implementing policies and practices which result in the greatest good for society, not just the greatest good for the organisation. Such policies and practices should however, according to these authors, also take human rights and justice into account. Thus, a model of contextual alignment using this ethical approach could be successful, but would require considerable education and development of HR practitioners in ethical reasoning.

Nel (2010) proposes an evaluation model of organisational practices which identifies four “waves of practice” with the fourth wave being a truly transformed organisation, both internally and in relation to the organisation’s role in society. At this fourth wave level, various HR practices are listed which result in true internal advancement and involvement of previously disadvantaged people; creation of well-stocked pipelines of talented people; workplace democracy and inclusion; meaningful work; socio-economic literacy; constructive engagement with society; and high internal alignment and productivity.

3.3.2 Possible barriers to successful alignment

The previous sections have shown that alignment to the external environment is a highly strategic issue and that alignment can take place at the level of values, policy and practice within HRM. Issues found in the literature which could influence successful alignment include perceptions around the role of HRM; skills of HR practitioners; top managements which do not share the same view; and inadequacies in the professional bodies.

3.3.2.1 The role of HRM
A fundamental factor in influencing perceptions of the role of HRM is the title of the role. Use of the term Human Resources Management became popular from the early 1980s onwards as it was considered to be more strategic (Sparrow & Braun, in Harris, 2008). However, it is not a universally appreciated term. In 1988 the SABPP rejected its use, considering that it applied more to work done by any manager, and decided to keep the term “personnel practice” (later moving to “people practice”) (van Rensburg, 2010). Similarly, the UK Institute has kept the term “personnel”, although the term “HR” is universally used in its publications (CIPD, 2010). Harris et al. (2003) refer to a rather extreme view, that the term “HRM” is amoral, unprofessional, reactive, uneconomic and ecologically destructive. Jackson prefers the term “people management” (Harzing & van Ruysseveldt, 2004).

So HR practitioners have tried to enhance their credibility through the use of the name of the function. They need credibility in order to influence, and their influencing powerbase is critical in how effective they are in aligning their organisation to its context. Ulrich and Brockbank (2010) acknowledge that many HR leaders lack credibility within their organisations, which limits their ability to exercise leadership in strategic issues. Ulrich et al. (2008) introduced the concept of a “credible activist” which stresses that the HR leader must be both credible and activist – both of these attributes would be essential in identifying and gaining acceptance of alignment strategies. Hesketh and Hird (in Sparrow, Hird, Hesketh & Cooper, 2010) argue that the Chief HR Officer (CHRO) has to be part of the “Golden Triangle” of CEO, Chief Financial Officer and CHRO in order to be able to influence important decisions and to get support for HR strategies and programmes.

Credible HR leaders then have to choose what role they might play. Brewster & Tyson (1991) discuss that the role of HRM in developing countries might be different to that in developed countries – in a developing country there could still be a requirement for a “normative role” – protecting the people. This view is updated in Ulrich’s early work in which the HR champion role is considered to be universally important and a fundamental part of HR work (Ulrich, 1997).
In terms of skills and experience of HR practitioners, a study by the Wharton Business School into attributes of the top HR leaders in Fortune 100 companies looked at the career paths of incumbent HR executives (Capelli & Yang, 2010). This study found that, despite popular perceptions that companies look for experience not only in HR but in other functions when filling top level HR positions, most of the incumbents are life-long HR professionals. The authors comment that HR career paths seem to have become increasingly siloed, but that this should not prevent life-long HR professionals from “playing an important role in business decisions, because understanding of such decisions is much more widespread” (Capelli & Yang, 2010, p. 22). The authors apparently mean that the skills and experience required to make good business decisions can be acquired within the HR function.

Capelli and Yang note that there has been a phenomenal growth in membership of the Society for Human Resource Management (SHRM) and believe that this indicates that HR people want to regard themselves as professionals. But they state that if HR people confine themselves to the professional role, they could be undercutting their role as business leaders. They describe a business leader as approaching a problem in terms of “let’s figure out what works for our business and makes the most sense for us”, while a professional bases decisions “on a standard set of solutions to problems” (Capelli & Yang, 2010, p. 1). This seems to be a very restrictive view of the work of professionals.

3.3.2.2 Skills of HR practitioners

Capelli and Yang (2010) quote a 2010 study by SHRM which listed strategic thinking as the 2nd most important skill for an HR executive role globally. For non US-based HR executives, it was listed 1st, with leading change as 2nd. In contrast, the 2009 HR Survey in South Africa did not list strategic thinking as an important HR competence, although the question in this survey related to all levels of HR positions, not only the top one (Crous, 2010). Sparrow and Braun (in Harris, 2008) raise the bar on the level of strategic competence that is required of HR practitioners, saying that they need to align their work both to theories and practices developed overseas and to their local context. The authors believe that HR practitioners need both insight and knowledge
into why local HR practices are distinctive, what forces might make them receptive to change and development and what firm-level processes might be required to actually deliver change in these practices. Various authors have discussed gaps in the strategic thinking competence amongst HR practitioners (Ulrich & Brockbank, 2010; Ulrich et al., 2008).

3.3.2.3 Differences of approach between HR and line management

It could be difficult for an HR strategist to gain acceptance of advocating for a better alignment with the socio-economic context of an organisation if the world view of the CEO and Board is narrowly focused on the success of the organisation. The Conference Board’s annual survey of CEOs from around the world found in late 2009 that the top challenges included items such as Excellence in execution (1st); Consistent execution of strategy by top management (2nd); reputational, customer related, innovation and profit/productivity issues as well as worries about Government regulation (Conference Board, 2010).

In considerable contrast to this are the findings of a Hay Consulting Group study of Indian CEOs that “compared to their counterparts in other countries, Indian leaders showed an unusually consistent and pervasive concern for the good of their country” (Spencer et al., 2007, p. 53). According to this study, Indian CEOs are also concerned with providing goods and services which meet the practical needs of poor people, and with enhancing their country’s pride and stature with regard to technical capabilities. They are highly driven to succeed, both personally and for their company, but they define success in the terms mentioned above.

A survey of 32 South African CEOs in 2010 (PWC SA, 2011, p.18) showed that they were not currently as involved with the good of their country as the Indian CEOs mentioned above. The South African CEOs were positive about prospects for growth, but at the same time they were acutely conscious of the need to manage risks and were taking proactive steps to do this, mainly cost-cutting. But people and society-related risks such as unemployment and lack of skills were high on the agenda of this sample of CEOs, with 75% saying they would increase their commitment to
reducing poverty and inequality and 90% saying their companies will do more to create a skilled workforce. “Such undertakings suggest that CEOs are taking a view that considers the long-term sustainability of their businesses, which requires renegotiation of the balance between corporate profitability and social well-being” (PWC SA, p.18).

Brewster et al. (2008b, pp. 170 - 171) discuss clashes of values between line management and HR. They believe that most management practices adhere to the unitarist philosophy and they believe that practices such as employee engagement could deny the moral autonomy of employees. “The HR function has developed out of a concern for the individual, the enterprise, and society in response to relevant management and social problems of the day” and is therefore pluralistic in nature. They believe that “operationalising the proper balance between conflicting values remains complex and goes to the heart of strategically managing human resources with integrity”. Brewster and Tyson (1991, p. 129) note that, since HRM is “at the nexus of competing values ... [it] takes the cultural strain when macro changes are happening.” Brewster et al. (2008a) also have an issue with professional codes of practice which do not put the recognition of loyalty to the public at the top of the list - they note the SABPP list (which does not) but judge that the SABPP code does adequately address the problem of a plurality of values.

3.3.2.4 Influence of the HR professional bodies

Professional bodies in the wider HR field (that is, including for example industrial/occupational psychology, reward practitioners, personnel service organisations) have a limited circle of influence. This in turn is a limitation to the amount of influence that the profession as a whole can bring to bear – both in exercising professional leadership over HR practitioners and in contributing a strong voice to the development of relevant public policy. As already pointed out in section 1.2.4, the SABPP has only about 8 000 registered practitioners out of an estimated population of 70 000 to 80 000.
The SABPP Opinion paper on Professionalization also mentions the differing backgrounds and educational qualifications of people practising HR (SABPP, 2010a), which dilute the scale of professional registration and therefore also reduces the strength of the profession’s voice. This state of affairs is not of recent origin – in a study conducted by the Human Sciences Research Council (HSRC) for the SABPP in 1995, it was found that only just more than half of the people in HR who were graduates had qualifications in HRM or psychology – the others came from various management disciplines or other disciplines altogether (HRSC, 1995). One of the objectives of a professional body for HR people should be, according to the SABPP, “working towards establishing the profession’s role in the economy and contribution to the country” (SABPP, 2010a, p. 35).

3.4 Conclusion

Organisations must take account of their external environment in order to survive, adapt and succeed in the long term. This external environment is very dynamic, and the way in which it impacts on the organisation will vary considerably over time. Successful organisations consider it important to systematically review the environment and to plan and implement actions to influence it, to create opportunities for the organisation and to reduce risks emanating from the environment. Therefore, in aligning HRM to the environment in a strategic way, HR professionals will not only adapt their internal practices to the changing environment, but will proactively intervene to create the conditions in the medium and long term which will allow the organisation to continue to prosper.

The importance of taking this proactive approach, for individual employees, the organisation and the HR function has been considered. Some examples, from overseas and South Africa, of approaches by HR to align their work with the context were discussed, as well as examples of poor alignment in the South African context. Finally, some models for formulating such an approach were presented and potential barriers to improved alignment with the context were identified.

Chapter 4 will cover the research methodology used in taking concepts derived from the literature review into an empirical investigation.
4 CHAPTER 4

RESEARCH DESIGN

4.1 Introduction

In the previous two Chapters the theoretical scope of this research study has been described. The research design followed in the study is explained in this Chapter. Choices in research design were made based on the research problem and research objectives outlined in Chapter 1 and also on the characteristics of the field of study as explored in the literature survey in Chapters 2 and 3. This Chapter will deal with the general paradigm within which the researcher approached the topic and some of the complexities of the qualitative research approach which was chosen for this study. The sampling, research procedure and data treatment and analysis will be presented and discussed.

4.2 Research approach

In order to ensure the integrity of a social research project, it is important that the philosophy of the researcher is clearly stated and forms the foundation for consistency in the investigation, analysis and interpretation of the research problem (Henning, 2004; Schurink, 2010).

Texts on research in the social sciences refer to a taxonomy of paradigms which has two, and more recently, three paradigms – the positivist, the interpretive and the post-modernist/constructivist. These texts characterise the differences between the paradigms in ontological, epistemological, and methodological terms (Bryman & Bell, 2003; Creswell, 2009; Denzin & Lincoln, 2005). Briefly summarised, the positivist approach assumes the existence of an objectively-determinable reality where the role of the researcher is that of an outsider and the methods used are quantitative in nature. The interpretive approach is based on a belief that reality is a social phenomenon which comes about through meanings derived from human
experiences, interactions and perceptions; that as the researcher investigates this reality he/she is inevitably part of, and therefore changes, that reality; and the methods used are qualitative in nature. The post-modern/constructivist approach holds that each individual has his or her own interpretation of the world, and thus has a unique reality; the researcher collaborates with the subject to discover this; the methods used are also qualitative.

The researcher positioned herself within the interpretivist paradigm and considered that this paradigm would be appropriate to analyse and understand the field of study. The meanings that an HR practitioner attaches to his or her work are individual and highly subjective - these meanings may be derived from a complex combination of factors including, but probably not limited to, personality, education, socialisation, cognitive abilities, and organisational and society environment. HR practitioners are “active in the social construction of social reality” (Bryman & Bell, 2003, p. 21). It follows therefore that experiences will be dependent on shifting realities. A positivist approach would not have given access to any depth of meaning and would not have allowed for a complex understanding of the field.

One of the implications of choosing a qualitative approach is that “the researcher is the primary instrument for data collection and analysis” (Merriam, 1998, p. 7). Some of the implications of this are beneficial to quality research, including: researcher responsiveness to context; ability to adapt techniques to the circumstances; possibility to include non-verbal data; space to explore anomalous aspects to the data. Other more negative aspects might include the researcher imposing his or her point of view. It is important therefore to state possible influences to which the researcher might be subject.

The researcher recognized that she was playing very much of an “insider role”. This research study has been influenced by the researcher’s attitudes and views, since the researcher has been working in the field of HRM for her entire career. This insider role impacted on the choice of data to be collected, on ease of access to the study participants, on the interaction within the interviews and also on how the data was interpreted. Onwuegbuzie, Leech and Collins (2008) discuss possible manifestations and effect of insider bias and present a list of questions an interviewer can be asked (or can ask herself) in debriefing interviews. A personal statement
attempting to deal with these questions and describing the researcher’s experience and views is attached in Appendix 3 in order to allow a reader to evaluate to what extent this background may have influenced the results of the study.

Taking into account the likely complexity of the research problem, and because one of the research objectives was to understand whether HR practitioners believe they are practicing congruently with their context, the researcher chose to use qualitative methods. HRM is highly context dependent and therefore the power of qualitative methods to describe and interpret these contexts needs to be exploited. Responsible research is described by Colley (2003, p. 161) as “an engaged social science that grounds itself in the experiences of the field. It works with practitioners and other participants in the field to do justice to the meanings they make in practice, and to interpret those experiences in value-laden ways.”

Gephart and Richardson (in Harris, 2008, pp. 30 - 31) describe the seminal Hawthorne study as epitomising the nature and advantages of qualitative research in describing the social organisation of a group at work. Not only did the study use various techniques within the qualitative approach (observation and interviews) but it also evolved its strategy, switching from hypothesis testing to hypothesis generation through analytical induction – thus demonstrating “the value of explorative qualitative research where research questions and methods evolve during research.”

4.3 Research strategy

It is not a simple exercise to locate a research study within the qualitative approach, partly because, as Merriam (1998, p. 5) observes, qualitative research is “an umbrella concept covering several forms of inquiry that help us to understand and explain the meaning of social phenomena with as little disruption of the natural setting as possible”. So, within this approach, the researcher has to choose the most appropriate type of study for the nature of the research problem. Merriam (1998) lists the possible types as: basic/generic qualitative study; ethnography; phenomenology; grounded theory; and case study. Creswell (2009) adds a sixth type – narrative research and agrees with Merriam that there is a specific type of analysis called basic qualitative analysis.
Caelli, Ray and Mill (2003) believe that there is a need and a place for generic qualitative research and cite Sandelowski in using the term “basic or fundamental qualitative description” and Brink and Wood as using the term to refer to exploratory research. Merriam (1998, pp. 11 - 12) notes that, while other types of qualitative research focus on either culture (ethnography) or building a theory (grounded theory), basic qualitative research “simply seeks to discover and understand .. the perspectives and worldviews of the people involved. [Such a study] includes description, interpretation and understanding; it identifies recurrent patterns in the form of themes or categories; and it may delineate a process.” Caelli et al. (2003) argue that, in order to be credible, the researcher using a generic qualitative strategy must be clear on four key areas: the researcher’s philosophy; congruence between research approach and research strategy; strategies used to ensure rigour in the research; and the analytic approach.

The nature of the research objectives in this study seemed to fit best the characteristics of a basic qualitative study and therefore this strategy was chosen. At appropriate points in this chapter, the four key areas mentioned by Caelli et al. (2003) above are addressed.

Within this general strategy, there are various choices of forms for a study – including single event (case study), longitudinal, experimental, cross-sectional and comparative designs. Bryman and Bell (2003) describe the typical form of a cross-sectional design as survey research or interviews at a single point of time with the aim of identifying patterns of association. They also describe the typical form of a comparative design as direct comparisons between two or more cases which can enable reflection on distinguishing characteristics of the various cases studied to derive explanations for contrasting findings in the cases. According to Charmaz in Denzin and Lincoln (2005, p. 510), “looking at many cases strengthens the researcher’s grasp of the empirical world and helps in discerning variation in the studied phenomenon”, while, according to Denzin and Lincoln (2005), a constant cross-comparison between groups, concepts and observations is required so that an abstraction can be formulated which covers all the cases under study.

The form of this research project had two levels – at one level it used the single case of one aspect of the HR profession as an organised profession (Yin, 2009) – the
aspect being the leadership role of professional bodies. At a second level it was a cross-sectional study – with the units of analysis being individual HR practitioner and constant cross-comparison being used to formulate appropriate abstractions. This did not amount to a grounded theory approach. There is a need to be cautious with an unjustified use of the term “grounded theory” when actually the constant comparative method is being used:

the constant comparative method of data analysis is widely used in all kinds of qualitative studies, whether or not the researcher is building a grounded theory. This perhaps explains the indiscriminate use of the term grounded theory to describe other types of qualitative research (Merriam, 1998, p. 18).

She describes this constant comparative method as looking at one data element (such as a quote from one interviewee) as compared to another element, looking for similarities or differences, grouping the data together on a similar dimension and then, through naming it, building a category. She seems to draw the line between other types of qualitative research and grounded theory at this point, saying that in grounded theory, the patterns found in the data (arranged in categories) are arranged in a logical relationship to each other, with that relationship explained and she is supported in this view by Braun and Clarke (2006). Due to the exploratory nature of this study, it was not considered appropriate to proceed with a grounded theory approach.

There are differing views on the role of a literature survey in a qualitative study (Braun & Clarke, 2006; Patton, 2001). Some methodologists believe that, particularly in a grounded theory study, the researcher should approach the topic with fresh eyes, in order to be able to view the emerging data without filtering through prior perceptions. Other methodologists believe that some framing of the problem is required before starting to gather data, in order to decide what data to collect and from where. Patton (2001) believes that the decision on when to conduct the literature review depends on the nature of the research problem, and the researcher must be cognisant of the trade-offs involved in making the decision.

This researcher believed that it was important to obtain a theoretical and critical view of topics relevant to the research problem in order to be able to ensure adequate
exploration of the problem with interviewees and to put some preliminary structure to an analysis of the problem. For this reason, literature was reviewed before the research was conducted, and the literature reviews are covered in Chapters 2 and 3. However, the views expressed by interviewees, and the data gleaned from document analysis, needed to be looked at a-theoretically and with an open mind in order to gain a true understanding of the phenomenon. Thus, the data was analysed on an inductive reasoning process.

Quantitative research designs need to ensure validity, replicability and reliability – which are addressed through sampling and statistical techniques. Validity and reliability in qualitative research are more complex subjects. Bryman and Bell (2003) discuss in detail various approaches to applying these research criteria to qualitative research and note that there is a continuum of opposing positions – the one being that validity and reliability can be applied with slight adaptations, while the opposite view is that different criteria should be applied – for example trustworthiness and authenticity.

Hammersley is cited in Bryman and Bell (2003) as proposing criteria somewhere midway along this continuum. He says that “validity” can be interpreted as plausibility and credibility, and that “relevance” is very important – being the importance of the topic or the contribution the topic can make within its field. Creswell (2009) believes that reliability describes to what extent multiple researchers are consistent with each other (for example, in interview procedures and data analysis coding). Some of the strategies adopted to ensure quality research (that is, plausible, credible research) can be thick descriptions, respondent validation and triangulation. Merriam (1998, p. 151) considers that “rigor in qualitative research derives from the researcher’s presence, the nature of the interaction between the researcher and participants, the triangulation of data, the interpretation of perceptions, and rich, thick descriptions”. Creswell (2009) describes “rich, thick descriptions” as descriptions which give the reader a feel for the setting and convey a shared experience, providing many perspectives.

Patton (2001) advocates the use of triangulation to strengthen a study and quotes Denzin’s listing of four types of triangulation (data; investigator; theory; and methodological). Triangulation as a strategy is discussed by Hammersley, in
Bergman (2009), and he notes that it can be used either to determine whether interpretations of data have validity or to gather complementary information not available through the first data collection method. Hammersley notes a potential problem in using triangulation in qualitative studies as use of the technique might imply positivism rather than interpretivism in research approach.

In this research study validity was addressed through basing Phase 2 interviews on themes coming out of Phase 1 interviews; through screening participants to ensure they were living the appropriate reality of broad practical HR work; and through the use of a co-researcher to check the data analysis. The attempt is made in presenting the findings to present the data as “thick description” by using interviewees” words and by using extensive interview extracts to give the “feel” of the interviewees” perceptions on a topic. Triangulation was used both to check meanings (validity) and to gather complementary data. Triangulation was introduced through the use of focus groups and document review (data) and through the use of a co-researcher (investigator).

4.4 Research Methodology

Three data collection methods were used in the study – semi-structured interviews, focus groups and scrutiny of documents. Interviews are described by Patton (2001, p. 341) as a data collection technique which “allows us to enter into the other person”s perspective”. He further notes that the quality of the data collected in an interview depends largely on the skills of the interviewer. A focus group, according to Gephart and Richardson (in Harris, 2008) provides data by means of facilitation of a group discussion, focused on a topic provided by the researcher. The data is provided by interaction between the group members. In this research study, the objective of using a focus group was to supplement and complement the interviews, by asking the group to reflect on early interpretations of the findings. Documents are useful data because the existence of the documents is independent of the research study and is therefore not affected by the researcher (Merriam, 1998), unlike both interviews and focus groups.

The methodology used in this research was summarised at the outset into a framework to ensure that there was a logical relationship between each research
objective, the data collection method, the sampling method and data analysis method. This is shown in Table 4 and demonstrates that data was collected in several phases.

**TABLE 4 – RESEARCH FRAMEWORK.**

<table>
<thead>
<tr>
<th>PHASE OF RESEARCH</th>
<th>DATA ANALYSIS METHOD</th>
<th>SAMPLE</th>
<th>DATA COLLECTION METHOD</th>
<th>RESEARCH OBJECTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>Thematic analysis with co-researcher, aimed at deriving themes and relationships.</td>
<td>Purposeful, maximum variation sample of 20 informed commentators.</td>
<td>Review of SA published HR books, journals and magazines and SA HR conference topics.</td>
<td>To explore whether the HR profession and individual HR practitioners believe that current practice is appropriate to South Africa’s development needs.</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Topic analysis in relation to research problem.</td>
<td>Convenience sample of 50 HR practitioners.</td>
<td>Telephonic semi-structured interviews.</td>
<td></td>
</tr>
<tr>
<td>Phase 3</td>
<td>Synthesis of thematic analysis.</td>
<td>Purposeful sample of: books on shelf at May 2011; journals and magazines from January 2010; conferences from April 2010.</td>
<td>Face to face semi-structured interviews.</td>
<td>To construct a framework for an effective response by HR to SA’s development needs.</td>
</tr>
<tr>
<td>Phase 4</td>
<td>Thematic analysis and synthesis.</td>
<td>Aims for 3 focus groups of 6 people. Members to be identified on an emergent strategy as research progresses.</td>
<td>Focus groups.</td>
<td>To explore how to implement such a framework and what might influence that implementation.</td>
</tr>
</tbody>
</table>

Although it is common in qualitative research for the process to evolve and change during the research study (Creswell, 2009), in this case only minor changes were
made. The number of focus groups was reduced (the reason for this is discussed in section 4.4.1.4) and, although literature had already been reviewed before the start of data collection, further literature was referred to after data analysis in order to understand patterns that the researchers found in the data.

4.4.1 Participants

Participants for the various phases of the data collection were sourced, approached and interviewed differently, using different sampling approaches, as described in the following sections.

4.4.1.1 Phase 1 Participants

Participants for Phase 1 of the study were identified through the researcher’s personal networks, selected as informed commentators to give a spread of input from various fields within HR and some related fields. This therefore followed a maximum variation sampling approach as described by Patton (2001) – choosing a sample from which common themes can be derived even from participants who vary widely on chosen dimensions. A full list of participants of this phase is contained in Appendix 4. All these participants consented to disclosure of their names. A total of 17 interviews were conducted - a target of around 20 interviews was considered to be adequate to yield the establishing nature of data required in this phase but in the event, 17 interviews proved to be sufficient. The type of field from which the participants were drawn is shown in Table 5.
TABLE 5 - PHASE 1 PARTICIPANTS’ BACKGROUNDS.

| HR professional body office holders | 2 |
| Organised business bodies          | 2 |
| Public sector HR practitioners     | 3 |
| Government policy adviser / international policy body representative | 2 |
| Senior HR people with previous experience as HR professional body office holders | 2 |
| Consultants                        | 3 |
| Businessperson with previous experience as a senior HR manager | 1 |
| Small business HR consultant       | 1 |
| Tertiary education – HR faculty    | 1 |

4.4.1.2 Phase 2 participants

Phase 2 of the study targeted people currently practising as HR professionals within organisations in the private sector and NGO sector. Invitations to participate were sent out by email through three channels: the Knowledge Resources database (Knowledge Resources is a Johannesburg based publisher, conference organiser and book seller, with a database of over 20 000 people interested in the HR field); the SABPP database (approximately 5 000 people); and students registered with the University of Witwatersrand Postgraduate Diploma in Management, HR specialisation (about 20 people). In addition, Master’s and Doctoral students at the University of Johannesburg’s Study School for the Department of Industrial Psychology and People Management were personally addressed by the researcher and invited to participate, or to pass on the invitation to colleagues who might be interested. The text of the emailed invitation is shown in Appendix 5.

The researcher aimed for 50 participants from this potential pool of over 25 000 people. The size of this sample was based on yielding a “reasonable coverage .. given the purpose of the study” (Merriam, 1998, p. 64). In view of the exploratory nature of this research study, the views of more rather than few HR practitioners were sought. The target of 50 was chosen as being manageable in terms of the time frame of the study and the resources of the researcher, given that the data gathering
method was telephonic interviewing in a qualitative framework rather than a survey method. The type of sampling used in this phase of the study was convenience sampling, as neither random sampling nor purposeful sampling was a feasible option. Patton (2001) considers that convenience sampling is neither purposeful nor strategic. However, the researcher believes that because the population (of HR practitioners) was unknown and widely distributed, using this approach was an acceptable option.

The target of 50 participants was reached within 7 days of distribution of the emails. The source of the invitation was not explored with interviewees, so the researcher cannot evaluate the relative response rates from the four channels described above. Interviewees were screened at a basic level to ensure that they were currently working as HR practitioners, that they were not in the excluded specialisations of IR or remuneration, nor were they employed by recruitment agencies or consultants. These exclusions were made to ensure that interviewees were in a position to answer questions based on daily interaction with employees in a workplace, over a spread of issues. No attempt was made by the researcher to build a demographically balanced sample, but in the event, a good balance presented itself.

76 volunteers were received before the researcher cut off the sampling. 13 of these were informed that the study sample was full, and were asked if they were willing to be placed on a reserve list – all of them consented to this but in the event were not contacted. Of the 63 volunteers with whom interview appointments were made, 50 completed interviews. Of the others, some did not honour their appointments while in other cases for various reasons the interviews did not take place. Table 6 shows demographics of the 50 completed interviews. The race demographic was recorded simply to ensure a balanced sample, while the job level demographics were recorded in order to understand the background and experience of interviewees to permit various analyses to be conducted at the data analysis stage of the study.
TABLE 6 – PERSONAL DEMOGRAPHICS OF PHASE 2 PARTICIPANTS.

<table>
<thead>
<tr>
<th></th>
<th>Black male</th>
<th>White male</th>
<th>Coloured male</th>
<th>Indian male</th>
<th>Black female</th>
<th>White female</th>
<th>Coloured female</th>
<th>Indian female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive level *</td>
<td>7</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>19</td>
</tr>
<tr>
<td>Professional level **</td>
<td>4</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>6</td>
<td>-</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td>Junior level ***</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>8</td>
<td>2</td>
<td>1</td>
<td>12</td>
<td>10</td>
<td>2</td>
<td>4</td>
<td>50</td>
</tr>
</tbody>
</table>

Notes: this categorisation was formulated by the researcher.

* Executive level means reporting to Chief Executive or equivalent in a large organisation, part of Executive team of the organisation.

** Professional level means more than 3 years experience in the field.

*** Junior level means up to 3 years experience in the field, or reporting to a professional.

There was a good spread of participants from different sizes of company, sectors and geographic regions, thus fulfilling the research aim of reaching HR practitioners in a variety of settings. Interviewees worked in hugely varying contexts, from giant corporate headquarters to a timber mill deep in the forests, to a small cell-phone tower construction company, to a large fishing company, to a power station, to a university, to a small computer services company, to a large scale catering company. Table 7 details these demographics.
Table 7 – Work demographics of Phase 2 participants.

<table>
<thead>
<tr>
<th>Size of company</th>
<th>Sector of organisation</th>
<th>Office location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small &lt; 150 employees</td>
<td>Agricultural/timber</td>
<td>Gauteng</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Medium 150 to 1000</td>
<td>Auto manufacturing &amp; retail</td>
<td>W Cape urban</td>
</tr>
<tr>
<td>employees</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Large 1000 to 5000</td>
<td>Construction</td>
<td>Durban</td>
</tr>
<tr>
<td>employees</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Very large &gt; 5000</td>
<td>Higher Education</td>
<td>Rural/small town</td>
</tr>
<tr>
<td>employees</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Phase 2 participants were informed at the start of the telephonic interview that their anonymity would be maintained. In some cases, the participants were previously known to the researcher, and in a few cases, the participants had actually worked under the researcher's leadership.

The sampling methods used (maximum variation and convenience) influence the degree to which research conclusions can be generalised to the population of HR practitioners. Patton (2001, p. 217) remarks that the purpose of conducting applied research (that is, research into human and societal problems, as opposed to basic research).
research to understand the laws by which the world operates) is to “contribute knowledge that will help people understand the nature of a problem in order to intervene” and the problem is specific, limited to the conditions of the problem. Thus there is no pretension to be finding answers which must hold true under all conditions. Patton states that the issue in qualitative research is not generalisability, but transferability and fittingness – the extent to which findings from one study fit a different context and could therefore, with caution, be transferred to that other context. Since the nature of this research study is exploratory, generalisability is not a criterion – the outcome of the research is offered for further consideration and exploration.

4.4.1.3 Phase 3 – Books, journals, magazines and conference topics

The purpose of sampling books, journals, magazines and conference topics was to evaluate the extent to which such resources could contribute to an HR practitioner’s knowledge and understanding of the socio-economic context in relation to HRM. In addition, these resources were scrutinised to see to what extent useful tools, models, examples or case studies were presented to assist HR practitioners to formulate a useful response to contextual impacts.

All the books on HR related topics available on the bookshelves at the Knowledge Resources retail outlet in Johannesburg in May 2011 were scrutinised. The books published in South Africa were evaluated for their content.

Journals and magazines were sampled as follows:

- South African Journal of Industrial Psychology – on-line, open access journals available from 2010 to May 2011
- HR Future magazine – digital version of magazine available from December 2010 to May 2011
- Human Capital Review – on-line magazine issues from May 2010 to April 2011.
Conference topics of HR related conferences run by Knowledge Resources, the South African Institute of People Management and the SABPP during the 12 months May 2010 to April 2011 were scrutinised from electronic brochures.

4.4.1.4 Focus groups

The research design provided for 3 focus groups to be conducted in Phase 4. In the event, one focus group was conducted early in the data analysis phase, because the opportunity to recruit members for this focus group arose at a specific time, when a public conference of HR Executives was held in March 2011. Members of this focus group were recruited by asking for volunteers at the conference, and the group met at the close of the day’s session. The target was for 6 to 8 members, and in the event 5 people attended the focus group. The members were heads of HR from organisations.

It was not possible to conduct the other two focus groups as planned within the timing of the research study. Permission had been obtained from the CEO of the SABPP to conduct a focus group with members of the Board and with the members of the Continuing Professional Development Committee of the Board. However, the Board and Committee did not meet during the time when the researcher was ready to present preliminary findings. The researcher decided to abandon the attempt to set up a focus group. Reflections on emerging themes and findings were discussed with various individuals within the HR profession and the discussions with the co-researcher proved to be so useful that it was felt that additional focus groups would not necessarily add insights for the purposes of drawing reasonable conclusions from the research study.

4.4.2 Data gathering methods

All data was gathered personally by the researcher. Face to face interviews were conducted in Phase 1 of the study between October 2010 and March 2011 with 14 interviewees. Telephonic interviews were conducted for the remaining 3 Phase 1 interviewees. Due to the numbers involved and the geographic spread of the interviewees it was not feasible to arrange a face to face interview. The Phase 2
interviews consisted of 3 face to face and 47 telephonic interviews, conducted between January and March 2011. The data from books, journals and conference topics was gathered by personal perusal of these during May 2011. The focus group was conducted personally by the researcher during March 2011.

Interviews in Phase 1 were semi-structured – an interview protocol was prepared from the literature review, designed to be exploratory and non-directive, and this protocol varied depending on the field of expertise of the interviewee. Interviews were about one hour in length. The research problem was explained to each interviewee who was invited to discuss his or her views on the topic in a general way as well as answering specific questions from the interview protocol. The generic interview protocol is reproduced in Appendix 6.

Interviews in Phase 2 were broadly structured but, depending on what the interviewee appeared to be passionate about or where the interviewee could offer a specific experience or insight, individualised topics were also discussed. The order of questions was varied to suit the flow of responses from the interviewee and to avoid duplication where the interviewee had already discussed the subject under another question. The interview protocol for Phase 2 is reproduced in Appendix 7. The length of interviews varied between 30 minutes and an hour, depending on factors such as availability of the interviewee, brevity of responses and depth of reflection by the interviewee. In most cases, the interview length was pre-determined when the appointment was made, and therefore the researcher chose to concentrate on certain questions from the protocol and to omit others. The total number of answers to each question in the protocol therefore does not necessarily match the number of participants.

In both Phases 1 and 2 interviews, the researcher took an insider role, and therefore the interviews became highly interactive discussions in many cases rather than a simple non-directive interview. The researcher in some cases challenged the interviewee on his or her responses, and in other cases adopted a supportive, encouraging role, both stances aiming to extend the interviewee’s reflections. An emergent strategy of data collection was also used to some extent, in that where early interviews had yielded some emerging themes, these themes were tested in the later interviews.
The Phase 4 focus group was asked to view a short presentation on some early results of the study and then an open discussion was facilitated for approximately one hour. See Appendix 8 for the outline of this presentation.

Trustworthiness of the data was addressed in Phase 1 through personal knowledge of the stature of the participants. In Phase 2, all data was treated as valid for the individual participant, and analysed accordingly. Participants were screened, as described previously, to ensure that they fitted the selection criteria, and the breadth and depth of demographic spread of participants meant that data obtained from the interviews is based on a wide range of HR experiences and can be considered as representing the “lived reality” of HR practitioners. The researcher’s depth of experience in the field also allowed for follow-up questioning during the interviews where an answer was unclear or appeared to be off the point. Early findings from the data were tested through the focus group, and the participants of this group were all practising HR executives.

4.4.3 Research procedure

Participants for Phase 1 were contacted by email or by telephone to request their participation and interviews were set up, usually at the participant’s office or at a public venue.

Access to the four channels through which Phase 2 participants were targeted was arranged by personal contact with the gatekeepers to those channels, identified through the researcher’s personal networks.

Two Phase 2 interviews were conducted as pilots to test the interview protocol, one face to face and one telephonically. Data from these two interviews was included in the analysis. The protocol was slightly refined and shortened as a result of the pilot.

Phase 2 interviews were set up through an exchange of emails. The researcher carried the cost of the telephone calls in nearly all the cases. It was found necessary to send an SMS reminder to participants 24 hours ahead of the interviews, after some interviews did not take place when the participant had forgotten or been called away to other urgent business. In several cases the interview was rescheduled.
Permission to hold the first focus group was obtained from the conference organiser, and the chairman of the session made a public announcement requesting volunteers for the focus group. The focus group was conducted in a conference venue after the close of the day’s sessions.

All interviews and focus groups were recorded on a digital recorder, downloaded to a computer, backed up and later transcribed verbatim by the researcher to Word files. These were also backed up electronically and printed out.

Permission to take the sample of books was obtained from the CEO of Knowledge Resources, and the books were perused on the bookshop premises. Journals were accessed on-line. Electronic copies of conference agendas were stored from emails sent to the researcher as a member of the addressee lists for those conferences.

4.4.4 Treatment of the data

All the data from the interviews, the focus group and books and conference topics were analysed using qualitative analysis methods. According to Creswell (2009, p. 175), qualitative researchers use inductive data analysis where they “build their patterns, categories and themes from the bottom up by organizing the data into increasingly more abstract units of information” rather than the quantitative approach whereby a hypothesis is derived from theory and then tested. Patton (2001, p. 433) notes that “qualitative analysis ultimately depends on the analytical intellect and style of the analyst” and that even through many guidelines exist for analysing qualitative data, applying those guidelines takes judgement and creativity. He believes therefore that the researcher must report the analytical processes as fully as possible.

The main analytic technique used in this research study was thematic analysis. Braun and Clarke (2006, pp. 77 - 78) believe that “thematic analysis is a poorly demarcated .. yet widely used qualitative analytic method. It offers an accessible and theoretically flexible approach .. and should be seen as a foundational method”. They argue that it is not merely a tool used across different analytic methods, but it should be considered a method in its own right, and they give detailed guidelines for conducting rigorous thematic analysis together with a checklist of criteria for good
thematic analysis. Henning (2004) describes basically the same approach and calls it “content analysis”.

Following these guidelines, the research study uses the term “theme” to denote “a level of patterned response or meaning within the data set”, capturing something important in relation to the research objectives (Braun & Clarke, 2006, p. 82). The general outline of phases of thematic analysis formulated by Braun and Clarke provides for moving from the overview (familiarisation with the data), to generation of initial codes to searching for themes. These themes are reviewed, then defined (what is the overall story that the analysis tells) and named. Finally the report is produced, selecting extract examples, and relating the analysis back to the research objectives and literature.

An interesting point about themes in this research study (following the distinctions drawn in Braun & Clarke, 2006) is that some were identified in a data-driven way (they became manifest from interviewees” answers to questions) and some were identified from a theoretical framework derived from the literature survey. Also, some themes were identified at an explicit or semantic level (directly from what the interviewee actually said) and some were identified at a latent level (only becoming apparent from an examination of underlying assumptions held by the interviewee). Thus what might be termed a contingent approach to theme identification was used.

In this study, each interview in Phase 1 was reviewed to give an idea of issues to explore with Phase 2 interviewees. This allowed the researcher to compare which of the early ideas were or were not later confirmed and also allowed a comparison of views of informed commentators with the lived reality of HR practitioners. This strategy follows that of the constant comparison method, constantly organising and refining ideas. Phase 1 interviews were analysed from the transcripts by noting important points onto Post-it stickers, and then grouping this onto an Excel sheet into themes found in the data. All the points under one theme were then reviewed and arranged into a “story-line”.

At this point, it was decided not to use the data gathered from Phase 1 interviewees relating to public sector HRM and one interview conducted on small business HRM. The research study was at that point yielding a considerable amount of data, and the data coming out from these interviews indicated that issues in these two sectors
were very different to those in other organisations. A decision was therefore taken to limit the scope of the study to HR practice in non government formal organisational settings. Data from participants in State Owned Enterprises, some public services such as a local power utility and a professional service organisation linked to a Government department were still utilised because these organisation were managed autonomously.

Once all Phase 2 data had been gathered, the interview transcripts were coded firstly by grouping answers to each question onto an Excel sheet and then reviewing the range of answers under each column and finding other commonalities, each of which was then coded and given a column of its own. For example, the list of issues raised as South African specific contextual issues were listed and then grouped into themes. Sometimes these groups were re-combined into a category and in other cases were split further. As another example, attitudes to professional bodies were listed and then split into four sub-groups (HR bodies are visible; HR bodies already make a good contribution; HR bodies could make a valuable contribution; and attitude to HR profession).

Patton (2001) states that description of the data must be separated from interpretation of the data. Therefore, data were grouped into issues before attempts were made to interpret them. Since each interviewee’s response was treated as valid and with equal weight, the range of meanings made in relation to each question topic had to be reviewed to attempt to identify factors which might be giving rise to the meanings made and then an attempt was made to construct an explanation which encompassed all meanings (therefore looking at both convergence and divergence as described by Patton (2001)). In some cases, the questions and answers gave rise to straightforward information which could be arranged and grouped into structured frameworks with little difficulty (for example, ideas for making an impact on the education system). In other cases, the topic was complex and required considerable thought and insight. In these cases, answers were analysed in relation to various other answers and demographics to see if there was a pattern of co-variance. Interviewees” views on the appropriateness of current HR practice were analysed in relation to the researcher’s interpretation of the interviewee’s underlying assumptions about desirable HR practice.
A co-researcher reviewed each Phase 2 interview transcript and independently considered what she identified from the data in respect of six key topics, identified by the primary researcher as critical to the research questions. The co-researcher also reviewed the transcript of the first focus group and finally reviewed a one page document with the main argument of the conclusions of the study. Discussion between the two researchers then resulted in consolidation of findings.

Some of the early findings prompted a further investigation into possible theories or models in relevant fields, not already studied in the literature review. In these cases, once an understanding of these theories had been grasped, the data was again reviewed by the researcher to see to what extent it fitted these theories.

Merriam (1998) points out that the aim of the study is to make the researcher’s conclusion convincing – it must make sense, and the researcher does this by including an appropriate amount of detail, of quotations and descriptions to paint the whole picture of the topic. As the qualitative data was processed, the focus narrowed to produce the answers to the research questions. However, as discussed by Creswell (2009), it is important in qualitative research to develop a complex, holistic picture of the issue – there may be many facets to the issue under study. Therefore that analysis of the data is further interpreted in Chapter 6 to construct some explanatory models.

The study of the books, journals and conference topics in Phase 3 was addressed to the second and third research questions, aiming to find useful material to construct a framework for alignment to the context and material which might indicate issues in implementing such a framework.

4.5 Conclusion

The approach and methodology used in this research study has been described in detail in this Chapter, so that the study could be replicated. The research questions are exploratory in nature on topics which are value laden and subjective, leading to the choice of an interpretive research paradigm, using qualitative methods. Due to the exploratory nature of the research questions, the research design was evolving within a basic research design framework as described in this Chapter. Details of the
sampling, participants, data gathering, data treatment and research procedure were described. The quality assurance methods used for the research were described, centring on the role of the co-researcher employed on the study and the focus group convened to validate the study’s findings.

The major findings of this research as gathered from the data will be presented in Chapter 5.
5 CHAPTER 5

DISCUSSION AND INTERPRETATION OF RESEARCH FINDINGS

5.1 Introduction

This Chapter will present the major findings of the research study, derived from following the research methodology described in the previous Chapter. The findings are presented predominantly in summaries of interview responses, with quotations from the interviews as illustrations where appropriate. Quotations are grouped and boxed for ease of presentation and to allow space to give sufficient quotations to represent the range of views. Some descriptive statistics are used to highlight certain aspects of the data. The findings from Phase 1 interviews are described first to set the scene for findings from Phase 2 interviews. Findings from Phase 3 on learning resources are presented in one section, followed by a section on the findings of the focus groups convened in Phase 4 of the research study.

The research study gathered an enormous amount of data, some of which were not directly related to the research questions, although of general interest in the field of contemporary HRM. For the sake of clarity and brevity, the findings presented in this Chapter focus on the data which are more directly related to the research questions.

5.2 Phase 1 findings

Phase 1 interviews yielded considerable consensus on views of the practice of HR in South Africa as it should be and as it is today and raised a range of issues which impact on HR practice. Many interviewees were able to compare HR practice today to that of the 1980s and 1990s, thereby spanning the pre- and post-democratic eras.

Interview responses are presented under the research objectives" headings. Views are attributed, where appropriate, to the interviewee using initials (for the full name and organisation, refer to Appendix 4).
5.2.1 Research objective 1

Research objective 1 was “To explore whether the HR profession and individual HR practitioners believe that current practice is appropriate to South Africa’s development needs.” Interviewees in general considered that there are many opportunities for HR practice to be appropriate, and the context certainly demands it, but that often these opportunities are not recognised and acted on.

HR people, when considering strategy, should bring in the social context for discussion - they need to be aggressive, spell out the realities out there, spell out the impact of certain policies and strategies - how they contribute to or alleviate social issues, force the debate - are we here for the long term - if so - we must contribute to society. Maybe this is a widening of the employee champion role. (WC)

Contextual issues highlighted by interviewees ranged from the very nature of our society and what our priorities are/should be to specific issues such as employment issues including unemployment, youth employment, and, to a lesser extent, decent work, labour broking, minimum wages and productivity; education and skills; inequality; employment equity; debt; and small business. These are shown in Table 8.

**TABLE 8 – CONTEXTUAL ISSUES IDENTIFIED BY PHASE 1 PARTICIPANTS.**

<table>
<thead>
<tr>
<th>Contextual issue</th>
<th>Interview extracts (summarised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The nature of our society is concerning and we have not clarified our priorities.</td>
<td>Key social issues will determine if we have stability in SA and therefore the sustainability of business in a capitalist economy, or whether we have a resurgence of socialist thinking, created by the material conditions people experience. Even if things don't get as bad as that, we will have a society disgruntled with itself and sub-optimised. These are the issues that &quot;eat our nation.&quot; (VA) We need to resolve what type of economy we want - are we a free market, a socialist, do we want to be like the US or like</td>
</tr>
</tbody>
</table>
Scandinavia. (MB)
Bad examples are set by business and people say enough is enough. What is the HR fraternity putting on the table to deal with these things? (VVV)
The World Competitiveness Report - in finance we're up at the top, on all the HR related issues, we're at the bottom. (VVV)
King III does not include that companies should look at external issues such as unemployment, job creation, impact of their business decisions, health care etc. (WC)
There’s talk of this new world order that’s emerging from this massive downturn, but we don’t see it, investors are still driving short term performance. (SB)

Employment creation must be a priority, especially for the youth. Access to the job market is a big problem. Decent work is also important to avoid abuse of the vulnerable such as migrant and temporary labour, even if minimum wages cannot be as high as the unions would like, especially where labour substitution with migrants can occur.

We don’t have job creation or job retention central in our minds and we keep favouring big business. (VVV)
Equal pay for all from Day 1 with full benefits is just not feasible. (JB)
Temps are second class workers - where are the values of the company in not dealing with this - HR just doesn't care. (VA)

Inequality, fuelled by skills shortages and lack of skills, is increasing and undermining social stability. Skills development is too short-sighted and failing even in this short-term horizon.

Inequality is growing in our organisations. We lament and say how bad it is, but we don't do anything about it. (VA)
Skills training cannot be purely demand led - it also needs thinking about the future and to become more supply-led. (JP and WC)

Interviewees discussed the roles of Government and business and identified that there is a prevalent view since 1994 of “leave it to the Government”, and a view that legislation itself will achieve transformation. This is especially problematic where business is dragging its feet and taking an attitude that compliance to the letter of the law, rather than transformation to the intention of the law, is sufficient:

The view is - Government must now look after the people. (DS)
We naively think legislation will produce outcomes that will resolve all these issues, so people sit
back and say it's sorted, but it's not - example Employment Equity. Legislation creates the environment, people must create change. (VA)

People are at the centre of development. You can't transform business or the country, you transform the people and this is what HR is about. (JB)

In the boom times, we could have addressed these issues and made progress. We didn't because we thought legislation would sort it out. (VA)

Business has been very poor in taking the lead in various areas. And specifically, they've been very slow in investing in organisations like BUSA from a financial point of view. (JB)

We don't place importance on people, only on profit. We've lost our ethical and moral principles - it's about greed. There is no urgency to keep people in employment - our crisis isn't considered a crisis - not like Y2K. (VVV)

In South Africa transformation, instead of being about total business transformation, is reduced to being about race and gender. There's a lot riding on business just being able to get on with the business and not worry too much, and there's a lot of lip service being paid. (SB)

Interviewees considered that it is certainly in the interests of business to engage in trying to resolve social problems, and it is not contradictory to world class performance:

Business must work on reducing the political risk - therefore must attend to the development goals. (WC)

Computer/technology companies are very involved in developing countries to get their technology adopted - also they have more progressive people. They are confronted with the effects of IT illiteracy. (WC)

If you look at environmental and corporate governance issues - conformance has now become performance - business has taken it on. We need some enlightened managers looking at our future, otherwise we don't have a future. (TV)

Interviewees felt strongly that HR can and should play an important role in impacting on its context:

Especially in an emerging economy, HR can't be other than engaged, it needs to look at the social impact, needs to be involved in communities, looking at the process of that engagement, led by employees (part of EVP). (TV)

HR needs to see the gaps and figure out how to get involved. (EvdW)

My vision for HR is to see it playing a major role in establishing a more equitable / fair society, playing a facilitative role to unlock the genuine potential of people. (WC)
However, interviewees were disparaging about the willingness of HR practitioners to get involved with societal issues, and contrasted the current situation with the 1980s, where prominent HR people were highly engaged in societal issues:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Interview extracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some HR people are good with HR processes, the better ones are good at linking business and HR strategy, but there is no &quot;inner willingness&quot; to understand the environment and the bigger issues, they don't connect, they are neither willing nor able. (TM)</td>
<td></td>
</tr>
<tr>
<td>HR gets 2/10 on supporting, promoting, being activists to social policy issues. Part of SA's problem is the HR fraternity – it must move from a mindset of pessimism to a mindset of optimism, get excited, try to make a difference, every little bit can help. (VVV)</td>
<td></td>
</tr>
<tr>
<td>HR often now don't think it's their place to care - that's for legislation and the unions - so HR is passive - it used to be different, they used to be persistent upfront change agents - they would come back bruised and go and fight again. (VA)</td>
<td></td>
</tr>
<tr>
<td>Many HR heads are either too new, too over-promoted and lack depth and gravitas, and so don't stand up to the CEOs. (MB)</td>
<td></td>
</tr>
<tr>
<td>I think it is an issue overall that HR is not involved strategically or not as much as they should be. (SB)</td>
<td></td>
</tr>
<tr>
<td>The pace at which people work has probably quadrupled since the 1980’s, they don’t have as much time to support issues. (SB)</td>
<td></td>
</tr>
</tbody>
</table>

5.2.2 Research objective 2

Research objective 2 was “To construct a framework for an effective response by HR to SA’s development needs.” Various topics were raised by interviewees, all of them at a strategic level. These could form the basis for a framework of appropriate responses – Table 9 shows a possible framework.

**TABLE 9 - STRATEGIC HR RESPONSES (PHASE 1).**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Interview extracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarify company priorities and agree a developmental agenda.</td>
<td>The triple bottom line and King II give us a good basis to work from - look at how to reduce unemployment, investigate your practices to see the impact on job creation, health etc. (WC)</td>
</tr>
<tr>
<td></td>
<td>We must stop approaching everything with a big business mindset and adopt a job creation mindset - example, lottery kiosks not in big supermarkets. (VVV)</td>
</tr>
<tr>
<td>Cooperation and leadership.</td>
<td>Get your industry well organised, then you can influence the</td>
</tr>
<tr>
<td>Topic</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>SETA and Government and get things done. We should be asking &quot;how can</td>
<td>Companies need to partner and network with each other to make real changes in communities. (VA)</td>
</tr>
<tr>
<td>we help Gov to implement, how do we influence so that it is workable.”</td>
<td>(EvdW)</td>
</tr>
<tr>
<td>Good companies do whatever they do well, so they look at wider issues</td>
<td>HR must stand up for zero tolerance on ethics, fraud etc. They must be strong on this - isolate it and push it out. (VA)</td>
</tr>
<tr>
<td>carefully and top leadership leads on these issues. (TM)</td>
<td>If HR people can show how the BBBEE points, tax breaks etc. can be earned through using &quot;HR stuff&quot; such as talent management, these HR programmes will get more support. (JB)</td>
</tr>
<tr>
<td>In the AgriSETA we look at the whole education supply chain and we put</td>
<td>Chair stakeholder forum in local schools where company is a donor - get consolidated and concrete action plans. (VA)</td>
</tr>
<tr>
<td>in projects at all levels. (EvdW)</td>
<td>Partner with local schools to enhance the knowledge of the workplace for career guidance teachers. (JP)</td>
</tr>
<tr>
<td>Good companies do whatever they do well, so they look at wider issues</td>
<td>Get involved with SETAs - at governance and project level. Get the right level of business representatives in - make sure it is well resourced. Support role of SETAs to look into the future and cater for emerging types of new industries, jobs. Training cannot be fully demand-led - it must have an element of looking to the future. (JP)</td>
</tr>
<tr>
<td>at wider issues carefully and top leadership leads on these issues.</td>
<td>FET colleges – help upgrade lecturers&quot; skills and give them workplace experience, engage at strategic level with local management, give students access to workplaces and mentors, take Training and Talent Management people to the colleges to see what they're trying to do. (VA, EvdW, DS, JP)</td>
</tr>
<tr>
<td>(TM)</td>
<td>Support policy changes to tie youth wage subsidies to training - make sure youth employed with subsidies are really additional to complement. (JP)</td>
</tr>
<tr>
<td>Engage with the skills development system.</td>
<td>Review specifications for job entry requirements to allow entry to the labour market at all levels. (JP)</td>
</tr>
<tr>
<td>Engage with the labour market in a socially impactful way.</td>
<td>Engage on Job centres – they have been used on the mines for years - the people running them actually help their clients enormously. (MB)</td>
</tr>
<tr>
<td>Put in a national 12 month work programme for unemployed school leavers - allocate to companies on a pro-rata basis. (VVV)</td>
<td></td>
</tr>
</tbody>
</table>
Engage on up-skilling the labour inspectorate to help curb the abuses of labour broking and other practices. (VVV)

Nissan example – upgraded operator skills requirements which involved replacing less skilled workers, but invited each worker to bring in another breadwinner from his family to replace himself, and re-trained displaced workers to run small businesses. (TV)

Engage employees in CSI/CSR.

Outsurance employees are involved with choosing the CSI projects (TV)

Develop more socially responsive remuneration practices.

Publish the bonus basis for top executive bonuses to educate and align. (MB)

Tax executive salaries and bonuses on a heavy progressive basis and put the money into a pool for poverty alleviation. (MB)

Look at restructuring work to be able to pay more - but be aware that skills/capacity limitations can prevent this. (MB)

5.2.3 Research objective 3

Research objective 3 was “To explore how to implement such a framework and what might influence that implementation.” Issues identified by interviewees revolved around business attitudes to people in general and HR as a function; HR skills, education and training; and HR professional bodies. On the first of these issues, interviewees had serious doubts about the acceptance by business managers and investors that people really are an organisation’s most important resource, and this lack of acceptance carries through to a diminution of the role of their HR function. But there may be a shift coming from Board level, to support wider views of the role of business and therefore of the HR function:

Business leaders pay lip service to an issue, then say "HR go and deal with it e.g. HIV/AIDS” but it's not part of the main business strategy so it's underfunded and under-resourced and will get cut in times of recession. (VVV)

Very few companies have an HR strategy, and even fewer have it linked to business strategy, but the BBBEE scorecards do encourage HR to see the whole thing, but it's not strategic because the MD is often only doing it to get the points. (JB)

If the shareholders, particularly institutional investors, are not on board with a wider role for business,
then there is a problem. (WC)

HR is disenfranchised by MDs - HR can only align to the external context where the MD sees the issue as well and embraces it as a business strategy. To what extent does HR speak to socioeconomic problems and I’m saying that can only ever be aligned if you’ve got a managing director who sees both strategies on both sides and embraces it as a business strategy where he links black empowerment, tax breaks for learnerships, BEE points. (JB)

The mental model for HR is: HR must run the HR value chain as efficiently and effectively as possible. Then also the company attitude is that the external environment is not our business, so the company says HR don’t get involved with that. But this is changing. (TV)

We have more autocratic CEOs than we had in the 1980s. (MB)

CEOs always say they want transformation capability when looking for an HR Executive but seem to rue the day when the incumbent raises strategic HR issues, maybe they don’t like that kind of interference. I think there is a gap generally in leadership as to the strategic value that HR could bring. There’s a lot of lip service paid to strategic involvement. (SB)

We have seen a definite trend and shift in Board appointments of people who will drive social and people issues from Board level. There is a big drive to have a top down driver for social and people issues, we’ve seen a really big shift there, I think it will have a long term positive effect on more strategic views in organisations looking at things like CSI, beneficition, how do you function as an organisation within your environment rather than just how do you take your cash out. [But] Your external drivers are always going to be your investors and until your investors take a long term view, you’re never going to get your leaders to take a long term view. (SB)

Interviewees had differing opinions on the exact nature of the HR role. There are concerns that the business partner role is predominating and diminishing the people-centred role for HR and thus HR is even less able to bring in wider societal issues:

The implication of HR taking on the business partner role is that they fully share the objectives of their partner, to the exclusion of wider concerns - “slave” to business goals. The whole paradigm of HR thinking is business - all first world business schools are about profit. (WC)

You need HR to take both the instrumental and humanistic approach - HR needs to manage the plurality. (DS)

At policy level, the HR role is understanding society holistically, including business and its markets. (TM)

It’s about people, giving them the space to do their best, a sense of belonging, development of the people, sustaining livelihoods of families in the long term. (VA)

HR is concerned with pleasing their bosses in the short term - they are not interested in external issues. They are trying to be ultra-relevant to line (TM)

What is important to HR is what their principals want. HR wants to be at the centre of the organisation, so it does what it thinks will get it there. (VA)
If the HR role is considered to be a strategic, people-based role, which would include sensitivity to external issues and the ability to devise strategies to manage the impact of these issues, then interviewees considered that the skills to support this role are lacking in HR practitioners:

<table>
<thead>
<tr>
<th>Up to now we've been training piccanins, gofers - compliant functionaries. We don't develop HR people who have a social consciousness. Even strategic thinking is about the business. (TV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>We've lost a whole generation of HR strategic thinkers to Affirmative Action. We have a loss of institutional memory. We've had accelerated technical programmes not accelerated wisdom programmes. (TV)</td>
</tr>
<tr>
<td>HR and thinking bigger - it's a mixed bag - about 75% are very narrow and 25% more lateral. HR people need to be in touch with the reality of workers' lives and this creates compassion and understanding to balance the competitiveness and business drivers. (MB)</td>
</tr>
<tr>
<td>Industrial Psychology as a breeding ground for most HR people doesn't give them a big picture (they're good at assessment and change dynamics), they're too focused on the individual and not on the organisation. Where are the social anthropologists, the social psychologists? (TM)</td>
</tr>
<tr>
<td>HR people can do important stuff without crunching numbers - you can get other people to crunch the numbers, but you must understand financial issues. (TM)</td>
</tr>
<tr>
<td>It seems to be a chicken and egg situation – is HR not strategically involved because of the lack of capability or is the lack of good HR strategists leading to a lack of involvement of HR at the top. People who are highly strategic often end up being pulled out of HR to do other things. We've also seen a new age HR executive emerging where there is more involvement strategically – I think in really large businesses there is no room to function unless you're operating at that level now. But in the private sector HR has far less voice than in the public sector. I think there are pockets of excellence and then you have inward focused people issues, but I don't think anything is only internal, it's influenced by external. (SB)</td>
</tr>
</tbody>
</table>

With regard to the leadership of the HR professional bodies in South Africa to support HR practitioners in making a contribution to societal issues, interviewees felt that such contributions would be most useful at early stages of policy formulation where expert input can be listened to. Professional bodies should organise themselves to bring senior people in the field together, conduct research, give a lead on professional matters and should be the custodians of values:

| It's too late if HR is commenting on White/Green papers, HR should be influencing at a very early conceptual state of policy. (TV) |
Social partner engagement takes place at a political level ("talking heads") while the real work is done in expert committees - politicians bring in the experts. If specialists get themselves well organised, they can make a contribution and if not well organised, they can't. (MB)

We need a brains trust of HR people, formulating a macro plan to deal with the HR challenges of this country. (VVV)

The professional body should be commissioning research so that it can take a position and offer alternative options. (TM)

Analysing policy options is like strategic planning - discuss the issues in groups, research, link everything to your objectives and work out consequences of various choices. (JP)

The professional body must give leadership, we need to have defined the professional point of view on issues. (DS)

You need a centre of excellence if you're going to build quality HR people, but many people look internationally for this development. (SB)

If we want to have value-driven HR people, then the professional body must be the custodian of those values and give them a base. (TV)

Currently the professional bodies are seen as failing to be visible and failing to provide leadership. Interviewees brought up the issues of the profession being fragmented and weak, and that the professional bodies are under-resourced, both of which issues would severely hamper the ability of the profession to fulfil the roles described above:

I can't see HR influencing anything because you never hear of them. (JP)

HR profession is not saying anything about anything useful. (TM)

The head of SABPP/IPM used to have an annual appointment with the Minister of Manpower - it had clout then. (HvR)

The profession is fragmented - psychologists deal with EE, T&D deal with Skills Development, but HRD really deals with whole value chain. (JB)

There is too much in-fighting in the various fraternities. (DS)

Only 10% of graduates register with SABPP because companies don't pay for it, so this affects the Board's visibility and strength. If people register it can lift the profession and lift the whole country. (HvR)

Professional bodies are under-resourced, they depend on volunteers and few people can volunteer in today's world. (WC)

Business associations are very short of money because of the short-termism of companies, so they don't invest in research and so business inputs to Nedlac for example are reactive - business is poor in taking the lead. (JB)

HR is very fragmented, there is a need to bring together the many voices – for example, why have

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recruitment as a separate industry, it’s an essential part of human resources. (SB)

The base of having volunteer organisations, membership based, has got to shift, the world has changed. People just don’t have the capacity. (SB)

Interviewee EDK is the current Chair of the SABPP and passionately believes that HR practitioners should commit themselves to professional standards. She believes that, through registering with the SABPP and thereby accepting the Code of Conduct, they would understand what is required to fulfil their duty to society – “the registered practitioner will know what is required of him”. She aims for the SABPP to reach a critical mass of HR practitioners and then “that’s the signal of saying what are we doing as HR professionals, what is our role and how do we contribute to society.” She has taken a social activist role in her career and says:

You need to have the strength of mind to say what is the goal, where are we going. It’s scary, it’s very uncomfortable. But I’d rather be uncomfortable with you than uncomfortable with me. That’s a choice I’ve made. I always say, if you want to be popular, don’t be in HR. You have to keep your self esteem, your self worth, intact. If your locus of control is external, you’re going to struggle.

She also believes that there is no contradiction between being a business partner and being a social activist: “being a business partner means you contribute towards the business – you bring your own knowledge, your own expertise, and your own professionalism.” She believes that part of the work of a business partner is dealing with the root causes of problems such as pilferage by trying to help individual employees with problems, by paying decent salaries, by structuring work properly and by training people so that they can advance and earn more, “that’s talking business.” She notes that an HR person has to be able to believe in the organisation, and live by the values of the business and “that’s why you’ve got to choose where you work. There are certain organisations that I will never work for, not because they don’t pay good money, just because I don’t believe I can leave there and look at myself in the mirror in the morning.”

Asked about the formative experiences that enabled her to become this social activist, she replied “I don’t know if it was an intended strategy, I think it’s where one
comes from.” She worked in the early years in Anglo American and thinks that, although it was involved in “the evil mining industry”, “it was a social organisation, a being, playing a role – in the early 1970’s they were talking about Affirmative Action, Black Advancement, career pathing, so maybe it’s where I formed this.” She comments about HR education and training “the universities are teaching the right stuff, but the students can’t relate to it because the faculty are academics and they don’t talk to practitioners, we need to make this link real, with internships, with learnerships.”

5.2.4 Summary of Phase 1 interviews

This section has presented the views of the informed commentators interviewed in Phase 1. In general, these commentators were critical of current HR practice and felt there is scope and opportunity for better linkages to the context. These commentators are not, with one exception, practising HR professionals, and therefore it is of interest to compare their views to those of the HR practitioners which are presented in the following section.

5.3 Phase 2 findings

Phase 2 interviewees were all active HR practitioners, in a wide range of settings, as discussed in section 4.3.1. A fascinating insight into the qualitative current reality of HR work in South Africa was achieved through the interviews. From the quality of responses in the interviews, it was clear that the topic was of concern and interest to HR practitioners and several interviewees mentioned how rare and useful it was to have the opportunity to discuss this topic.

Findings are presented as summaries from the interviews. Supporting quotations from Phase 2 interviewees are presented anonymously, using a numbering system to preserve confidentiality. Some background findings of interest and possible significance are presented before the findings on the research questions.
5.3.1 Factors which could influence HR practitioners’ responses to the SA socio-economic context

There is a range of factors which might influence the propensity and ability of HR practitioners to take an interest in the external context of their work. Some of these factors were explored in the Phase 2 interviews and the findings are presented in this section and these include: the degree of internationalisation of individual HR practitioner’s work; the employer’s attitude to people issues (which is explored here through the prevalence of temporary or labour brokered staff, through the structuring of the CSI, Transformation and Broad Based Black Economic Empowerment (BBBEE) functions, and through the extent of investment in learnerships); the attitude of HR practitioners to support for HR professional bodies (evidenced by registration with the SABPP); the qualification and career path followed by the HR practitioner; and the channels through which HR practitioners keep themselves updated.

5.3.1.1 Internationalisation

29 of the interviewees work for organisations which operate only in South Africa. 11 work for the local subsidiaries of multi-national corporations, and 10 work for South African companies with subsidiaries outside South Africa. The degree of internationalisation of SA business since 1990 is striking – 8 interviewees are engaged in HRM both in South Africa and in other countries. The scope of this international practice varies from Southern Africa (neighbouring countries), to Sub-Saharan Africa, to Africa/Middle East and in one case, including some European countries. Several of these interviewees referred to aspects of this internationalisation, and from the interviews it is clear that local practice is no longer as local as it was. The international nature of the demand and supply of high level managerial and professional skills has forced SA companies to apply world-class practices to attract, retain and engage these scarce resources.

There is a range of responses within internationalised SA companies in terms of HR practices – it would appear that the most common response is to adopt practices typical in whichever country they are operating. This is in contrast to, for example, SA Breweries who exported their locally successful practices to their acquisitions around
the world. Several interviewees referred to the marked difference in legislative regimes between South Africa and other countries – in one case this was viewed positively (that other countries have fewer labour laws and therefore less restrictions on companies, or that even where there were many laws, they were more employer friendly), but in other cases this was viewed negatively (that in South Africa we have good laws to regulate the employment relationship, but these are missing in other countries).

5.3.1.2 Prevalence of temporary or labour brokered employees

13 of the companies that the interviewees work for had significant numbers of temporary or labour brokered staff. In some cases, the number of non-permanent workers equalled or exceeded the number of permanent workers. In a few cases, the nature of the company’s business was very project based, and therefore the interviewees felt that the use of fixed-term contractors or labour-brokered staff was appropriate. In one case, the interviewee discussed huge difficulties with using labour broking, particularly because the company’s business was highly customer-facing and the labour brokers’ employees had a high labour turnover, high absenteeism, high propensity for theft, poor training and poor skills. Yet the interviewee resisted her CEO’s attempts to reconsider this policy, saying that it would be too much work for her to manage these people as permanent employees.

In another case, the interviewee said that the decision to outsource or not was under frequent review, and management decisions tended to fluctuate as to which was best. In other cases, the interviewees were uncomfortable with the degree of non-permanent staff and were unhappy that the management of the company insisted on this policy, which might be for financial reasons (less benefits are offered); for labour management reasons (easier to terminate a fixed term contractor when there is a downturn); or to move costs from employment costs to other costs (and therefore look good in management reports).

I can see that it [using labour brokered staff] compromises customer service, and the Board has asked to look at a different model, but I just can’t picture my day if I had to do that, the IR issues. Also, our company benefit rules around permanent staff are not suitable to our shifts and hours”. (Interviewee 34)
“We have a core permanent and then let’s call it 50/50, but the nature of the business requires you to have flexible staffing – if you don’t have it you are basically unable to run a business effectively – you have to provide quality customer care, I think that’s a key feature of any call centre business anywhere in the world. From a consumer perspective they don’t know whether you’re permanent or non-perm and the level of your skill”. (Interviewee 30)

“Part of it is we put pressure on our businesses. We say to them we want you to give us 15% growth in revenue year on year for the next 5 years. But we want you to keep your costs down, particularly your employment costs. So we don’t want you to take more people on to do this, so you remain with your 500 employees, and you look good in the income statement. So what do they do, they get a labour broker who gives them another 100 employees and these guys are permanently employed for the next 5 years. But when you look at that income statement, that labour broker cost is not part of employment cost, no it’s under services somewhere. So what are we doing, we’re lying to ourselves, we’re achieving nothing at all.” (Interviewee 12)

“Companies don’t want to employ people permanently. And with these roll-over contracts, a person can’t plan for his life because he doesn’t know what’s going to happen next”. (Interviewee 16)

“We are going through a situation where we need to move some of our general workers into the company, because most of them are critical. Very limited involvement to their [the labour brokers] staff, we’re always on the guard, we have to babysit their staff members, there’s no involvement, no element of taking care of your employees there and we find that most of the general workers very much would prefer to be by us because they see how the employees are treated, they’re sort of like a step-child for want of a better word”. (Interviewee 28)

5.3.1.3 Responsibility for CSI, BBBEE and Transformation

Organisation structuring of the related functions of HRM, CSI, BBBEE and Transformation differs, as does the degree to which inter-linkages between the functions are set up. This does not appear to depend on size of company or whether it is local or a multi-national company.

31 interviewees were asked questions concerning this. In 12 of the companies, HR is not responsible for CSI at all and in 6 of these there is no link with the responsible function. In the other 6, the links are generally either through a Sustainability or a Transformation Committee, on which HR is represented, or HR is asked to help in certain projects, typically when employee volunteering is involved. Two companies mentioned that the links are typically around employer branding and wellness. In 9 of the companies, HR is responsible for CSI, although in 2, this is done from Head
Office and the factories don’t link in. In the remaining companies, different models exist – 2 companies handle CSI through a separate Foundation, with which HR has no linkages. 2 small companies do no CSI at all. Other companies have a collective responsibility, exercised through some sort of committee. One company gives responsibility for CSI to the workplace forums, which also decide on the Occupational Health and Safety, Employment Equity, and Skills Development programmes.

In one company, the Transformation portfolio is merged with HR. In one company, the HR Director chairs the BBBEE Committee and programmes are then handed to a Corporate Executive for implementation. In one medium sized company, BBBEE is seen as a legal function. One interviewee thought it appropriate that the reporting relationship of the BBBEE portfolio was to the CEO because firstly, the ownership elements must be dealt with by the CEO’s office and secondly because of the scale of funding that goes into BBBEE. One interviewee noted a practical difficulty that certain training types were categorised differently under the Skills Development legislation and under the BBBEE legislation.

5.3.1.4 Existence of learnerships within companies

The extent of investment in learnerships differs widely between companies and seems to be independent of size of company. Of the small companies, 2 have up to 10 learners, 2 others want to start learnerships, while another has discontinued learnerships. Of the 8 medium sized companies responding to this question, two had no learnerships (one because the work is mainly short term and project-based), one was just starting with a learnership, two had a few learners, and the other three had significant numbers – one targets 12 to 15% of blue collared workers. A similar variation was found in the large companies, which might have anything between 18 and 250 learners. Only two large companies had no learners and one of those is planning to re-introduce learnerships. Of the very large companies, one was just starting with learnerships, whilst the others had between 5 and 700 learners.

14 of the companies invested in learners for their own employment – these companies tended to have small numbers of learners, although one very large
company with large numbers of learners targets specifically high demand skills and therefore intends to keep all the qualified learners. The other 17 companies have dual objectives for their learnership programmes, intending to train for themselves and also to release into the industry. Some of these have a combined approach because of the difficulties of accurate planning for their own requirements; others like to be able to recruit the best of the learners for their own needs.

5.3.1.5 Qualifications and career paths into HRM

Of the 31 interviewees who were asked about their original tertiary qualification and route into HR work, 13 qualified in Industrial Psychology, Psychology or Social Work and 13 qualified in HRM, Sociology or Social Sciences. 3 were teachers and 2 qualified in finance or law.

Interviewees had followed a variety of career paths into their current positions within HRM and generally demonstrated either a positive choice of career or a default choice. For people who positively chose HR as a career, the most common path is straight from the tertiary qualification into an HR position (22 interviewees) and sometimes via a position with a recruitment agency (3 interviewees).

A more default choice is demonstrated by other routes into HR: 2 interviewees came into HR via Employee Assistance Programmes, and 2 came in via a position running a payroll. 5 interviewees started off in administration, finance or general office positions and moved into HR at a junior level. One interviewee had been doing actuarial work in the employee benefits area and then moved into HR. One interviewee had been a teacher, then worked in the teachers’ union and then moved into a Training / Industrial Relations position and then into generalist HR, while another interviewee had a long career in teaching and moved from being a Principal to being a senior HR Manager. 1 interviewee was placed into HR from a management traineeship, 1 moved into HR from a management consulting position (with a background in economics), 2 interviewees came out of the civil service (one moved across from a very senior position). Other backgrounds included academic publishing, the Navy, the military, management education at a university, laboratory technician and banking.
Of the 16 Top level interviewees who were asked the question about their career path, half had followed a path totally within HR. Of the other 8, 3 had come in via payroll, finance or management, 2 from teaching one from a management traineeship, one from a university, one from the civil service and one from the military.

5.3.1.6 Registration with SABPP

Of the 42 interviewees who were asked this question, 11 are registered with the SABPP and a further 8 are in the process of applying or are about to apply for registration. 23 interviewees are not registered, for reasons varying between that they have never heard of the SABPP, that they have never got round to it, that they see no value in it, that they are opposed to the idea of compulsory registration or that they have specific disagreements with the Board. Thus, approximately 50% of the sample have or will shortly have professional registration. This indicates a much higher % registration in the sample of this research study than the general level of registration among the estimated population of HR practitioners, as discussed in section 1.2.4.

The registration ratio is much lower among the Top level interviewees – 4 are registered while 12 are not. More Professional level interviewees are registered than not – 13 to 9, while the Junior interviewees are 50% registered. In general, interviewees with a career path outside HR are not registered with the Board, while about half the HR career path interviewees are either registered or intending to apply for registration. This finding also probably contributes to the low registration rate among Top level interviewees, as half of them have had non-HR careers, at least in the first half of their careers.

5.3.1.7 Knowledge update channels

Most of the interviewees who were asked how they update their knowledge use the internet to keep themselves updated - they typically subscribe to several on-line services. Workinfo, HRWorx and Labour Guide were mentioned several times. South African websites are considered of more practical use than overseas websites.
Conferences and seminars are attended more if they are specialist – such as labour law and remuneration seminars. Corporate Leadership Council material is highly regarded by the few interviewees who have access to it. Leadership and personal mastery books are popular, and one interviewee is studying social entrepreneurship. Two interviewees felt that the core HR ideas don”t change, and much of the new material is simply repackaging old ideas.

Networking is considered highly important to those people who engage in it, although only a minority of interviewees mentioned networking. The Executive Global Network was mentioned with approval by several of the Top level interviewees as adding value. One of the junior interviewees, who is on her own in HR in her small company, networks extensively with people she has met at seminars to help her with work-related issues. Linked In was mentioned by one interviewee as being useful.

5.3.2 Research objective 1

Research objective 1 (the appropriateness of current HR practice in South Africa to the country”s development needs) is addressed by presenting first the extent to which interviewees feel that the context impacts on their HR work, and what these impacts are. Findings on interviewees” views on HR practice in relation to the context are then presented.

5.3.2.1 The impact of the South African socio-economic context on HR work

Interviewees were asked “If you think about your work in HR, it might be influenced by 3 baskets of factors – specifically South African issues, generic HR work and issues specific to your industry and wanting to be world-class. How do you think these 3 factors take up your time and attention, distributing 100% between them?” Responses to this question were highly influenced by the management level of the interviewee – more of the higher level interviewees recognised a large impact of South African factors on their work.

Most of the 15 Top level interviewees felt that the impact of South African factors was very high – 7 said it was the biggest influence, while 4 felt that the 3 factors were about evenly balanced. 4 interviewees felt that South African factors influenced their
work little, and 2 of these felt that generic HR work was the biggest influence on their time and attention.

“I think it's a shared amount between South African, the generic and the industry because continuously I'm making a judgement call or making a decision based on how I'm understanding the social politics, what the industry is doing and what is the pace of readiness of my internal environment, what it can absorb.” (Interviewee 33)

“If you look at the political situation impact, the economic situation, unemployment, to a large extent, I mean it's huge, everything that we do is impacted by the events within the country.” (Interviewee 3)

“That means trying to transform the organisation, trying to drive performance, but also in that process you are trying to apply global norms and processes, but because in SA you have to transform more than you do in other countries.” (Interviewee 36)

Many (10) of the 19 Professional level interviewees felt that generic HR work was the biggest part of their job, but that South African factors were fairly significant, about one third of their work. 5 interviewees at this level felt that the impact of South African factors is huge – anywhere from 60 to 100% of their work. 4 interviewees felt that the 3 factors are pretty evenly spread in terms of the impact on their work. “It's more of a transactional role right now.” (Interviewee 31) At the Junior practitioner level, they all felt that their time was mainly spent on generic HR work and was little impacted by South African factors. “SA stuff only surfaces when we do recruitment.” (Interviewee 22)

Interviewees were then asked to say what issues they thought of under the heading of “South African issues”. The “top of mind” responses quite often reflected the interviewee’s particular work or interest – for example, interviewees who enjoy counselling or working with EAPs highlighted HIV/AIDS or social problems, while Top level interviewees highlighted macro issues such as labour relations or employment equity. Problems experienced by individual employees such as social/family problems, debt problems or health problems seem to impact to a much greater extent on the work of Professional and Junior HR interviewees. Skills development and the shortage of skills are the most often mentioned contextual issues. Responses are analysed by management level, and shown in Table 10.
### TABLE 10 - CONTEXTUAL INFLUENCES.

<table>
<thead>
<tr>
<th># mentions</th>
<th>Examples of specific issues raised</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legislation in general</strong></td>
<td>8</td>
</tr>
<tr>
<td>Top</td>
<td>Prof</td>
</tr>
<tr>
<td>Legislation because it affects your employee relations, litigations - it has a whole range of impacts, it's a major thing. Changes in law also impact a lot in terms of retraining and taking into account in strategy. The legislative environment dictates the amount of time you spend on this. If you're comfortable with the legislative framework then that shouldn't be an issue. Highly over-regulated, a lot of changes. Legislation is very good, but companies don't know how to use it.</td>
<td></td>
</tr>
<tr>
<td>Labour relations</td>
<td>4</td>
</tr>
<tr>
<td>Employment equity</td>
<td>4</td>
</tr>
<tr>
<td>BBBEE</td>
<td>3</td>
</tr>
<tr>
<td>Transformation</td>
<td>-</td>
</tr>
<tr>
<td>Topic</td>
<td>Page</td>
</tr>
<tr>
<td>------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Skills Development / education</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Our education is in a total shambles and we must help fix it.</td>
<td></td>
</tr>
<tr>
<td>Problem to find people who have a decent command of English. Literacy standards are appalling. They are PC literate, but not in useful stuff. No business acumen. Don't know geography, which is a big problem in a call centre.</td>
<td></td>
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<tr>
<td>Trying to find enough talent, make sure they progress to strengthen our pipeline.</td>
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<tr>
<td>Now they do maths literacy rather than pure maths, they do life orientation and all those other subjects which has also made it more practical in terms of what is required but I don't think the world of work is actually given realistically so that the learners don't come out with an understanding of what I'm learning now and what I'm going to have to do.</td>
<td></td>
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<tr>
<td>Have to employ a lot of non-SA engineers.</td>
<td></td>
</tr>
<tr>
<td>I say there is no skills shortage, the problem is there are skills out there but they are not the right skills that are required by the business world. They are skills on paper. You see the number of people doing marketing, PR, and that is not our problem. Our problem is on the technical side, we need plumbers and so on.</td>
<td></td>
</tr>
<tr>
<td>We don't have the numeracy and literacy levels to appoint at entry level.</td>
<td></td>
</tr>
<tr>
<td>We take the people in and 3 months down the line you realise that the people don't understand, they can't write and read in English, they can't do basic calculations.</td>
<td></td>
</tr>
<tr>
<td>Colleges not being accredited or closing down, so people suddenly don't have the qualifications they did have.</td>
<td></td>
</tr>
<tr>
<td>Within engineering, to get professional engineers is very difficult, most of them are from Zimbabwe and Kenya and then we have to get them permits to work and all that sort of thing.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Diversity</th>
<th></th>
<th>4</th>
<th>1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Racial issues.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women in management.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability learnerships are highly time-consuming.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>We have a lot of political baggage when we try to deal with diversity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social/family problems</td>
<td>2</td>
<td>7</td>
<td>3</td>
<td>Tremendous absenteeism and absconding. HR has to deal with the aftermath, the behaviours that flow from those social problems.</td>
</tr>
<tr>
<td>Debt/financial issues</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>Big debt issues - ends up in misconduct, stealing, ducking and diving, can't get to work because their car has been repossessed.</td>
</tr>
<tr>
<td>HIV/AIDS/wellness</td>
<td>-</td>
<td>6</td>
<td>3</td>
<td>HIV/AIDS, stress from working conditions.</td>
</tr>
<tr>
<td>Politics</td>
<td>3</td>
<td>3</td>
<td>-</td>
<td>You need to look at what's currently happening in politics - anything filters into the organisation so they are linked. Issues around ownership of the business are political.</td>
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<td>---</td>
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</tr>
<tr>
<td>The economy</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>We're in the staples business which impacts heavily on the poor, because we feed the poor in this country, so there's this thing in the organisation, that prices have got to be low. The implication is we have to come up with our total reward strategy and emphasise base pay a lot less and other factors like working conditions, fostering a good culture, that's our value proposition.</td>
</tr>
<tr>
<td>Crime **</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>We are proactively trying to prevent crime – we participate in Tracker's Men in the Making programme.</td>
</tr>
</tbody>
</table>

About half of our staff is HIV positive because we recruit people knowing they're HIV positive, because they are able to be good trainers and help other people identify.

HIV/AIDS. I think one good thing about it is that because it's around it forces people to look at employee well-being.
The difference in South Africa to other countries is that our environment is more volatile.

To bring in the right people and get them to perform optimally, given our history, is a big challenge.

It's hard to recruit people internationally to come to South Africa; our disposable incomes are not competitive.

Inequality.

Social Responsibility.

* Transport strikes were mentioned by Western Cape interviewees

* Crime was mentioned mainly by interviewees in financial services organisations.
Several interviewees discussed the incidence of social issues by referring to the statistics from their Employee Assistance Programme, and it was noted that these statistics do not differ much from international statistics. The reason for this, when other statistics reveal a worse state of affairs in South Africa than overseas (for example in domestic violence, rape and so on), was thought to be a greater degree of resilience among South African workers, so the threshold of problem suffered silently before going for help is higher in this country.

5.3.2.2 Attitudes towards significant elements in the context of HR work

Attitudes towards two of the most often mentioned elements of the context were further explored – employment legislation and transformation, including BBBEE requirements.

Most interviewees felt that the content of employment legislation in South Africa is good – it promotes fairness and it is comprehensive. They accepted that there was a lot of legislation because of the previous absence of fair employment practices and felt that often, even now, companies had to be forced to do the right thing. A minority felt that legislation had gone too far. Several interviewees referred to proposed amendments to legislation (as at February/March 2011) and felt that these amendments tended too far in micro-managing.

“The people that developed the law had a vision - and understand those principles, don’t be dogmatic about legislation, so I think that’s been the approach that’s informed our HR strategy and approach.” (Interviewee 30)

“I sometimes feel like, with my background, as a Black person being exposed to how things were before, and what the law does, it forces companies to take people like us and can’t fire us before they’ve provided coaching, and so on. Companies sometimes laugh at the Government, but I think it’s there to ensure that we do the right things.” (Interviewee 32)

“A lot of our legislation is very sound, and I would say that had we not had the legislation I do believe that people would just not comply. So in a sense it enforces compliance, I believe we need to be reaching a point where we can go beyond compliance – we shouldn’t have to have legislation to do what we are supposed to do. It should be good corporate governance but the truth of the matter is that a lot of people try to flout the law and if we didn’t have the legislation then probably they wouldn’t.” (Interviewee 27)
“I think our legislation is excellent in South Africa and it does create more fairness in the workplace than was there before. And from my perspective, having all the Acts and the laws, it’s much easier to convince a manager. You have some authority when you say, we have to do it this way. It’s sad, but it is reality.” (Interviewee 37)

“The problem we have is when it seeks to micro-manage, but basically it’s good stuff. When you look at legislation where it talks to equality in terms of wage, this is HR work we would be doing anyway, we wouldn’t be wanting that discriminatory gap. Obviously there will be gaps because we can’t pay everybody across the board, but it is something that you would normally have done anyway. I don’t find it particularly cumbersome. Line managers often say they cannot dismiss people because of the law but I tell them that’s rubbish.” (Interviewee 21)

“It depends which legislation you are looking at, but some of our legislation is way ahead of what other countries have, even in Europe, I know from going across there and meeting with my colleagues, so in terms of what we do, from an HR best practice, there’s a lot that is good, but a second aspect, you’re never going to get the whole thing correct I suppose, because of our history.” (Interviewee 29)

“Legislation is good, but companies are not so good at implementing, even if top management is on board, managers down the line don’t follow.” (Interviewee 41)

“South Africa is a massively over-regulated labour market and its enormous superabundance of laws governing us does tend to create a very artificial view of what HR should be. HR is primarily compliance work and you can go berserk trying to do the compliance stuff.” (Interviewee 42)

“There’s been a lot of legislation in a very short time, and many HR people feel out of their depth, so we all start to rely on labour lawyers before we make any decision and I feel one becomes hamstrung because you start questioning your decision before you’ve made a decision.” (Interviewee 50)

“Government is meddling where it should not, over-legislating”. (Interviewee 11)

As discussed in paragraph 5.3.1.2 above, many HR people are troubled by the use of labour broking and consider that it is detrimental to good employee relationships, as well as being unfair to the temporary employees. For this reason, the proposed amendments to employment legislation were welcomed by some interviewees.

“Companies don’t want to employ people permanently. So it’s a very good thing they are now considering to get rid of the temporary employment service. You must make up your mind whether you want to employ this person permanent or not.” (Interviewee 16)

Interviewees were positive about transformation and BBBEE requirements and felt that this type of legislation promoted transformation in a positive way, when business has been dragging its feet for years. The BBBEE scorecard concept was positively
perceived, and it was welcomed for integrating many different elements, and being very clear on what was to be achieved. However, achieving improvements is not necessarily very easy. One interviewee, who works for a multinational automotive manufacturer, has found a way to integrate employment equity requirements with global imperatives for talent and capability building, because he was finding that the head office was not interested in South Africa as a special case, they had to compete with the rest of the world on equal terms.

“When I deal with strategy around people management, it’s really about how do you embed the broader transformational issues so to that extent I think the external, or socio-political environment of South Africa does shape that kind of strategy. For me it’s really very clear in terms of what you need to go to, so the mandatory numeric aspects are absolutely clear, but what it does allow you to do is to create coordination.” (Interviewee 33)

“We realise we have a history but we also realise we have a future as well and that future is guaranteed only if we do things right now rather than prolonging the debate about the past. You know, sometimes the history of our country becomes a hindrance in finding solutions and the more you’re fixed and entrenched in it, the more it becomes a hindrance, so you have to ask yourself all the time, when is it necessary. The intentions of the BEE scorecard are already embedded in our corporate global visions so we have been doing it anyway, so I fully agree that, even if I use ourselves as an example, the BEE scorecard accelerated the implementation of the intentions, whereas before it was not executed at the rate that it would be.” (Interviewee 36)

“I think people are getting better at it – I think the whole BEE verification process has brought a level of visibility to this – previously for example we had the Employment Equity Act and people put in a plan and kind of tried their best, but if they don’t succeed then you know, that’s it and they kind of move on. I think the BEE legislation made that link much more tangible. You know, now we’re being audited and verified and you get a score, but more importantly, it becomes actually quite clear where it’s best to invest in order to improve your score and that’s what I’m saying is happening now. Why is it that we’re in the position we’re in if we really believe that these things needed to be transformed. So to make it very concrete – some of these organisations sit with PDI representation at 30% and even if we just take the issue of our democracy – that’s been 16 years, and why are we not seeing the kind of progress that we would expect if these things were readily embraced.” (Interviewee 2)

“I think for us, we see legislation such as BBBEE being quite key, Quite a lot of employers look at legislation as a constraining factor, we see it as an opportunity.” (Interviewee 30)

“I have a transformation committee that I sit in with the dealers that drives transformation within their network. So we push, this is South Africa, you’re never going to get 100% of people happy with what we’re doing, because that’s the nature of things, but we do our best to try and get that done.” (Interviewee 29)

“We’re doing transformation because we have to do it – if we don’t do it, you know, there are penalties or you’re not going to derive certain benefits – even with regulation, we’re still battling.” (Interviewee 3)
“We have to find a particular way of positioning the employment equity in South Africa within the context of talent and capability building without necessarily isolating ourselves as South Africa, we are different. I think too many companies this has been positioned negatively and it's so difficult to drive it then, in all the schools of thought, they never talk about employment equity in the context of talent management or people management, it's just a stand-alone it's retributional, So I'm saying if I look at myself I find it difficult to drive it in that negative way even if I wasn't Black.” (Interviewee 7)

5.3.2.3 The appropriateness of current HR practice

Interviewees in general had never considered whether HR practice in South Africa is appropriate to the socio-economic context and the most typical response to this question was “that’s a difficult question”. The depth of response differed by organisational level, with Top level interviewees generally providing more considered views on this matter.

There was no consensus, among those interviewees who could formulate a view, as to how appropriate current HR practice is. In trying to interpret why there is no consensus, other patterns were looked for, and underlying the responses seems to be a divergence of opinion on the desirability of first world HR practices. Some interviewees imply that South African HR practice should eventually become first world, while others recognise that HR practice will always reflect local history and contextual differences. Therefore, in terms of the research question, interviewees who believe that HR practice should be first world could be deemed not to recognise the special needs of the South African socio-economic context.

In order to analyse the responses, four sets are distinguished, as shown in the four quadrants of Figure 14. Figure 14 also shows the number of individual responses in each set – responses were allocated to a particular quadrant based on an interpretation of the response.
Responses were sometimes much nuanced and therefore the allocation to one particular quadrant was sometimes slightly arbitrary. The figure does, however, help to show that slightly more than half the interviewees believed that HR practice in South Africa should reflect first world practices. It is noteworthy that this view was not shared to the same extent among Top level interviewees, 9 of whom out of 14 believed that local needs must always be taken into account.

Although the figure also illustrates a preponderance of opinion that current HR practice is not appropriate (24 out of 35 responses), most of these (13 against 11) made this judgement against the goal of becoming first world. As demonstrated in the presentation of specific findings which follows, the current context is cited by most interviewees as being the reason for falling short of first world practice – thereby demonstrating the impact of the context. The total of 5 interviewees (all Top level) who believed that current practice is appropriate and local therefore represents a small minority of interviewees. It is noteworthy also that these 5 interviewees recognised the enormous challenge represented by conditions in South Africa and
did not believe that the rate of progress in achieving results is satisfactory. The range of responses in each quadrant of Figure 14 is presented.

Quadrant 1 of Figure 14 represents a feeling that South Africa is falling short of desirable first world HR practices. The short-comings were described in different ways. One way was to acknowledge that much HR practice as formulated into company HR programmes, particularly in larger companies, concentrates too much on the “knowledge workers” and does not recognise that “the needs of the basic level people are just totally different. The world class HR stuff is progressing way too quickly for just the basic people.” (Interviewee 34) Sometimes this inappropriateness of HR practice is attributed to companies” narrow view of their role in society, epitomised by reluctance to spend the money to correct problems such as lack of skills and productivity, or reluctance to take decisions in the best interest of the economy and people within society. “I”m critical of my industry – I think we do very little in terms of making sure that the have-nots are able to access the industry – there”s very little altruistic tendency in business.” (Interviewee 32)

Other interviewees saw the issue as a failure by other stakeholders such as trade unions to move forward: “we”re still confined to the laager of the past” (Interviewee 17). “We could have a far more simple way of doing things in South Africa if there hadn”t been the history of the union movement and the capitalistic movement being so far poles apart – it would be nice if there could be more freedom to develop people without it becoming an entitlement issue.” (Interviewee 37)

Interviewee 43 felt that “I think we try to have first world practices but we have to at times cut back to fit in with the South African situation because of levels of productivity and levels of education.” Interviewee 9 pointed out that a practice such as Recognition of Prior Learning was not well utilised in South Africa, compared to overseas and interviewee 35 felt we were behind in adopting the “hire for attitude, train for skill” approach. Interviewee 8 felt that South African diversity needs to be acknowledged, embraced and made to work for us. Interviewee 25 was fairly scathing: “I think we still practise HR like a third world country – I don”t think there”s been much transition from 10 or 15 years ago.” She was concerned that the needs of the emerging middle class and the influence of younger generations in the workplace are not being taken into account.
Quadrant 2 represents recognition that South Africa will always have HR practices somewhat different to those of other countries, but that we have not yet succeeded in developing appropriate practices. Responses included: “I don”t think so, but then I don”t have the answer in terms of how to improve it and I think that”s what everybody”s battling with in industry. I don”t think we get to the real juicy part of people management.” (Interviewee 48) Interviewee 46 concurred, believing that there is not enough attention paid to counselling at the shop floor. Interviewee 16 straddled Boxes 2 and 4, believing that “we are doing the right thing –and if it”s not working, we have to explore other ways of doing it”. She cited lack of progress on Employment Equity: “I can”t believe that in this day and age there are companies who don”t do that.”

Some of the reasons for a failure to develop appropriate practices were identified. Interviewee 21 regretted the failure of HR to respond appropriately to the context: “I suppose HR has for so long been told to become a business partner that HR has become maybe immune to those kinds of issues and HR wants so very badly to become a partner that we have abdicated that HR role to being called one of the boys.” Interviewee 3 also felt that HR is too functional and narrow and is not responding to the imperatives of transformation. Interviewee 40 lamented “I think we lack soul in HR, the human touch has gone, the social conscience is lost, it”s a mean type of philosophy.”

Interviewee 7 had a visionary approach: “I think we need to develop our country through human resources, not for our generation but for the next generation, we need to sacrifice what we could have got today prematurely, that”s my view. It sounds too good to be real, but that”s my view”. A very different approach within this Box was that of interviewee 6, who felt that HR practice was inappropriate because of the failure of HR people to become strategic partners, then “we might be able to contribute to the economy in a more effective way than what we currently are” and interviewee 31 who noted that HR people are “too bogged down with transactional things”.

Quadrant 3 represents a feeling that South African HR practice already approximates first world practices, although many interviewees had some reservations. “I think HR is very reactive – I think we still have a very old HR
mentality – they all seem to be male and well into their 50s and 60s”. (Interviewee 22) Interviewee 10 concurred that the mentality is old-fashioned and is not finding ways to get HR to be a profit-contributor. Interviewee 27 thought that the broader issues in HR will be similar the world over, while interviewee 26 thought “we are making good progress.” Interviewee 33 thought “by and large yes” but noted that to proceed on the assumption that the skills base is adequate could lead to inappropriate practices such as over-specifying requirements when recruiting.

Quadrant 4 represents a belief that South African HR practice will always reflect specific local issues and also these interviewees believe that by and large, local HR practitioners do respond appropriately. The reasoning behind these responses included that current practice reflects the dichotomous state of our workplace – with parts of organisations “operating at global norms under global practices, but we have other challenges around our education system, and our industrial relations are very much premised on our history of inequality.” (Interviewee 36)

Several interviewees pointed out that South Africa’s transformation needs and legislation drive the form that HR practices should take - interviewee 29 believed that our legislation is very appropriate and is a sound basis for HR practice while interviewee 30 was comfortable with current HR practice, provided that the company and HR professionals are premising their actions on transformation rather than compliance with legislation. Interviewee 12 believed that “the function is dynamic – it’s a product of its own time and space and it has to keep regenerating itself.” Interviewee 24 thought we are adequately taking into consideration “that we’re dealing with semi-literate people and our practices are a lot different from a first world country”.

5.3.2.4 Summary on findings on research objective 1

The question contained in research question 1 (Is current HR practice in South Africa appropriate to the country’s development needs?) is therefore thoroughly explored and in summary answered as follows. The context impacts significantly on HR work in South Africa and this is recognised in more strategic ways by more senior HR professionals. These impacts are many and varied, from legislation to social issues;
and HR professionals in general believe that the thrust of employment legislation and transformation is appropriate and constructive.

Most HR professionals have never thought about whether HR practice is appropriate to our context, and less than half of the interviewees believed that local needs must be taken into account in HR practice, we should rather strive to emulate first world practice. The local contextual view was considerably more prevalent at the Top level of HR professionals. Of the group who believed that local practice is important, most believed that current practice is not appropriate, although at the Top level, the split was even between those who believed it is appropriate and those who did not. Top level professionals were the only ones who believed that HR practice is currently appropriate and should be local. Interviewees at the HR Professional and Junior levels who did not believe current practice is appropriate in general based this on the lack of prioritisation of trying to help individual employees with socially based problems. Even where interviewees believed that the goal is to have first world HR practice, they believed that contextual issues are a major reason why current HR practice is not appropriate.

5.3.3 Research objective 2

Research objective 2 was to develop a framework for an effective response by HR to the country’s development needs. Congruently with the difficulty that interviewees had in considering whether current HR practice in general is appropriate to the South African situation, few ideas or examples were offered as to more appropriate practices, except in one area, the contribution that the organised HR profession might make in terms of lobbying or leading the profession.

The ideas and examples of specific HR approaches or practices that were offered are analysed in terms of the framework derived in Phase 1 of the research, as presented in paragraph 5.2.2. Table 11 shows these examples and ideas.
**TABLE 11 - APPROPRIATE HR PRACTICES.**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Examples and ideas</th>
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<tbody>
<tr>
<td>Clarify company priorities and agree on a developmental agenda.</td>
<td>a) Review staffing models to bring temporary workers onto permanent staff, ensure benefits and work patterns are aligned.</td>
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<td></td>
<td>b) Encourage managers to mentor small businesses.</td>
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<tr>
<td>Cooperation and leadership.</td>
<td>a) Set Codes of Conduct for suppliers and ensure ethical conduct.</td>
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<td></td>
<td>b) Share information with other companies on worthwhile Government programmes to participate in.</td>
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<td></td>
<td>c) Cooperate on a local basis with other companies to invest in local communities.</td>
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<td>Lead our companies.</td>
<td>a) Set really high targets for equity recruiting and internal promotions.</td>
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<td></td>
<td>b) Set up and maintain high profile ethics education campaigns.</td>
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<td></td>
<td>c) HR take accountability for ensuring female-friendly work environments.</td>
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<tr>
<td>Get involved with the education system which is so critical.</td>
<td>a) Partner with chosen schools and work hands-on to make sure they get the right facilities, mentor the principal, bring shop stewards to educate on constructive IR</td>
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<td></td>
<td>b) Facilitate centres of excellence in school districts.</td>
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<td></td>
<td>c) Trawl the rural areas, working with districts, to identify good schools and then partner with them to provide needs.</td>
</tr>
<tr>
<td>Engage with the skills development system.</td>
<td>a) Run (not just sponsor) appropriate learning events for learners in schools and colleges to get high level expertise directly to learners – e.g. science expo’s.</td>
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<td></td>
<td>b) Consider artisan/technician/engineer ratios and develop accordingly towards what they should be.</td>
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<td></td>
<td>c) Ensure experienced engineers and specialists are trained and used to coach and mentor at various levels to pass on their experience, contract them after retirement.</td>
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<td></td>
<td>d) Partner with tertiary and FET system to upgrade faculty skills. (Mining industry example of a Trust to which all companies contribute, and which subvent salaries of faculty).</td>
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<td></td>
<td>e) Review bursary schemes to ensure adequate support for students, with all the extras, and do not ignore first year students. Manage the vacation work and ensure students feel valued.</td>
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</table>
### f) Establish best practices among SETAs for effective skills planning and development and disseminate widely.

### g) Find out what government funds are available through various departments and partner with Government programmes.

### h) Develop 5 year career plans for all employees, including shop-floor, break down to 1 to 2 year plans and provide support and encouragement.

### Engage with the labour market in a socially impactful way.

| a) | Where operations are not in urban areas, recruit bursars from local schools rather than central recruitment, which tends to find urban-based bursars who don’t stay after graduation. |
| b) | Very stringent selection - job readiness and trainability screening - one week on the job training, if they pass that, onto 3 - 6 weeks intensive training which they must pass at 80 - 90%. This allows company to look at trainability rather than existing qualifications. |
| c) | Use different assessment tools to find the raw potential, reconsider existing psychometric testing – who is it excluding, look for people with the right values rather than experience. |
| d) | Review minimum education requirements – are they really necessary or are they excluding people who can do the job. |
| e) | Understand that many recruits have been unemployed for a long time, have never worked, and/or their families have never worked. Extend induction periods – and ensure intensive interaction around issues of personal accountability, ethics, understanding how businesses work, grooming to understand customer requirements. Pay particular attention to women coming into male-dominated workplaces. Link initial training to on-the-job observation by the trainer, feedback, support and encouragement. |
| f) | Appoint graduates with general degrees and train them in your industry. |
| g) | Find or sponsor social entrepreneurs who are teaching the unemployed life skills, self-belief and job-seeking skills. |
| h) | Allocate a significant portion of learnerships to disabled people. |

### Engage employees in CSI/CSR.

| a) | Several examples of employee volunteering, Make a Difference day etc. Experience shows that it is good team building and people often continue to have a relationship with the project they’ve worked on. |
| b) | Employees from villages where CSI projects have been done are involved in the needs analysis and also the |
| Ensure health and wellness services. | a) Counselling and supplementary feeding available to employees’ families; visits of nurses etc to company premises to oversee medication compliance.  
   b) Provide financial and debt counselling on site; run life skills education programmes including financial management. |
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<tr>
<td>Extend HR services to small businesses.</td>
<td>c) Senior HR people consult to suppliers and partners in enterprise development.</td>
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Responses to the question about what HR professional bodies might offer in terms of support and leadership in making a difference in the context yielded a comprehensive view that professional bodies could indeed make a difference, and should do so. In fact, there is a degree of disappointment that it is not happening. (For a further discussion on the capacity of the professional bodies see section 5.3.4.4). Specific contributions could be: highlighting issues; voicing expert opinion; lobbying on important issues; and actually running intervention projects:

“...view of the fact that they represent employers, and one thing we don’t have in this country is formal sector jobs, guaranteed incomes and all the things that make socio economic sustainability, they represent those in many respects and we see every ill in society comes through the workplace - it’s the HR people that form these bodies, and they’re able to, in that respect, to go back to Government and go back to the State, back to employers and give them highly functional information in terms of strategic planning for the State for the years to come. They do not do that.” (Interviewee 15)

“If you look at substance abuse, for example, it’s a major societal issue, but there’s not even much said about it. But yes, society can be influenced greatly by HR practitioners if they were given the opportunity to have a better voice.” (Interviewee 27)

“There’s a distinct difference between the voice of HR and the voice of business. And we should actually bear that in mind. HR can play a balancing role. Saying what needs to be said but also balancing it with something else that says we can actually build this thing together.” (Interviewee 12)

“There’s no body standing up and taking a standpoint and giving advice, regarding the skills shortages and the SETAs, no-one is really airing that from an HR side. No one is working on clear realistic measurements that we can base decisions on. We need to have professional bodies that on Government level gives not only inputs but is so visible that Government consults them – that I think is very necessary.” (Interviewee 14)

“The HR view as distinct from the business view - it’s very much the same sort of voice you’d expect to hear around the board table where there’s an HR executive in the room.” (Interviewee 21)

“Why can’t HR go to the Dept of Labour and say - we tend to be on the other side of the table confronting the unions and yet the unions are fighting for social issues and HR should be doing the same. Even where we agree with the unions, we’re not saying that. And why are we not saying that, because we want to be on the business side.” (Interviewee 3)

“They can provide us with guidance on how you can adapt your strategies to make sure you can address these type of things, and the organisation can take some heed on that and advise and support – I think it would make a contribution.” (Interviewee 47)

“In terms of what affects us directly in terms of our profession, it’s a huge gap. As a profession, we do not spend enough time or give it the attention it deserves – it’s an economic issue or it’s a welfare issue, I don’t think we see it as an HR issue.” (Interviewee 13)

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“In my view HR should be able to drive that through our people and also through national debate and so any top level debate we should be invited – because my view is each and every South African
citizen must force himself and be dedicated to say I want to make this country a better country through a contribution and I must use any skill that I have. In my view HR has been categorised as focusing in mainly a narrow area and we only talk about people when they enter the work stations, as soon as you move out of that it becomes something different – we should become like politicians. So if we push ourselves as human resources, to be HR professionals, irrespective of where we are.” (Interviewee 7)

“I know just how much potential the HR industry still has in terms of influence and impact and yet it’s not really a shared vision. There are so many opportunities where there could have been influence – the whole debate around the effectiveness of the SETAs and if the SETAs don’t change, they’re going to be dissolved, those are all very critical discussions right now where there’s a missing link in terms of an HR voice. The thought leadership around what is the direction we’re going.” (Interviewee 25)

“Maybe there is more we can do to be involved in these social issues as HR - the leadership needs to take a lead. We need to package what we can do. We should not just go out and say we want to get involved, we must say to what extent, and how, what programmes, what initiatives, and we define those, we outline those and then once we are comfortable there is a proposition for society, then we can approach society.” (Interviewee 17)

In summary, whilst there was not a coherent view from Phase 2 interviewees on what might be an appropriate response by HR to societal issues, there were suggestions and ideas, and a few examples, which can lead to the compilation of a framework as envisaged in the research question. This framework will be presented in Chapter 6.

5.3.4 Research objective 3

Research objective 3 was to consider the implementation of more appropriate HR practice. Interview responses provided a considerable amount of information on issues that would influence the implementation of HR practices which take the socio-economic context into account. These issues include organisational factors such as strategic thinking/planning processes and acceptance of the corporate citizen role; perceptions and beliefs of HR practitioners regarding whether and how they could contribute to society and influence their companies accordingly; and the support and leadership that HR professional bodies give.

5.3.4.1 Organisational factors

Processes by which organisations conduct their strategic thinking and planning, as well as the general outlook or philosophy of the organisation in relation to its socio-
economic context, will strongly influence the receptivity of an organisation to consider this context as important. Few interviewees said that societal issues play an important part in the environmental scanning done by organisations, and there is still less evidence that good practice such as impact assessments of strategic decisions is carried out before the decisions are finalised.

| “We actually are not perceptive about issues of this kind of nature.” (Interviewee 41) |
| “We have not done up till now, our strategic planning was rather short term but now we're doing scenario planning, more long term, more integrated, from which each function will derive their plan.” (Interviewee 21) |
| “95% of the time when people are making decisions in a corporate environment it’s basically saying what does it mean for the bottom line. The other issues are issues that sometimes you have to come back to reactively.” (Interviewee 29) |

However, in a few companies, this is changing:

| “The debate is more and more about those kinds of issues and what I'm seeing very interestingly is, in our company, the debate is starting to appreciate the importance of HR sitting in those debates and not being considered just as a kind of resource.” (Interviewee 33) |
| “All these societal issues are permanently very high on our agenda, and also in some cases our licences depend on it but the rest are done simply because it's good business practice, all the elements of sustainability and nation building, those are on our agenda”. (Interviewee 42) |
| “We’ve got a project 2012 and it looks to all the pillars - what are the financial implications, what are the human resource implications, the CSR and so forth.” (Interviewee 7) |
| “Absolutely. We have 2 strategy sessions a year where we consider that formally, but in terms of our monthly management meetings that's a way of life. And I think you will appreciate that this was brought about by “recent events” [a very large Competition Tribunal fine].” (Interviewee 45) |

Organisations’ perception of their corporate citizenship role, in many cases, is quite narrow. Social issues are taken into account only in CSI, which is often still a cheque writing exercise, consisting of community projects managed by the marketing or corporate affairs office, or, as discussed above in section 5.3.1.3, is hived off to a Foundation managed by higher echelons of holding companies. However, several interviewees mentioned an acute realisation by the company of the importance of the corporate citizen role. This seems to occur mainly in the mining and
telecommunications industries, where it is mandated by law, with highly significant potential sanctions if the role is not fulfilled:

“In mining because of the Act, the Social Labour Plans are actually your drivers and it’s so integral, whether you’re in HR or in finance or in production, you have to understand what those imperatives are.” (Interviewee 25)

“There’s a department is well resourced, that has money, that gets into LEDs, that goes into community forums, that gets neighbouring mines to get together and say if we look at these things, what is, where can we start, because we accept that there’s a lot to be done.” (Interviewee 1)

“In some cases our licences depend on it but the rest are done simply because it’s good business practice, all the elements of sustainability and nation building, those are on our agenda”. (Interviewee 42)

Another indicator of a company’s attitude towards its corporate citizenship role is the degree to which it encourages HR practitioners to get involved with governance of skills development structures such as SETAs and FETs. Half the interviewees who discussed this issue (12 out of 24) are actively involved with their SETA’s governance, even though there were some comments that this involvement had not resulted in good governance and results from that SETA. From the remaining half of the interviewees, 3 have realised they need to get involved and are planning to do so. The propensity to get involved is much higher, understandably, among the large and very large companies. However, this active involvement does not extend to FETs – as only 5 out of 13 interviewees to whom this was applicable said that they were involved. The ones that were involved reported high levels of return on their time investments in terms of appropriate skills development for their business.

5.3.4.2 Perceptions and beliefs of HR practitioners of their contribution to society

For HR practitioners to take opportunities to make an impact on their socio-economic context, they must believe that their work can make a difference in that regard. Interviewees were therefore asked whether they believe that their work can make a difference to societal issues. The answers could be categorised into three broad
groups: that HR work is internal and doesn’t really make much impact outside the organisation; that HR work can make an impact, but it’s limited, generally, to ripple effects of making a difference to one employee at a time (for example, helping to resolve debt problems and thereby improving the quality of life of the family or allowing a child to continue education); or that HR work can impact on many aspects of society in a strategic way. This latter view is more prevalent among Top level practitioners (7 out of the 13 who discussed this issue) and rare among Professional (3 out of 18) or Junior level practitioners (1 out of 5). The most common view overall is that the impact is limited (15 out of 36), while 8 interviewees felt that their work had little impact on the context. These two latter categories combined indicated that most practitioners have an internal, functional view of the contribution of their jobs.

Examples of views on the significant impact of HR work included the following:

<table>
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<tr>
<th>Quote</th>
<th>Interviewee</th>
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<tr>
<td>“As an active participator in things like the SETA, being at the forefront of the skills revolution in the industry, in CSI, through taking big numbers of interns and learnerships, lobbying strongly in certain Government forums.”</td>
<td>Interviewee 21</td>
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<td>“I think it’s quite vast really, and I can think about it from a macro and a micro level, because just looking at the HR work, all down the line: generation of employment opportunities; wellness and wellbeing of people; literacy training and capacity building; how you engage people in the workplace which impacts their role and function in society; change management affects interaction in society. So you might tend to think that you are doing something because it’s your KPI but the impact of what you’ve done in the workplace actually has far reaching implications on society.”</td>
<td>Interviewee 25</td>
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<td>“In my work, I get a chance to influence a lot of that, in terms of where my company is focusing energy in terms of making a difference where we operate and I must be honest it is very nice when the company is able to do that because you can see the difference in that community.”</td>
<td>Interviewee 1</td>
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Many of the interviewees who felt their work had a limited impact were, nevertheless, passionate about what they did and its significance:

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<th>Quote</th>
<th>Interviewee</th>
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<td>“The one on one conversations that I get involved in and try to make it a better world.”</td>
<td>Interviewee 48</td>
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<td>“You find that people that are in employment are supporting a whole lot of unemployed family members and they’re supporting them because in some way, we’re helping them to be resilient, that they then are able to influence the rest of the family because they in fact hold the family together. You get some people that are looking after more than one family, so there’s a bigger effect into the community and it does influence unemployment and poverty.”</td>
<td>Interviewee 47</td>
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“We’ve had a huge drive inside to get people financially literate inside so as HR I think we’ve got an educational role to play inside which the people will take outside. Even doing health programmes inside where we hope people will actually go outside and start having those practices outside.” (Interviewee 14)

“We are looking at providing these life skills programmes for people, how to do things, how to save money. People don’t save money, and perhaps they can buy houses in the future, provide for when their children are attending universities, so I think in any workplace, HR can add value.” (Interviewee 46)

The interviewees who felt that their work had little impact generally felt that the company might, as an economic entity, have an impact, but that HR itself has little impact:

“I wouldn’t say we – HR per se, is having an impact, our companies have an impact on greater society but not HR per se.” (Interviewee 37)

Of interest to the researcher in considering the approach or “world-view” of interviewees was what other attributes might be associated with a particular “world-view” – such as level; whether they identified primarily with their profession or with their job; or professional background. Figures 15 and 16 show the interaction between concepts of impact of HR work and organisational level, identity as a professional and professional background.

Both these Figures show a fairly strong relationship between organisational level and a wider view, with most Top level interviewees having the wider view. Figure 15 is based on a question in which, when given the choice between two definitions of their identity, 13 out of 34 chose a primary identity in their job with their current employer; 6 chose an identity primarily as a HR professional, 7 (mainly Top level) considered that the choice was invalid – they saw themselves as both a HR professional and in a job; while 8 said they would like to be a HR professional but felt they were really only doing a job.
Figure 15 indicates little relationship between perceptions of the impact of one’s work and identity as an HR professional and it would therefore seem that the antecedents of a wider view of the potential impact of one’s HR work lie elsewhere. Figure 16 shows a stronger relationship with professional background, where an identity as a psychologist or social worker seems to be more related to narrower perceptions of impact rather than to a wider impact on societal issues.
Interviewees were asked whether they were involved in any community voluntary work using their HR knowledge and skills. The purpose of this question was to gain a perspective on the prevalence of such voluntary work and the type of impact it might have, and also to gather some examples which might give other practitioners some ideas and guidance on how to get involved themselves. Two-thirds of interviewees who were asked this question were involved to some extent in community work. Of the other one-third, most said that they would like to, but would be encouraged to do so if there was a convenient vehicle for them to volunteer through. Examples of work done include the following:

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<th>Activity</th>
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<td>Participation with faith-based organisation social programmes mainly HIV related.</td>
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<tr>
<td>Advising people on labour law issues.</td>
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<tr>
<td>Running a not-for-profit organisation to teach typing skills and self-belief.</td>
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<tr>
<td>Mentoring youth or career-based mentoring.</td>
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<tr>
<td>Career counselling in schools.</td>
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<tr>
<td>Mentoring small businesses and helping with HR related issues.</td>
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If HR practitioners wish to contribute more widely in making a constructive impact on the socio-economic context, they need to be clear about what skills they can bring or what specific contribution they could make. Some interviewees were not sure about what these skills might be, while others had definite views on what makes HR practitioners special. In the latter group were included relationship skills (patience, compassion, understanding human nature, influencing dialogue); the ability to assess and develop potential (and this would include career guidance skills); and strategic skills “making the link between what the business is trying to achieve, knowing what the business is trying to achieve and identifying those opportunities to advance this broader agenda within that context, making the links for the business” (Interviewee 2).

The one key skill of HR should be that we”re better placed to understand the context that the business operates in, particularly the socio-political environmental stuff. Understanding demographics is quite critical for any business and HR has a natural advantage compared to other functional entities within a commercial enterprise (Interviewee 30).
Barriers and enablers that interviewees thought might impact on HR practitioners taking a wider contextual view and ensuring that they have an impact on their context included structural issues (HR resources); approach issues (seeing this as important and having the courage to do it); and thinking skills:

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<th>Barriers</th>
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<td>&quot;I think the HR community is so in to their companies and the reason is that the majority of companies would like to operate with a very small HR structure, and therefore those individuals just have to get on and do their job for that company and that limits any ambition or need to try and do more than that because they are already stretched. And I'm talking the reality. I think business has, or maybe us, or HR professionals, we have focused in ensuring that our delivery of HR services and the level of performance is good, to the point where we just want to do what we do very well and that focuses you internally.&quot; (Interviewee 1)</td>
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<td>&quot;There may need to be more people involved in looking at the administrative sort of work so that the HR consultants can get on with doing the kind of thing that makes a greater impact on society.&quot; (Interviewee 27)</td>
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<td>&quot;That's the challenge of HR in this country – you have to have a fundamental awareness of the socio-economic dynamics around us and act on them – don't just have the awareness, but act on it but there is a lack of courage. Some people just walk in and say well this is too big and I don't want to be arguing about this I just want to do recruitment and training and development and all of this stuff and forget about all the difficult stuff that's going on. There's also a lack of political sensitivity about where we come from – people come in here, recruit themselves into the function and believe they can make a difference. Quite frankly you can't, if you don't do that.&quot; (Interviewee 12)</td>
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<td>&quot;Most HR people, we look at business and we say that we're business people doing HR as opposed to being South African people in business doing HR.&quot; (Interviewee 3)</td>
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<td>&quot;HR people need to develop more spine, they have to be able to go to the CEO and say No, you are wrong, this is not the way to do it, and take the heat for it. Senior HR people see themselves as corks on life's ocean, their time is not their own.&quot; (Interviewee 11)</td>
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<td>&quot;People are really not there, are really not thinking at a higher level. If you start thinking about levels of systemic thinking and levels of work, a lot of HR people, even at executive level, they're still at practitioner level whereas they need to start moving more towards strategic intent.&quot; (Interviewee 25)</td>
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In comparison to the many barriers, only a few enablers were identified:

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<th>Enablers</th>
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<td>&quot;With this whole move towards more segregated sort of HR structures I think that certainly has freed up capacity and space for HR people to focus on those sorts of things.&quot; (Interviewee 2)</td>
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<tr>
<td>&quot;The Dave Ulrich concept of outside-in.&quot; (Interviewee 30)</td>
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<tr>
<td>&quot;Seeing the meaning in your work encourages you to take a wider view.&quot; (Interviewee 21)</td>
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5.3.4.3 HR education and training

A limited number of interviews covered the issue of how appropriate HR education and training is to prepare HR practitioners to deal with societal issues. Within the responses obtained, views differed, but there was a common theme that there is often very little relationship between what is taught and what an HR practitioner is confronted with in the workplace. Some interviewees lamented the lack of an integrated wider-view understanding of the HR field. These interviewees felt that in-depth functional training does not lead to “big picture” thinking. Other interviewees considered that tertiary education for HR has recently produced more “business-savvy” graduates.

“It’s definitely opened up my eyes from when I came from the theory background and the college and what they taught me there. I came and saw what is actually happening in a company as big as this. It was just to me quite strange to know that what is happening in a text book is completely different to what is happening in real life.” (Interviewee 31)

“I don’t think HR at tertiary level has caught up with the times. This is based on people we interview, the people we employ for the first time, there is a big disconnect between the theory they bring into the organisation and the practice of HR.” (Interviewee 36)

“I use so little of what I’ve learned - most parts I can’t remember using them in a day to day and I think it’s more on the investment that I put in post my studies that has helped me.” (Interviewee 1)

“If I take 15 years ago when I was a graduate trainee what I was taught then was basically the HR value chain starting from your basic recruitment to your exit, if you take graduates who have graduated now in the last 2 or 3 years, they don’t have the same depth of understanding of those principles, they go into specialised areas and that doesn’t really give them enough because they don’t have an overview and understanding and in fact they don’t see the output of what they do.” (Interviewee 25)

“I think certainly in my involvement in what’s happening at universities, in HR related disciplines, I think people are focusing still too heavily on the hard core HR stuff – you know, how do you design compensation schemes and training and development programmes and all of those things and I think probably the education around that is often tied up in a general business qualification rather than in an HR qualification.” (Interviewee 2)

“I think most HR people are not trained to deal with societal issues, we attend our university, we get our degree, and we go into the workplace and then it’s - the MD says this is what I want you to do, we need to save money here and there, so it all revolves around money.” (Interviewee 39)

“I do think a lot of the stuff is good, because it gives you a base and helps, and I believe that HR needs to be a strategic partner in the business, so you need to have the business sense, so those
things are really good.” (Interviewee 44)

“If I look at the qualifications of a professional HR person, one would assume that most of them come from the social sciences background which gives you that ability to understand social processes, social structures and use that to bring an influence on the business and business decision making.” (Interviewee 30)

“I think when I see HR people coming in, it's not just the fluffy stuff, I think they are a little bit more business savvy especially the young HR professionals, they are a little bit more business savvy than I was when I started as an HR person.” (Interviewee 34)

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<th>5.3.4.4 Leadership and support from HR professional bodies</th>
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<td>Most interviewees recognised the critical role of HR professional bodies in changing the way that HR practitioners can and do respond to and make an impact on their context. Some interviewees (5 out of 34), felt that HR professional bodies are effective in giving leadership, but this was a minority view and of these, 2 interviewees are personally involved at senior levels in one or more of the bodies. There was considerable criticism that the bodies are not making themselves visible and contributing to debates at a national level. One participant noted “I've never understood the reticence that comes with being an HR practitioner” (Interviewee 33). With one exception, all of the Top level interviewees felt that the professional bodies are not visible and/or not giving leadership – the other interviewee felt that moves were being made in the right direction. Reasons identified for the deficiencies included: lack of support from within the profession, fragmentation of the profession; and too narrow a view of HR from practitioners.</td>
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<td>The issue of professionalization in the form of compulsory statutory registration was raised by several interviewees even though it was not a topic of enquiry in this research study. There was a dichotomy of opinion on this issue with some feeling that registration was important to build strength within the profession to enable it to stand up and make a difference, while others were vehemently opposed to it as they considered it inappropriate in the HR field.</td>
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<tr>
<td>Many interviewees thought that, given the right circumstances (such as a much higher membership and the right leadership), HR professional bodies could make a</td>
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great impact on contextual issues of HR work through thought leadership, lobbying and participating in the national debate:

“Maybe there is more we can do to be involved in these social issues as HR - the leadership needs to take a lead. We need to package what we can do. We should not just go out and say we want to get involved, we must say to what extent, and how, what programmes, what initiatives, and we define those, we outline those and then once we are comfortable there is a proposition for society, then we can approach society.” (Interviewee 17)

“They’re able to go back to Government and go back to the State, back to employers and give them highly functional information in terms of strategic planning for the State for the years to come. They do not do that.” (Interviewee 42)

“The lawyers side is more legal and they think more Constitutional Court and jurisdiction of Labour Courts where we’re more thinking day to day, on the ground at that level and thinking what is going to happen to our businesses, which is for us a bigger risk than it is for them.” (Interviewee 22)

“There’s a distinct difference between the voice of HR and the voice of business. And we should actually bear that in mind HR can play a balancing role, saying what needs to be said but also balancing it with something else that says we can actually build this thing together.” (Interviewee 12)

“The HR view as distinct from the business view - it’s very much the same sort of voice you’d expect to hear around the board table where there’s an HR executive in the room.” (Interviewee 21)

“There’s no body standing up and taking a standpoint and giving advice regarding the skills shortages and the SETAs, no-one is really airing that from an HR side. No one is working on clear realistic measurements that we can base decisions on. We need to have professional bodies that on Government level gives not only inputs but is so visible that Government consults them –that I think is very necessary.” (Interviewee 14)

“Why can’t HR go to the Dept of Labour - we tend to be on the other side of the table confronting the unions and yet the unions are fighting for social issues and HR should be doing the same. Even where we agree with the unions, we’re not saying that. And why are we not saying that, because we want to be on the business side. We could articulate to society the contradictions in our approaches (outsourcing vs enterprise development). It’s our role as HR to make sure people can see integration and links.” (Interviewee 3)

“in my view any top level debate - we should be invited – because my view is each and every South African citizen must force himself and be dedicated to say I want to make this country a better country through a contribution and I must use any skill that I have. In my view they’ve been categorised as focusing in mainly a narrow area and we only talk about people when they enter the work stations, as soon as you move out of that it becomes something different – we should become like politicians, and politicians irrespective of where the person is. So if we push ourselves as human resources, to be HR professionals, irrespective of where we are.” (Interviewee 7)

“There are so many opportunities where there could have been influence – the whole debate around
the effectiveness of the SETAs and if the SETAs don’t change, they’re going to be dissolved, those are all very critical discussions right now where there’s a missing link in terms of an HR voice. The thought leadership around what is the direction we’re going. If you look at what BMF does, it doesn’t really do much in terms of outputs, but what they do is they are thought leaders, they instigate a lot of thinking, dialogue and debate which ultimately influences the national debate, but it doesn’t take an enormous effort for them to be able to do that – it’s all been in the strong brand they’ve established and a unified focus on what they want to drive. I know just how much potential the HR industry still has in terms of influence and impact and yet it’s not really a shared vision.” (Interviewee 25)

5.3.5 Summary of Phase 2 findings

A very wide range of topics were covered in Phase 2 interviews. Data on factors affecting the propensity and ability of HR practitioners to think outside their organisations were presented and showed that there is quite a wide range of such factors. Data providing responses of interviewees relevant to each of the 3 research questions were presented. Responses relating to research question 1 indicated that, while the context of HR work is highly significant in South Africa, current HR practice is probably not very appropriate to the context, although there are some practitioners who are making good linkages. In relation to research question 2, there was not a coherent view on what might be appropriate HR responses to the societal context but some ideas and examples contributed towards filling in a tentative framework. Responses in relation to research question 3 identified influencing factors including issues of the organisation, self-perception, HR education and training, and HR professional body support and leadership which would impact on implementation of any framework of appropriate responses.

5.4 Phase 3 findings: learning resources

Learning resources were evaluated to see what role they might play in assisting HR practitioners to understand the need to consider the socio-economic context and also what assistance they might offer in how to improve alignment with the context (research objective 2). In general, it was found that the bulk of the content of books, journals, magazines and conference topics concentrates on internal HR practices, including the strategic components of HR practice. Where context is discussed, it is typically from a global perspective, for example, changes in the nature of work,
effects of climate change, and generational differences amongst employees and prospective employees. Some local material is available, but the extent is limited, and the nature of the material is more discussion of the challenges of the context rather than offering case studies or ideas to resolve the problems.

Of the books available in the targeted book store in May 2011, 23 South African published books were found, out of a total of 220. Some material relevant to the socio-economic environment was available, but the extent was limited. Of the South African books, 6 were written from a universalist paradigm; and 2 were more than 10 years old and therefore out of date on the context. One of the universalist paradigm books is on business strategising and would be of use in relation to this research topic as it emphasises systems thinking and gives a useful framework for a PEST analysis – political, economic, social and technological framework. The other books each offer either case studies or contextual policy discussions of varying use to HR practitioners. Appendix 9 lists the contribution that these books could make.

The two research-based and peer-reviewed journals in the field of HR in South Africa, the SA Journal of HRM and the SA Journal of Industrial Psychology, published a total of 29 and 30 articles respectively from January 2010 to May 2011. Of these, 8 and 5 articles respectively had some content relevant to this research topic, again of varying degrees of practical usefulness. The HR magazine HR Future published a total of 100 articles between December 2010 and May 2011. Of these, 7 could be useful to HR practitioners in their alignment to the context. The on-line magazine Human Capital Review published a total of 128 articles between May 2010 and April 2011. Of these, 15 provide some useful material on contextual issues. Appendix 9 lists these articles and the contribution they could make. Material is thus available, if journals and magazines are read with an eye to finding such material.

The programmes of 9 HR related conferences were scrutinised to see to what extent related topics were included in the programme. It is apparent that, usually, delegates to these conferences will not be exposed to any topic concerning the socio-economic environment. Where such topics were presented, they were more about the challenges of the context than offering specific frameworks or ideas to resolve problems, although some case studies were presented. At 5 of these conferences, no relevant topic appeared on the programme. At the IPM Convention in November
2010, 5 relevant topics were offered, out of a total of 37 sessions on the programme. At the HR Directors Conference in March 2010, 4 relevant topics were included out of a total of 11. At the Training and Development Conference in August 2010, one relevant topic was included out of a total of 13 topics. At the Human Capital Trends Seminar in November 2010, one topic out of 8 was relevant to the topic, and that was a repeat session from the HR Directors Conference.

5.5 Phase 4 Findings - Focus Groups

The focus group viewed a presentation on early findings from Phase 2 (see Appendix 8) and then had a general discussion around topics that the members of the group highlighted. The main themes coming out of this discussion were:

- the complexity of the South African socio-economic environment;
- this complexity does impact heavily on HR work;
- the reaction to this by an HR practitioner depends heavily on that person's values and belief of self-efficacy;
- support by line management, or lack of it, can make a big difference in how much HR can achieve in terms of making an impact on society.

Under these themes, specific points made are listed below and attributed to the member of the focus group by initials. For the full names of focus group members, see Appendix 10.

5.5.1 Detail of the focus group discussion

The complexity of South Africa was felt to be unique because of the dual economy, the disconnect between the two and mistrust arising from that disconnect:

| “SA is such a complex culture for an organisation that if we get it right here, the rest of the world will follow us. If you think of the change management and complexity – and let's just take the political scenario since 1990 – every single South African has been affected.” (HM) |
| South African social complexities are really complex. The SA economy is divided into two and you would find that the social issues that affect these two economies are different. Their economy is affected by high levels of unemployment, high levels of poverty, and the other one, everything else is first class, basically. In our organisation you've got that – we've got operators that are still doing ABET |
Focus group members felt that this complexity does impact on the work of HR in a significant way, sometimes preventing HR from getting on with its “normal” work:

"It becomes very difficult. you look at an HR practitioner - the one who is in Venda is dealing with much more complex HR work than the one who is in Sandton – should you swap the two, the one from Sandton would never cope, and it’s not a skill, it’s not – basically you find yourself in an environment and you adapt to live in that environment, you understand the social issues in that environment and you are able to deliver a service that meets the requirements of that environment” (MU)

“I worked for an organisation where I was responsible for HR in Botswana, Lesotho, South Africa and Zambia, and in all these countries the HR social issues are totally different.” (MU)

“Surely these are issues that HR shouldn’t have to deal with and we’re only dealing with them because Government’s not taking responsibility – isn’t it about time we start to lobby the Government to do something about these so it doesn’t fall on the shoulders of HR because half the time HR people are involved in all those issues and then they’re not able to get on with their jobs, which is actually running the company in terms of the people and the alignment of those people with the strategy and the business side of it.” (KB)

“I think that the responsibilities that fall onto HR in a South African context are probably one of the largest in the world because of the situation of social circumstances, which makes an HR professional exhausted before the day is even started. Because they have got business partnerships on strategic
levels, they’ve got shareholder responsibilities, they’ve got operational issues, they’ve got governance and compliance, they’ve got labour legislation, and I haven’t started talking about the HR thing yet. We then have socio-economic responsibilities, and that’s before we’ve done a single thing relating to the pure HR function, whether we’re lucky enough to have tools to utilise, and I think probably the HR professionals here are the most flexible, the most accepting and the most multi-skilled in focusing and adapting.” (HM)

The reaction by an HR practitioner to the complexity and demands will depend on that practitioner’s experiences and exposures, and most of all the sense of empowerment that the practitioner has:

“The social context will also play in terms of how people handle that process and within that, will they be a giver or a taker and how they have had personal experiences and exposures to that. I think that person’s moral, social, ethical stance will also play a very large role.” (HM)

“Individuals, whether the environment is conducive or not, can be self-empowered, so then I think if individuals feel empowered, then it leads to a whole lot of other actions and there’s a closer link then to values – what they value and what they feel. When people are saying its very transactional, very bottom line focused, to me they’re not empowered and part of that depends on the context within the company and the context within which people have grown up. Other people within the same environment, whether it’s within the company or within society, can just be empowered and be the difference.” (PG)

“If individuals especially in HR don’t have self-belief, and credibility and respect for themselves, they’re not going to get it anywhere else. And then it becomes a vicious circle. You end up doing the stuff that doesn’t really count in any event. If you don’t have enough self-belief to engage in a different way.” (PG)

“I think we as HR professionals, sometimes we don’t organise ourselves in such as way that we can add value or make a difference. You find yourself trapped in an administrative work, where you could have come up with a system which looks after the administration and you’re able to look into social factors which can improve bottom line. Because some of these social factors can in fact make you visible in the public and they might as well improve your bottom line.” (MU)

Support by line management influences how much an HR practitioner can achieve, either positively or negatively:

“If you’re an HR person and you’re working with an enlightened CEO then the sky’s your limit.” (PG)

“A lot of our line managers, because they are technical experts who became managers by default,
they don't see value in getting involved in and addressing social issues because to them, does it bring them money - show me the money first and then I'll be able to get involved. But if I say to a manager, if you go and rehabilitate a mine in such and such a place and you ensure that how you do that rehabilitation creates jobs in that community, you are addressing unemployment, you are addressing a social issue and because those mines are in areas where there are no more people, it's like a ghost town, they just left there, but how do we go in and get people in that community involved in and address those issues. But once you start getting involved with them and trying to show your line management, even some CEOs, because they're measured on profitability, they don't even want to look into social issues." (MU)

Focus group members felt strongly that the HR profession needs to take a leadership role and positive action to address social problems:

“I think we as HR professionals who are aware about these social issues that impact on HR, we're not doing much. We're not doing – coming back to your mentoring and coaching – we're not coaching enough within our field to ensure that we grow that self-esteem, that confidence within HR people which in most cases it's not there, you start working on the people then to say look, we're going to make this happen. Let's turn this nation around and make it from an HR perspective.” (MU)

“I just think that it goes back to the capability and the confidence and the professionalism of the HR person, they need to say what really in this country do we need HR people to do and I think it's different to what they do in the UK for example, because they've got a very homogenous kind of society there – we've got this huge diversity issue and we've got to partner with Government and do a whole lot of things – that's the reality. That being said, we need a different breed of people, who can actually do different things. It's not just going to happen because we realise it, we're going to have to train people - the business schools, the SABPP, everyone is going to have to. If you really want to make this work, you're going to have to have a different breed of people who can actually make it work. And we're seeing that because some of the people are saying I'm doing that and others are saying all I want to do is push this paper about.” (PG)

“We have huge social problems within this country which do not need the Government alone to resolve and if we're going to say the Government is not doing what they're supposed to do, and we're sitting back and we're not supporting them, it will never go away.” (MU)

“I think ultimately the answer is going to be somewhere between joint accountability and in this country, business and Government, but from a personal perspective, and personal inputs and personal commitments to make a difference, whatever that difference might be. We might be a long way off it, but I think a lot of South Africans are prepared to take chances and prepared to try to do something.” (HM)
5.5.2 Summary of focus group findings

The focus group confirmed many of the themes coming out of both the Phase 1 and Phase 2 interviews. The members of the focus group were mainly agreed around the understanding that HR practice needs to respond uniquely to the demands of the context in different contexts, and that the South African situation demands that HR practitioners take an active role in trying to make a difference. The observations around factors influencing an individual HR practitioner’s response to the impact of the context were valuable in emphasising the individuality of that response, and the role of the person’s value system in whether and how that person chooses to make a difference.

5.6 Conclusion

The findings of the various phases of the research study have been presented in this Chapter. Many aspects of the topic were explored through the eyes of informed observers and current HR practitioners and a wealth of perceptions, views and opinions have been presented in relation to the research questions. In addition, the input factor of learning resources was reviewed. It is clear that the relationship of HR practice to the South African socio-economic context is not often considered, and that when the topic is raised, many and divergent views are uncovered. Some, mostly senior, HR practitioners and many senior opinion leaders related to the HR profession have clear views that the context impacts significantly on the work of HR in South Africa and that HR practitioners should be strategically concerned in making an effort to redress some of these impacts in the long term. Some useful themes and ideas have been identified, which underpin the formulation of a tentative approach which could raise awareness, link HR practice in organisations to the socio-economic context and highlight important factors which would influence the outcome of efforts to try and improve this linkage.

These findings will be discussed in the next and final Chapter in relation to the literature surveyed in Chapters 2 and 3. The outcomes of the discussion include recommendations which could lead to a re-evaluation of HRM as it is practised in South Africa.
Chapter 6

Discussion, Recommendations and Conclusions

6.1 Introduction

Significant information on the research topic derived from the four phases of the research study was presented in the previous Chapter. The research questions were addressed and associated topics explored. Compelling evidence was presented of the impact of the socio-economic context on HR work in South Africa, founded on the lived reality that HR practitioners experience in their work. Responses to this by HR practitioners were presented as well as the perceptions of many research participants that current responses were not generally adequate and/or appropriate. Many important factors identified which would influence any approach to improve the linkage between the context and HR work.

In this Chapter insights and conclusions from these research findings will be discussed, based on the literature reviewed in Chapters 2 and 3 and also from other literature referred to as the result of insights coming from the research findings. Some important conclusions are drawn and recommendations made for HR practitioners, organisations and the HR profession. Certain limitations of the study are outlined and some topics for future research are identified.

6.2 Observations on the research study

HRM literature reviewed in this research study has generally been based on quantitative methodology (Ulrich et al., 2008; Lazarova et al., 2008). The methodology of this study was interpretive and qualitative. This has yielded rich description of issues faced by HR practitioners in their work, as well as perceptions and opinions of the practitioners about important issues surrounding their work. The exploratory nature of the research approach proved to be highly suitable to the topic. It became very apparent during the research that the topic was not one much
thought about or discussed, and therefore responses tended to be tentative and
generalised. Qualitative research methods are considered to be useful for
elaborating possible influences and variables affecting the relationship between
concepts (Creswell, 2009; Patton, 2002), and this has proved to be true in
considering the models of Jackson (2004) and Ulrich (1997), which are discussed
and adapted in later sections of this Chapter. The large number of practitioners
interviewed during the research has ensured that many different work settings were
included, allowing the researcher to consider these in reaching her conclusions.

The research study seems to have been very timely. Various developments in the
external context occurred during the period of the research study. These include
some clarification of national priorities (see also section 1.5.3); a tabling by
Government of the idea of social compacts and partnerships in terms of the New
Growth Path; and the beginnings of a civil society regeneration movement (for
example, the first Civil Society Conference held in October 2010). All of these could
have an influence on the opportunity for HR practitioners to extend their influence. A
potentially major development in the HR profession is the adoption of a new strategy
by the SABPP which aims to extend and deepen the influence of the Board (SABPP,
2011). This could provide the foundation for increased leadership of the profession,
thus meeting a need identified during the research.

6.3 Discussion on the major findings

The discussion is structured around the research questions, set out in Chapter 1,
and related findings. A major theme of the findings, which gives focus to the way
forward, is that HR practitioners need to be more proactive in making a positive
difference in the wider context. This role of HR practitioners is termed the “social
activist” role and is explained and explored here and in other sections of this chapter.
This will eventually result in recommendations for practitioners, organisations and
the HR professional bodies.
6.3.1 The appropriateness of current HR practice in South Africa

Clear evidence has been presented that HR practice in South Africa is heavily impacted by the context. However, there is a division of opinion on whether current HR practice is appropriate or not. This lack of agreement seems to indicate a profession which is not unified in its underlying philosophy. It is critical that we improve the level of human development in South Africa, but there is currently a low level of awareness of the importance of HR practitioners taking up the social activist role. The following sections expand upon these main conclusions on this research question.

6.3.1.1 Contextual HRM in South Africa

Sections 1.2.1 and 3.2.3 reviewed the arguments in the International HRM field between the contextual and the universalist paradigms. The results of this research study strongly support the contextual paradigm. The finding that a large proportion of HR work in South Africa is impacted by the socio-economic context (section 5.3.2.1) is a strong argument that universalist HR practices cannot be applied without adaptation in the South African environment. Indeed, HR priorities in South Africa may be different to other countries, even those that are at a similar level of economic and human development. Many of the issues highlighted by Phase 2 interviewees of this study are not unique to South Africa (examples being legislation, skills shortages and a poor education system) but, as Interviewee 36 stated, “... in South Africa you have to transform more than you do in other countries”. The combination of history, legislation, institutions, labour market and societal expectations in South Africa demands unique responses in order to build a society which has the capacity to deliver comprehensive human development.

These demands constitute a strong argument that an underlying assumption on the part of some South African HR practitioners that, given time, first world HR practice can be adopted, is not a useful assumption for the purposes of short, medium or even long term planning. As shown in Figure 14 in section 5.3.2.3, the majority of Phase 2 interviewees to this research study seem to be of this somewhat stultifying
view, and the appropriateness or otherwise of current HR practice will be judged from this assumption.

The interested commentators interviewed in Phase 1 of the research had much clearer views that HR practice is not as appropriate as it should be. It would appear that this divergence of views between commentators and practitioners arises from the assumption by many, or most, HR practitioners that their first priority must be to work solely for the employer’s commercial objectives (refer section 5.3.4.2) rather than for the ultimate good of society (and therefore the long term future success of the employer). This assumption means that changes to HR practice are unlikely to take place until some greater awareness of the importance of trying to make a difference to the socio-economic context, through assuming a proactive, social activist role, is achieved. According to both Phase 1 and Phase 2 participants in this study, such awareness is unlikely to be fostered by current tertiary education institutions and professional bodies without some form of intervention.

It is critical, as discussed in Chapters 1 and 2, that we improve the level and pace of human development in South Africa. One of the key players in this (amongst others) is the business sector. As discussed in section 2.6, there has been considerable debate on the role of business entities in an economy. There are many new frameworks on corporate governance being introduced, for example, the new South African Companies Act of 2010, the King III report in South Africa, as well as the more universal Integrated Reporting Requirements of the International Accounting Standards and Sustainability Reporting as adopted by the World Business Council for Sustainable Development. These new frameworks effectively end this debate, stating quite clearly that an expanded definition of corporate citizenship is suitable for the modern world. The Companies Act states clearly that a company is integral to society, and therefore a company has as great a responsibility to society as does a natural person and therefore has to be a good citizen.

Ulrich et al. (2008), for the first time since Ulrich’s original research in 1997, discussed the importance of the HR role in interpreting the context. They clearly therefore acknowledge this trend and interpret the HR role which will be required to support companies in their obligations. The concept of corporate citizenship is therefore a universal concept, but the way it is enacted will be different in each
country, thereby lending further evidence to support the contextual paradigm of HRM.

The corporate governance developments listed above revolve largely around sustainability as the overarching concept within which they are framed. King III (IOD, 2009, p. 129) defines sustainability as:

conducting operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. It means having regard to the impact that the business operations have on the economic life of the community in which it operates. Sustainability includes environmental, social and governance issues.

This definition clearly implies that employment opportunities are important, because they contribute to the economic life of the community. The “triple bottom line” description of sustainability, and some of the social issues involved, can be illustrated in Figure 17. This concept adds formal legitimacy to the social activist role that this research study argues HR practitioners should play.

**FIGURE 17 – SOCIAL IMPLICATIONS OF THE “TRIPLE BOTTOM LINE”.

```
Financial

Environmental

Social

Own labour market and pipelines
Own employees
Own employees’ families and dependants
People living around our businesses

To be truly effective, a national perspective is necessary
```

The context should be taken into account in HRM, and HR practitioners must learn to take the social activist role. A conceptual and strategic model would then be useful to guide HR practitioners in how to take account of the context in their strategic thinking processes. Of the various models reviewed in Chapter 3, section 3.3.1, the model
adapted from Jackson (2004) (Figure 10) appears to be the most useful in terms of understanding and interpreting the context. The findings of this research study confirm that the elements identified in this model are indeed significant contextual factors. This model, as adapted in Figure 18 from the findings of this research study, can therefore serve as a useful summary of the dynamics of the South African context.

**FIGURE 18 – UNDERSTANDING AND INTERPRETING THE CONTEXT.**

The model emphasises the increasing integrative effects of cross-group dynamics in achieving a synergistic hybrid organisational culture (within a more coherent and synergistic national environment). This research study, however, showed that these effects might not be achieved without a greater degree of reflection within companies and adoption of integrative and transformative strategic intent. Companies also need to participate in professional and labour market institutions aimed at national and organisational transformation. A lack of all of these elements was identified by the participants in this study.
6.3.1.2 Appropriateness of HR practice at different organisational levels

The low level of awareness by HR practitioners of the need to make a difference to the context might be attributed partly to the fact that issues impacting on employees differ depending on the level of the organisation. The impression is often given that HR work in South Africa takes place in a first world context, but Figure 19 demonstrates that different levels of employees present different issues, and the strategic response to these issues can result in differentiated programmes.

**FIGURE 19 – SEGMENTATION OF STRATEGIC HR RESPONSES.**

![Figure 19: Segmentation of Strategic HR Responses](image)

The emphasis in many companies is on the upper levels of employees, where the so-called “war for talent” has most impact. Many companies in the financial, ICT and similar sectors of the economy employ mainly knowledge workers and thus do not prioritise the issues faced by lower levels workers. As discussed in Chapters 1 and 5 also, the mainstream of HR literature in the form of books, journals, magazines and on-line material deals with HR programmes aimed at knowledge workers. The attention of HR practitioners is thus focused onto these levels and away from the
lower levels. However, Figure 19 also demonstrates that there are issues arising from the socio-economic context which impact throughout any organisation and thus should be a priority in all HR strategies, regardless of the proportions of lower level to higher level employees.

A needs analysis conducted within an organisation could provide an idea of the actual effect of the socio-economic context on employees, and provide a basis to draw up strategic responses. A possible framework for such a needs analysis is shown in Figure 20. Due to the pervasive nature of many of the contextual issues, it might well be found that employees even within the knowledge worker levels are adversely affected by social circumstances – this will affect their productivity and engagement and therefore requires intervention.

**FIGURE 20 – EMPLOYEE NEEDS ANALYSIS.**

<table>
<thead>
<tr>
<th>What % of our employees</th>
<th>No intervention needed</th>
<th>Little or no intervention needed</th>
<th>Urgent intervention needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live in housing of:</td>
<td>Upper class conditions</td>
<td>Middle class conditions (own or rent brick house, max 2 people per bedroom), mains electricity, mains water, mains sewerage</td>
<td>Near poverty conditions</td>
</tr>
<tr>
<td>Send their children to schools with matric passes and maths/science matric passes</td>
<td>80 – 100% matric pass rate</td>
<td>40 – 80% matric pass rate</td>
<td>&lt; 40% matric pass rate</td>
</tr>
<tr>
<td>Have significant transport to work issues</td>
<td>Own transport</td>
<td>Less than 1 hour commute in shared or public transport</td>
<td>More than 1 hour commute in shared or public transport</td>
</tr>
</tbody>
</table>
6.3.1.3 Development of HRM in South Africa

Another part of the reason for a low awareness of the importance of trying to impact on the socio-economic context could lie in the dynamics of the development of HRM in South Africa since the 1980s, driven extensively by economic and political developments. The development of HRM could be characterised by the following
stages, which are discerned by the researcher from personal experience (see Appendix 3) and the interviews in Phase 1 of the research:

- **1980s** – there was a tremendous expansion of HR influence and strategic role, particularly in the large corporates and in multi-national companies in South Africa. This was driven largely by labour relations and the socio-political developments of the transition to democracy. The decade was a period of high political unrest and the trade unions took a strong political role, leading the opposition to apartheid. The workplace became one of the main battlegrounds for power. The response of employers, lead by their HR heads, was to evolve sophisticated conflict resolution mechanisms to create and maintain peace in the workplace and in the surrounding communities in which their employees’ families lived.

- **1990s** – this strategic role of HR became diminished as the new Government passed comprehensive employment legislation and the imperative became compliance. The reaction of business to the new Government was one of relief in a way, and business took a more passive approach to social reform, leaving it to the Government to sort out. The emergence of organisation transformation functions centred on affirmative action, and the need to implement BEE diverted attention from the need to transform all people practices within an organisation. A tidal wave of global competition hit South African business as it emerged from international sanctions and a protected era, leading to concentration on competitive issues and less on people issues. At the same time, the pace of change and increased complexity in the world of work accelerated, driven by technology.

- **2000s** – a divergence occurred in HR between:
  - HR functions which became more strategic as businesses realised the centrality of people engagement to business competitiveness and the importance of sustainability; and
  - HR functions which became less strategic, bogged down in compliance issues, running into difficulty with achieving significant changes to demographics in their organisations (they ran out of “quick wins”).
This divergence was possibly deepened through a shortage of experienced HR executives which sometimes led to the appointment of people with insufficient experience.

- 2010s – corporate governance developments are now raising the bar on HR practice. This coincides with a realisation in South African society that the role of civil society needs to be regenerated to achieve real socio-economic transformation. A debate within HR therefore emerges (as seen in the interviews for this research study) as to its capabilities to step up to these major issues of the times. Those HR functions which have over time become less strategic and bogged down in compliance issues will find it even more difficult to take on these new challenges. Skills gaps and lack of depth at senior HR levels, also indicated by participants in this study, will also undermine the ability to respond.

The net effect of the recent decades has been to focus HR work much more internally even though it is at the same time more strategic, but limited to internal strategic issues. However, the changing nature of corporate governance, as discussed earlier, demands a more conscious attention to the socio-economic context of the business. HR practitioners, to be appropriate, will need to find ways to respond to these demands. The next section will discuss and make some proposals on how HR practice could be more appropriate in South Africa.

6.3.2 A framework for HR responses to the South African socio-economic context

The argument in relation to the first research question was that HR practice is not currently appropriate. It needs to become much more proactive, HR practitioners need to become social activists and they need to overcome the inward looking preoccupations that have dominated their work over the last decade. The awareness of this need is too low at the moment and leadership will be required to improve awareness. This section will address the second research objective, to construct a framework for an effective response by HR to South Africa’s development needs.
6.3.2.1 Setting the direction

Participants in this research study were generally of the opinion that leadership was needed within the HR profession on the issue of responses to national priorities. If HR is to respond purposefully to the socio-economic context as individuals, as leaders within their organisations and as members of a profession, practitioners would need some form of professional leadership. This would need to be founded on a clear direction or aim of such response and a means to measure progress towards that direction or aim would also be needed.

Various possibilities for the profession in this regard can be identified, based on the literature reviewed in Chapter 2. The profession could adopt a position based on, for example, the South African Constitution, the Government’s New Growth Path, or any social compact coming out of current tri-partite discussions around the New Growth Path. It could decide that goals expressed in one of the various indices of development or human well-being can be adopted and used to measure progress; or it could formulate its own position. There would be advantages and disadvantages to each of these possibilities and it is recommended that the professional bodies set up a process for reviewing and expanding upon these possibilities as the basis for a decision. For the purposes of developing an argument in this dissertation, the option of using an index of human development and well-being is adopted. This would be less overtly political and more balanced between humanistic and instrumental values, using the distinction of Jackson (1999). Such an index could contain the following elements:

- Social output factors:
  - Gross National Happiness Index;
  - Unemployment, with a sub-index of youth unemployment (youth not in education nor employment) and specifically measuring labour market take-up rates of each annual cohort of school-leavers;
  - Labour productivity;
  - A measure of spending power of the employed, such as average wage balanced against cost of maintaining a decent standard of living;
  - BBBEE measures;
• Health measures.

• Social input factors:
  o Economic growth;
  o Investment in skills development by organisations (public and private sector) as a % of payrolls;
  o Education system outcomes measured for quality, not quantity (for example, achievements in reading, writing and numeracy at various checkpoints throughout the education system as well as social skills achievements);
  o Skills development system outcomes measured for quality as well as quantity.

In this formulation, economic growth is included as a social input factor rather than an output factor, based on the many arguments presented in Chapter 2 that economic growth may be a necessary factor, but it is not a sufficient factor, in human development. The inclusion of the Gross National Happiness Index is based on the need, emphasised by development economists, to consider subjective feelings of individuals as well as their objective circumstances (Todaro & Smith, 2006).

An analogy to this is the Employee Engagement measurement process used by many progressive companies because employee engagement is considered to be directly linked to company success (Langford, in Albrecht, 2010). Research into the similarity or not of Happiness and Engagement measures would be extremely interesting – it may be that the concept of Engagement is based on instrumental thinking, while the concept of Happiness is based on humanistic thinking. It would be difficult for an employee to be engaged with his or her employer and working towards achieving the aims of the organisation if, as was clearly shown in this research study happens frequently, societal problems impact heavily on his or her ability to function (see Table 9 in section 5.3.2.1).

6.3.2.2 Taking an activist role

HR practitioners, individually, as an organisational function and as a profession, need to take an activist role in order to make more purposeful interventions. They need to mitigate the impacts of the socio-economic context on an organisation
(which were so clearly illustrated through this research study), and to make an impact externally to mitigate the long term effects of the current socio-economic context. Phase 1 participants of this study unanimously called for a greater activist role for HR practitioners. However, CEOs employing HR practitioners seem to be ambivalent about HR activism: as reported in a Phase 1 interview (SB), even where a CEO has asked an agency to find an HR executive who thinks strategically and is pro-active in approach, “they then rue the day that they did”. Ulrich et al. (2008) discuss their research findings that HR practitioners who are activists, as long as they have earned credibility through their delivery, contribute more to business performance.

In the reality of many HR practitioners’ work lives, however, as Phase 2 participants reported, compliance issues and generic HR work tend to occupy such a large proportion of their time and attention that there is not much time or energy left to take an activist role, even if they wanted to. It also seems that quite a high proportion of the participants did not see their role as being a “social activist”, believing that it was important to be a business partner, which they imply as being contradictory to being a “social activist” because they accept the primacy of the profit objective, as discussed in section 5.3.4.2.

However, there were compelling examples among the Phase 2 participants of HR practitioners who clearly understand the need to be “social activists” and who live out this role, no matter whether they are “career HR practitioners” or have moved into the HR function later in their career. These people are credible business partners within their organisations, thereby providing evidence that the two roles (business partner and “social activist”) are not mutually exclusive. As EDK said “if you are going to say to me being a business partner has nothing to do with social issues, I’m going to say to you, you lie, you don’t know what it is."

Applying this evidence to the models of the multiple roles that HR practitioners play (Ulrich 1997; Ulrich & Brockbank, 2005), an adaptation of the 2005 model can be proposed, which provides the foundation for the HR leader’s role as a social activist, as shown in Figure 21.
In Figure 21, the internal roles of Functional Expert and Strategic Partner remain unchanged from the original model, and take place largely within the unique company context. The original role of Employee Advocate changes to People Advocate, implying that people issues both within and external to the organisation are important factors in the success of the business. The role of Human Capital Developer, whilst unchanged in title, takes on a wider definition, meaning that human capital in the pipelines and the general societal context, as well as within the company, is critical to the business. These two latter roles are so heavily impacted by the societal context that they can be considered to take place largely within that context. The HR leader is the point of intersection of these two contexts, as the leader must focus the societal context for the company context.

The competencies required in order to do this can be highlighted within the latest competency model proposed by Ulrich et al. (2008). Figure 22 shows the relevant competencies.
The relative importance of this social activist role in a particular country would differ, depending on the level of human development in that country, but also depending on the maturity of the HR profession within that country. HR functions in countries with an immature HR profession still need to build their credibility by focusing on the operational issues (the functional expert role) before they can bring strategic input on how to impact on the societal context. This issue is highlighted in Ulrich et al. (2008) where their research found a difference between China and the rest of the world. Although South Africa and other developing countries were not included in this research study, China could be taken as an example of a developing country and the research finding could be applied to other developing countries.

In a country with a well-developed HR profession but a low level of human development, such as South Africa, the role of social activist will be more important than in a country with both a well-developed HR profession and relatively high levels
of human development. Figure 23 illustrates this concept. The features of the South African socio-economic context that have been highlighted in this research study indicate that HR needs to transform its own formulation of its role in order to help create the necessary transformation in the country.

FIGURE 23 - SOCIAL ACTIVIST ROLE AND THE LEVEL OF HUMAN DEVELOPMENT IN SOCIETY.

The evidence from this research study shows that the propensity of, and opportunity for, an individual HR practitioner to take a “social activist” role differs quite significantly between individuals. Factors which possibly influence this are discussed later in section 6.3.3.1.

6.3.2.3 Frameworks at three different levels

As was evident from the responses by Phase 2 participants, discussed in section 5.3.3, the contribution that HR practitioners could make to change the socio-economic context for the better varies depending on the organisation level of the practitioner. It is apparent from the range of responses in the interviews that an HR position at a strategic level both encourages and permits a wider view to be adopted and more impactful social activist action to be taken. However, meaningful actions as
a social activist can be taken even by HR practitioners at an individual contributor level.

Possible frameworks are therefore proposed in Figures 24 and 25 for each of the strategic and individual contributor levels. A third framework is proposed for HR professional bodies, to enable them to take up the leadership role requested by so many of the research participants. This is shown in Figure 26. These frameworks have been derived from the literature as well as from the various phases of the research study and are proposed as the basis on which to start further discussions within the profession rather than as definitive prescriptions.

**FIGURE 24 – STRATEGIC FRAMEWORK FOR HR PRACTICE.**

<table>
<thead>
<tr>
<th>Work on collective action</th>
<th>Critically review own practices against national priorities</th>
<th>Build national capacity</th>
<th>Connect the unconnected</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Take the lead, network and cooperate with other companies to be able to make a change in communities.</td>
<td>• Clarify priorities for your company in terms of King III and triple bottom line.</td>
<td>• Get involved with the education system at all levels – build the talent pipeline from early school years.</td>
<td>• Give school leavers a chance to work – set up work exposure/internship.</td>
</tr>
<tr>
<td>• Organise your industry to be able to partner with Government to implement agreed development plans, e.g. Job Centres.</td>
<td>• Adopt a job creation mindset and critically review own employment practices for non-permanent staff. Review investment practices – technology vs labour.</td>
<td>• Engage with the skills development system – transfer skills into the development system.</td>
<td>• Recruit bursars for rural operations from rural areas. Visit rural schools to find the talent.</td>
</tr>
<tr>
<td>• Review lobbying approach to consider if really in national interest.</td>
<td>• Set targets for employing people who’ve never worked before (urgently review disability and gender employment targets).</td>
<td>• Review engineer/technician/artisan ratios (or professional/skilled/semi-skilled ratios) and invest in development accordingly.</td>
<td>• Get involved with small business incubators (earning BBBEE points) and encourage managers (incuding HR practitioners) to mentor small businesses.</td>
</tr>
<tr>
<td>• Encourage SETAs to share best practice and pool information.</td>
<td>• Lead high profile ethics campaigns in own company, suppliers and customers.</td>
<td>• Involve professional staff in teaching Saturday schools or vacation schools.</td>
<td>• Encourage retiring professional staff to coach and mentor others – sponsor them to do so.</td>
</tr>
<tr>
<td></td>
<td>• Find out what government funding is available for projects and use it.</td>
<td>• Encourage retraining professional staff to coach and mentor others – sponsor them to do so.</td>
<td>• Sponsor social entrepreneurs who are teaching the unemployed life- and work skills.</td>
</tr>
</tbody>
</table>
The four themes of Figure 24 illustrate different roles for an organisation, and it would be up to the HR executive to lead the organisation in operationalising these roles. The first theme, Work on Collective Action, derives from the philosophy that one organisation can only make a limited impact on its own, but when cooperating with other organisations who share a common interest in the future, the collective can multiply its impact. EvdW pointed out in her interview in Phase 1 that only if an industry is well organised, can meaningful interventions be made at many different points in the societal system.

The second theme, Critically Review Own Processes Against National Priorities, invites the organisation to consider that its own short term interests might not be the best for the wider system in the long term. There are unfortunately too many examples in South Africa of lack of progress by individual organisations on issues such as employment equity and skills development, which has resulted in adversely affecting all organisations. Only from this longer term platform can issues such as “adopt a job creation mindset” be taken seriously.

The third theme, Build National Capacity, is more self-evidently in the interests of each organisation, but does require some investment of time and attention as well as money. There are many possibilities for meaningful action in this regard.

The fourth theme, Connect the Unconnected, arises from the diagnosis of a major underlying problem in the South Africa labour market – that the people who don’t have work are simply too far removed from the job and business opportunities that are available. Unless this gap is bridged in some way, the structural unemployment problem and resulting inequality in society will give rise to serious social problems in the future.

Implementation of such a framework would require the formulation of suitable metrics to measure impact and progress. This would not be a simple task, as the issues to be measured are highly intangible in many cases. Some of the techniques developed in the measurement of human capital could be useful in this regard.

In Figure 25, individual actions that could be undertaken by HR practitioners are shown under six themes.
The first theme is that everyone can take responsibility to find out more about the socio-economic context and how it impacts on their work and how their work can impact on the context. The second theme is very important and deals with the need to strengthen the HR profession in order to provide professional bodies with the membership base and resources to take the actions which are required. The third theme proposes that each individual HR practitioner is in a position to gather useful data in the workplace about the impact of the context on employees. This data can be used to put together recommendations for action. The fourth theme proposes that each person just make an effort, stand up and challenge individual actions and decisions in the workplace and try and make a difference within the immediate circle of influence. The fifth theme asks HR practitioners to think about the issue and make practical suggestions, based on good evidence and data. Finally, the framework proposes that each HR practitioner, within their resources of time, energy and
money, finds some personal voluntary work to do using their HR knowledge and skills.

The third framework is for actions by HR professional bodies (Figure 26). The five main themes are listed down the first column and are: Develop Lobbying Capacity; Develop Guidelines for Practice and Share Information; Work with Government on Practical Projects; Link Practitioners to Voluntary Work Projects; and Support Practitioners in Developing Relevant Skills. Within each of these themes, various action items are proposed.

**FIGURE 26 – HR PROFESSIONAL BODY FRAMEWORK FOR HR PRACTICE.**

![Diagram of HR Professional Body Framework](image)

Own construction.

The range and scope of the content of these frameworks demonstrate that the role of social activist is not one to be taken lightly in South Africa. Although some prominent role models have been discovered during this research study, not enough HR practitioners take a visible lead in this regard. It is recommended that, through the HR professional bodies, more visibility is given to the role models through articles in
the professional newsletters, presentations at conferences and possibly through a suitable annual award programme.

6.3.3 Influences on the HR response to the South African socio-economic context

As identified in section 6.3.2.3 above, the scope for taking a social activist role exists at individual contributor and at executive levels of HR practitioners. However, it is probably not necessary that all HR practitioners become social activists – the functionary roles that many play at present are sufficient to deliver traditional HR services in the workplace. It is, however, important that at the executive level, HR leaders increase their social activism.

Various factors could influence the extent to which HR executives and aspirant executives can or do take up the role and these are discussed in the following sections.

6.3.3.1 Capacity of HR to step up to the role

The findings of this research study support the proposition by Ulrich et al. (2008) that activism by an HR practitioner must be supported by credibility earned through delivery. It would appear, moreover, that not all HR practitioners want to, or are able to, become activists and also that even where they do want to and are able to in terms of their own competencies, the opportunity afforded to them by their work contexts does not always support this activist role.

This difference between individual practitioners is similar to observations made in a different but related profession, that of Industrial Social Worker, by du Plessis (1994). She discerned a continuum of professional practice of Industrial Social Workers from a micro, individual employee focus through to a macro, organisation-wide and systemic focus. She discussed factors influencing a professional's choice of practice mode and noted that while one professional might prefer, for example, a more macro practice approach (have a more “evolved mindset”), the circumstances might not permit this approach to be used. Factors constraining the actual practice approach included: lack of management support and the power base of the professional; the “expert ideology” of hierarchical organisations where senior people “know best” and
over-rule an industrial social worker; highly functional and therefore siloed organisational cultures; and a lack of knowledge and expertise in the professional.

Clearly, the practice of Industrial Social Work is different to the practice of HRM. However, interestingly, the doctoral programme in Organisational Behaviour at Harvard University, refers to separate streams of “macro” and “micro” aspects of organisational behaviour, explaining that the macro aspects are dealt with on a sociology track, while the micro aspects are dealt with on a psychology track (du Toit, 2010).

Good HR practice involves an organisation wide focus that takes individual needs into account and recognises that often these needs arise from the employee’s social and economic context. As argued in this research study, good HR practice should also have a perspective that the organisation needs to play a constructive role in national development on both economic and social dimensions. However, du Plessis” (1994) study is a useful reference in recognising differences between individuals in professional practice and in considering some of the factors that might give rise to these differences.

The social activist role could be considered as one form of pro-active behaviour (Crant, 2000) or organisational citizenship behaviour (Allison, Voss & Dryer, 2001; Organ & Ryan, 1995). Research cited by these authors has investigated some of the antecedents of such behaviour. Some concepts which might explain the individual differences noticed among participants in this research study are now explored.

6.3.3.1.1 Levels of thinking

The proposition that not all HR practitioners want to, or are able to, take an activist role was commented on by the Phase 1 participants (see 5.2.1) and was evidenced by the many Phase 2 participants who saw their impact on society as limited to a greater or lesser extent (see 5.3.4.2). The Phase 2 responses in this regard often seemed to indicate a particular type of world-view, a non-systemic level of thinking and also sometimes a lack of agency or empowerment, as identified in the Phase 4 focus group. Literature was therefore consulted on the subject of world-views and levels of thinking in an effort to understand the observed phenomenon.
This literature confirmed the observations that limited world-views are very common and are, in fact, the norm. Such world-views have been adequately functional in society until recent times (and indeed, professions have been built upon such world views), but the nature of our world has now become fundamentally much more complex. However, there are possibilities to expand one’s world-view and, in so doing, develop greater capacity to comprehend and take action on the highly complex problems of modern life. A developmental process is described which can take people through such a journey, if they wish to do so.

The theories of Wilber (2000) and Kegan and Lahey (2009) seem to provide some useful explanations. Briefly summarised, Wilber (2000) proposes that world-views are based on human consciousness operating within societal contexts, which evolve over time. He proposes that the development of consciousness unfolds in stages, each of which must be completed in order to develop a healthy sense of individuality, and eventually a broader identity beyond the individual evolves. At each stage, he believes, there is a “different type of self-identity, a different type of self-need and a different type of moral stance” (Wilber, 2000, p. 132).

Wilber describes broad agreement between theorists, for example, Maslow, Loevinger and Kohlerg, on three main phases of values development – pre-conventional, conventional (a person enacts the basic values of a particular society) and post conventional (a person can stand outside, reflect on and develop the capacity to develop or reform the values of a society). He believes that there is continual development from ego-centric to socio-centric/ethnocentric to pluralistic/world-centric, but this final stage is very rare (less than 10% of the population is at this stage). Society cannot operate on the assumption that everyone else thinks in this way, if it does, there will be a culture or values gap that can marginalise people. Wilber, through this line of thinking, proposes the individuality of world views and also that people are at different levels in their thinking, but his theory holds that each individual can develop further.

Kegan (1980) first published his Constructive-Developmental theory of adult development which is brought up to date in Kegan and Lahey (2009). He believes that the stages of human cognitive and moral development described for children
and adolescents do not reach a conclusion at the onset of adulthood, but that adults can continue through several more stages of development, as shown in Figure 27.

**FIGURE 27 - THREE PLATEAUS IN ADULT MENTAL DEVELOPMENT.**

Lahey, Souvaine, Kegan, Goodman and Felix (1988) have developed a validated interview which can assess where an individual is in this development model (the Subject-Object Interview). The results of various studies show that, even with a sample skewed towards middle-class, college-educated professionals in the US, the percentage of adults who have reached the level of a self-authoring mind or further is only 41%. 34% have reached the self-authoring plateau while only 7% have progressed beyond that level, with only 1% or less reaching the self-transforming plateau (Kegan, 1994).

A paper by Robbins and Greenwald (1994) on the attitudes to environmental degradation among American women using this theory illustrates some concepts closely aligned to the subject of this research study. At the socialised mind stage, people felt that environmental problems were up to the Government to resolve, and that their own role was to keep their own space clean. They were not prepared to take any actions which marked them out as different (such as using a cloth shopping bag). People of the self-authoring mind stage were able to take a perspective on conflicting ideas and relationships and generate their own beliefs, had a clear sense
of what they believed and were prepared to act as required to be true to their beliefs. Thus the stage of mental development influences people’s priorities based on values.

The description in Figure 27 of characteristics of world views among people at the different levels and the description from the Robbins and Greenwald (1994) study seem to accord very well with the different responses obtained in this research study from Phase 2 participants. As described in Chapter 5, many of the HR practitioners interviewed seemed to demonstrate the socialised mind. This is described by Kegan and Lahey (2009, p. 17) as “shaped by the definitions of and expectations of our personal environment. This can express itself primarily in our relationships with people, with “schools of thought” (our ideas and beliefs) or both.” In relation to professional work, the authors describe the socialised mind as basing actions and decisions on professional norms and functional expectations – applying known models and “tool-kits” to complex situations.

Few participants had the self-authoring “agenda-driving” mindset. This is described as:

able to step back far enough from the social environment to generate an internal „seat of judgement” or personal authority that evaluates and makes choices about external expectations. Our self coheres by its alignment with its own belief system/ideology/personal code, by its ability to self-direct, take stands, set limits, and create and regulate its boundaries on behalf of its own voice (Kegan & Lahey, 2009, p. 17).

This description seems to closely resemble the characteristics of a credible activist described by Ulrich et al. (2008).

Kegan and Lahey (2009) describe the modern world as presenting highly complex issues and they believe that an individual’s ability to cope with this high level of complexity is often compromised by his or her stage of mental development. They believe that people who have not reached the self-authoring level cannot cope with novel and complex situations. This mismatch of ability with challenge can result in stress, lack of empowerment and failure to act.
Their description of the nature of modern complex problems seems to relate very well to the work of HR practitioners, especially those working at the strategic level. Complexity of a high order presents issues which no one has the knowledge to solve on their own. Leaders therefore cannot depend on opinions of others or the agenda of others, they cannot be the authority, and there are no easy solutions. Leaders must therefore widely share responsibility for developing a full understanding of the problem and challenge others to question their own and other people’s values, beliefs and long-established habits. This can result in disagreeing with and/or disappointing others and therefore requires a degree of detachment from the expectations of others (Kegan & Lahey, 2009).

The type of social problems discussed in this research study would seem to be of this order of complexity. From a development economics perspective, each country’s development is unique, reflecting its own complexities, and South Africa’s development is even more complex because of the short period since 1994 in which many fundamental changes had to occur. The successful achievement of higher levels of development in South Africa certainly needs a wider sharing of leadership responsibility among all the parties involved, and certainly no-one currently has the definitive answer to the problems.

If, as proposed in this Chapter, the HR role in South Africa should be expanded to take on the social activist role, then the complexity of the work, already described as complex by experts and participants in this research study, expands even further. Thus, following Kegan’s theory, the thinking capability of the HR practitioner will be further challenged and the pipeline of people available to step up to these requirements will be very restricted (based on the percentages discussed above). Boninelli and Meyer (2011, p. 448) comment that “the level of complexity which is so well articulated in the preceding articles [of the book] requires leaders who are able to work effectively within high levels of complexity and uncertainty. HR professionals need to be masters of their craft at an increasingly high level.”

The Stratified Systems Theory (Jacques, 1986) also deals with the ability to master complexity and thus to succeed at strategic levels of the organisation. This ability can be measured through the Career Path Appreciation (CPA) (Stamp, 1989). The CPA takes a view of an individual’s capacity to appreciate and deal with complexity,
plotting the individual on a growth curve of cognitive ability which explains past achievements and predicts future development. Stamp has shown that this capacity can be enhanced through adult education processes.

Kegan’s work has also proposed a professional development process, based on reflection and coaching support, which can enhance this thinking capability and thereby better equip a person to cope with increased complexity. This process is described in Helsing, Howell, Kegan and Lahey (2008) which deals with a situation very similar to the type of systemic societal change that is required in South Africa. The situation was that of a school district official in the US who had a successful track record as a school principal but now had to step up a level and play a part in transforming the educational system to better deliver school leavers of the quality required by a modern economy. This particular official, no longer able to draw on her experience as a principal, felt she could not cope with the challenge. However, after being supported through a developmental process, she was able to rise to the challenge, making a “qualitative shift in the ways [she] understands herself and her work” (Helsing et al., 2008, p. 437).

Kegan’s work applies to adult development in general, and thus is valid for any profession.

Applying an adult developmental lens to issues of professional competency has powerful implications for professional development. It allows us greater understanding of what constitutes effective change leadership, why individuals may struggle to succeed at particular tasks or aspects of their work, what success and struggle in this profession often involves (Helsing et al., 2008, p. 462).

It would seem, therefore, that a process is available, through trained practitioners, to take Continuing Professional Development to a very different level, enhancing capacity to deal with complexity (and thus strategic capability), rather than that currently provided, which emphasises continuing acquisition of new knowledge and skills. The lack of strategic ability among senior HR practitioners, commented on by Phase 1 participants, could possibly be improved through such a process and this could make a valuable difference to the supply of suitable candidates for senior HR
positions in South Africa. The performance of existing incumbents of senior HR positions could also thereby be improved.

6.3.3.1.2 Other personal factors affecting propensity to take an activist role

An enhanced capacity to deal with complexity could on its own increase a propensity to be activist in approach. However, it is likely that other personal factors also impact on the likelihood that an HR practitioner will take this approach. Crant (2000) identifies some constructs related to proactive behaviour and also discusses some research domains addressing such behaviour. He identifies socialisation, feedback-seeking, issue selling, innovation, career management and certain types of stress management.

Similar factors were observed in the Phase 2 participants including:

- **career choice** – whether the practitioner actively chose an HR career or just drifted into it as a second choice – and even if he or she chose HR, for what reason was HR chosen, was it to make a difference or just as a safe career.
- **personality factors** such as an internal locus of control and personal values about human dignity and respect. A person with an external locus of control and maybe a value system which does not put emphasis on human rights, might be less inclined to take an activist stance. Other personality factors such as optimism/pessimism are not considered to be likely to impact on the social activist role, based on findings by Organ & Ryan (1995) that dispositional factors such as positive/negative affectivity do not seem to predict organisational citizenship behaviour.
- **career experiences** – if the practitioner has worked under an HR leader with a strong activist approach, it is far more likely that he or she will also take an activist approach, and conversely if the role model was not an activist.
6.3.3.1.3 Opportunity to be an activist

Even an HR practitioner with a propensity to be an activist might not succeed with this approach in an environment which is hostile to such an approach. Factors evidenced in the Phase 2 research include:

- Receptiveness by senior management - Chief Executives and/or senior managers will not be receptive to an activist HR practitioner if they do not share the same view on the role of business in society; are themselves at a different level of development on the Kegan model, and therefore do not view complex issues in the same way; and/or do not share the same value system. This congruence or dissonance, and the effects of it on the HR practitioner, are illustrated in Figure 28.

**FIGURE 28 – CONGRUENCE OR DISSONANCE – HR AND CEO.**

Despite the findings of the PWC study discussed in 3.3.2 (PWC SA, 2011), that their sample of 32 South African CEOs is highly concerned about the social context, and is intending to do something about it in partnership with
Government, there were indications from many of the Phase 2 participants that this enlightened attitude is not typical of South African executives.

- The industry sector that the employer belongs to can influence the nature of the relationship to the context. In some industries, the business has a much more direct impact on the context, and vice versa. In those businesses which are only remotely affected by the context, it would be difficult to motivate an activist approach.
- The maturity of the business – a business in a start-up or survival mode would be unlikely to be able to devote time and attention to impacting on society, even though it would be in the interests of the business to do so.

6.3.3.1.4 An explanatory model

The factors discussed above can be presented in a model which combines them all in explaining why one HR practitioner might take up the social activist role more readily than another. The model is generic but in the South African context, incorporates a specific influence on HR work, and HR practitioners as individuals, of the apartheid history and legacy. It is probable that this history and legacy has prompted a greater awareness of the need for transformation in society and the workplace among HR practitioners than would be the case in other countries.

It is very common to hear HR practitioners complaining about their lack of acceptance as strategic partners and their lack of success in persuading management to their point of view. This model, presented in Figure 29, could be used by an HR practitioner to consider all the influences in his or her working life to see whether a strategic, activist role is likely to be achieved by him or her and is likely to be successful for him or her.
It is recommended that further research be done on this model, using suitable validated instruments to measure the various dimensions. As an exploratory exercise, the Phase 2 participants in this research study were plotted on this model, as far as was possible (sometimes relevant data was not discussed in the interview and so a neutral rating was given). A rating scale and values allocated by the researcher was used where a value of 1 was low on the attribute and 5 was high. A rating was also allocated to each participant on the extent to which they played a social activist role, as judged by the researcher from the interview material.

An average is shown per organisational level in Figure 30. Since the data used in constructing this Figure was estimated, and to quite a large extent on some factors the estimation was very approximate, the value of this Figure is limited at this point and it is shown simply to illustrate what could be done with suitable data. However,
the preliminary work done does seem to indicate that further research would be very valuable and could help in assessing candidates for senior HR positions in the future.

**FIGURE 30** – **THE EXPLANATORY MODEL APPLIED.**

Own construction.

Based on the interviews conducted in Phase 2 of this research study, there is quite a variation of the extent to which HR practitioners play a social activist role. Some factors influencing the inclination and the opportunity to play this role have been discussed. Some other factors relevant to the social activist role are explored below.

6.3.3.2 *The threat of overload*

As has been shown, the work of HR is complex and demanding. Many, if not most, HR practitioners feel that their time is more than fully accounted for with the current demands on them. To add another role, that of social activist, might seem to threaten overload. However, several of the participants in this research are already playing such a role, and feel that it is normal to do so. Taking into account the very high
impact of the socio-economic context on HR work demonstrated in this research study, it would seem that the costs of not playing a pro-active role in trying to ameliorate these impacts in the future outweigh the costs of taking on another role.

The social activist role is largely played at a strategic, executive level (although there are supporting actions at other levels, as shown in the frameworks presented in Figures 25 and 26). At this level, the job incumbent normally has greater autonomy in crafting the shape of his or her own job and choosing his or her priorities. It is therefore possible to build up the social activist role, even if the role is not being played at present.

It should also be possible to motivate economically for additional resources to support the role, if the costs of the current situation are considered. Table 12 shows a range of costs which a business is probably incurring at present due to the poor levels of human development in South Africa, and these are considered as “normal” costs of doing business in this country. Any such additional HR resources would, however, have to be in the form of people who will challenge – it will not help to employ more functionaries. Another argument in business terms for investing in external development activities is that of quality assurance. Quality assurance is normally conducted in a company’s supply chain, so it would seem to be anomalous not to quality assure the supply chain of future human capital.

### TABLE 12 – EMPLOYER COSTS.

<table>
<thead>
<tr>
<th>Cost Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paying housing allowances</td>
</tr>
<tr>
<td>Paying transport allowances</td>
</tr>
<tr>
<td>Paying for HIV/AIDS treatment</td>
</tr>
<tr>
<td>Increasing the minimum wage to try and allow for decent living</td>
</tr>
<tr>
<td>Loss of production due to political strikes and social protest</td>
</tr>
<tr>
<td>Coping with absenteeism due to family or financial problems</td>
</tr>
<tr>
<td>Administering the garnishees for employees with bad debts</td>
</tr>
<tr>
<td>Minimising shrinkage, fraud and corruption</td>
</tr>
<tr>
<td>Firing people who steal or defraud</td>
</tr>
<tr>
<td>Having under-skilled people in jobs</td>
</tr>
<tr>
<td>Losing sales opportunities for products that can’t be produced to the right quality, or innovation, because of lack of skills</td>
</tr>
<tr>
<td>Losing sales opportunities or even customers because of under-skilled staff who cannot communicate well</td>
</tr>
<tr>
<td>Building in extra safety precautions because of illiterate staff</td>
</tr>
<tr>
<td>Finding different ways to communicate because of under-literate staff or staff who cannot communicate well</td>
</tr>
<tr>
<td>Training people in general life skills including budgeting and financial skills, or generic technical skills, including IT skills</td>
</tr>
<tr>
<td>Paying skills premiums for scarce skills</td>
</tr>
<tr>
<td>Costs of labour turnover due to scarce skills shortages and consequent job hopping</td>
</tr>
<tr>
<td>Losing managers who are frustrated by inability to get productivity out of under-skilled and distracted employees – or losing innovation from such managers</td>
</tr>
</tbody>
</table>

Own construction.

6.3.3.3 Professional preparation and support of HR practitioners

As discussed earlier (see 6.3.3), it is probably not a necessity that all HR practitioners become social activists. However, an appreciation of the necessity to make an impact on the context among the wider HR practitioner population would, firstly, ensure succession of suitably activist practitioners to executive levels and secondly, support the HR executives in their strategic, activist role. The current education and training of HR practitioners needs to be reviewed as to its capacity to produce the pipelines that are required.

The views of participants in this research study were not complimentary to tertiary education systems. The most common view was that graduates were trained to be functionaries, with a narrow, internal, view of their responsibilities. This has been recognised to some extent by at least one university, as shown in the interview with the Head of Department. Some participants bemoaned the lack of reality in HR education – finding that their training did not prepare them for the reality of HR work.

It is possible, as identified by some participants, that the viewpoints of future HR practitioners could be widened. They need to be better equipped to consider the socio-economic context through the inclusion of theories and practice from other disciplines into HR education and training – for example, development economics, development theory and sociology. It should also be compulsory for a course to include comprehensive ethics education before it can be accredited by the SABPP so that all HR practitioners are trained in ethical decision making. It is recommended that discussions on better preparation of future HR practitioners be initiated within the SABPP, with a view to taking recommendations to the tertiary institutions.
As discussed in 6.3.3.1.1, the CPD processes for HR practitioners could also be reviewed by the SABPP. An adult development process which allows for the development of the capacity to cope with complexity could be included – possibly a panel of approved coaches could be set up. The competency model used by the SABPP for professional registration and development could also be reviewed to ensure that competencies related to social activism are included. The mentoring currently offered to candidate professionals could be extended to different levels to support the development of the social activist role.

As noted in 5.5, few learning resources are available to HR practitioners in South Africa to encourage awareness and help them improve their skills in the field of social activism. It is recommended that the assistance of local publishing houses and authors be sought to improve this situation. In addition, more academic research in this area will add to the body of knowledge that can be disseminated.

6.3.3.4 Visible leadership by professional bodies

There has been little outspoken leadership by the HR professional bodies in relation to social activism, even though some of the senior office holders are in fact well-known for their social activism (interview with EDK, see section 5.2.3). Until recently, the influencing and lobbying role of the SABPP was not given priority by the Board. In December 2010, however, a new strategy was announced to enable HR to play a bigger role in public policy (SABPP, 2011). Strategic priorities have been identified as:

- Visible identity and value proposition
- Human resource development
- Custodian of HR research
- Strong alliances
- New sources of income and better utilisation of resources.

In terms of this strategy, space has been created to allow the SABPP to encourage social activism in the HR profession and for the Board to take its place in the civil society regeneration movement. In order to do so effectively, the SABPP will have to overcome the current fragmentation of the HR profession and somehow, even
though the profession is complex in its diversity, be able to put together a common vision and approach. It is recommended that the Board consider this research report and how it can be used to encourage more social activism – for example, the Board could programme specific campaigns on topics such as casualisation of work, ethics, and youth employment.

Social activism can be a lonely role to play, and it is therefore recommended that the SABPP consider ways that suitable role models can be publicised to the profession to encourage practitioners in a journey towards taking up the role. The lone voice of people like EDK needs to be multiplied until there is a critical mass of social activists who can then create the change that is needed.

6.4 Summary of recommendations

The findings and conclusions of this research study affect the entire HR profession in South Africa. The suitable body therefore to consider the recommendations is the SABPP. The research report should be tabled with the Board of the SABPP for discussion and to determine what action might be taken to support the SABPP in taking a more visible and concerted role in leading the profession to make a more appropriate response to the context. Specific issues which need to be debated within the SABPP include:

- A direction or vision for HR social activism, with associated measurements of progress (6.3.2.1);
- The appropriateness and contents of the 3 proposed frameworks (6.3.2.3);
- Ways to give visibility to social activist role models (6.3.2.3 and 6.3.3.4);
- Adaptation of the process of Continuing Professional Development to incorporate the theories of Kegan and his associates, enabling practitioners to improve their ability to deal with complexity and thereby their strategic abilities (6.3.3.1.1);
- Review of the education and training system for HR practitioners, and the SABPP HR competency model, to provide a pipeline of qualified HR strategists and social activists for the future (6.3.3.3).
6.5 Limitations of the study

The fact that this research study used qualitative methods and non-probabilistic sampling means that the findings cannot be assumed to hold true for the entire population of HR practitioners. However, a wide range of interviewees in terms of demographics and work settings was represented. Thus the responses, and the insights gained from them, will be recognisable to a wide range of HR practitioners.

The interviewees in Phase 2 of the study were self-selected and therefore it is probable that there is a bias towards inclusion in the study of HR practitioners who are interested in or concerned about the societal context of their work. Although this possibility of bias has been noted, the findings of the research study show that the level of concern with the context was not particularly high amongst interviewees. It might be inferred therefore that the levels of concern are even lower amongst the non-sampled HR practitioner population.

The study represents an “internal” view of HR practice, as only HR practitioners or related commentators were included in the samples. Therefore, views of line managers, Boards of Directors, communities and other important stakeholders have not been explored.

6.6 Recommendations for future research

The discussion in this Chapter has generated three main themes for further research, the second of which would be of major importance to the HR profession in South Africa. Future research could focus on:

- The similarity or otherwise of the concepts of Employee Engagement and Happiness (6.3.2.1).
- The operational definition of the component factors impacting on the inclination of and influences on an HR practitioner in taking a social activist role, and testing of the model (Figure 28 in 6.3.3.1.4).
- Social issues and the HR response – in order to increase the body of knowledge in this area.
The problem statement set out in Chapter 1 was that HRM as practised in South Africa is not aligned with its socio-economic context. The specific research objectives were to explore whether HR practitioners believed that HR practice was appropriate, to formulate a framework for more appropriate practice and to identify factors which could impact on making practice more appropriate. Theories and practice of economic development were explored in order to depict the context of HRM in South Africa and then theories and models of HRM were reviewed to identify what might or might not be appropriate for the South African context. The empirical data was collected from informed commentators and HR practitioners in an interpretive, qualitative research design. Data was analysed using thematic analysis.

This research study has been a journey of exploration and discovery in the lived reality of contemporary HR practice in South Africa. From the original exposition of the research problem and the literature review, the researcher has been able to move towards linking the complexities of the South African socio-economic context with the realities of HR practice in the workplace. The adaptation of some authoritative models of HRM available in the literature of International HRM supports this linkage.

The somewhat critical perceptions of informed commentators, interviewed in Phase 1, have been compared and contrasted with the large amount of data gathered from HR practitioners in Phase 2. It became clear that, although the socio-economic context impacts heavily on employees in the workplace and on the pipelines of productive employees for the workplace of the future, HR practitioners seldom put in place strategies and programmes to deal with these problems. Enough ideas and suggestions were gathered during the research study to be able to propose some appropriate frameworks for HR strategies and programmes and to be able to elucidate an appropriate role for HR practitioners as social activists, with supporting competencies.

There are good examples of role models of social activists for others to emulate and there is a clearly demonstrable business case to support HR practitioners in taking up this role. The reasons for the failure by most HR practitioners to take up the role
as social activists have been explored. Thematic analysis, discussion of the analysis with a co-researcher and the focus group in Phase 4 of the research have resulted in the identification of some important influences on the approach that might be taken by any individual HR practitioner. The role of HR professional bodies in providing leadership and support has been an important theme coming out of the research and recommendations have been made in this regard. In addition, HR education and training, as well as relevant materials available to HR practitioners, has been discussed and some recommendations made.

The research study has delivered many practical recommendations and has also proposed some theoretical models. One of these in particular (explanatory model for social activism – Figure 28) is recommended for further research as it is believed that this could be an important model to help HR practitioners at executive levels take on a more strategic and activist role in their organisations. The shortcomings of many HR practitioners in relation to this strategic role have been frequent themes in the literature of HRM locally and internationally and thus a contribution to resolving the problem through professional development would be an important step forward.

“Human resources is a crucial point of intersection between the broader society and business” (Capelli & Yang, 2010, p.1). This quotation used on Page 1 of this dissertation has been shown to be very descriptive of HR practice in South Africa. The implication of this remark in a society such as South Africa, where levels of human development are critically low, is that HR work assumes even more importance, both for society itself and for business. This research study has been able to show how important HR work is for society and how it can be made more appropriate to the South African context.

The outcome of this research study in clarifying and detailing the linkage between HR work and the context can also help to give the work of HR practitioners more meaning and maybe also to enhance their identification with the HR profession. The researcher felt many times during the research study that what was being discussed was the “soul” of HR and this was confirmed by some of the interviewees. So maybe this research study has been about putting the “soul” back into people management practices in South Africa.
If successful, the HR professional has the opportunity to become central to the effectiveness not only of their organisation but to also have an impact on the social and economic environment in which they operate. If there was ever a time in the sun for HR that time is now (Boninelli & Meyer, 2011, p. 446).
LIST OF REFERENCES


http://www.oecd.org/document/3/0,3343,en_2649_34321_40985539_1_1_1_1,00.html.


### APPENDIX 1 - EMPLOYMENT AND POPULATION STATISTICS

<table>
<thead>
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<th>Category</th>
<th>000’s</th>
<th>December 2009</th>
</tr>
</thead>
<tbody>
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<td></td>
</tr>
<tr>
<td>Aged over 64</td>
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<td></td>
</tr>
<tr>
<td>Children under 15</td>
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<td></td>
</tr>
<tr>
<td>Students</td>
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<td></td>
</tr>
<tr>
<td>Homemakers</td>
<td>-2 882</td>
<td></td>
</tr>
<tr>
<td>Ill or disabled</td>
<td>-1 708</td>
<td></td>
</tr>
<tr>
<td>Other non-economically active</td>
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<td></td>
</tr>
<tr>
<td><strong>Could be economically active</strong></td>
<td>20 825</td>
<td></td>
</tr>
<tr>
<td>Discouraged work seekers</td>
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<td></td>
</tr>
<tr>
<td>“Too old or too young to work”</td>
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<td></td>
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<tr>
<td>Unemployed</td>
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<td></td>
</tr>
<tr>
<td><strong>Employed</strong></td>
<td>13 022</td>
<td></td>
</tr>
<tr>
<td>Informal sector (&quot;precarious work situations&quot;)</td>
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<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>-603</td>
<td></td>
</tr>
<tr>
<td>Private households</td>
<td>-1 118</td>
<td></td>
</tr>
<tr>
<td><strong>Formal sector</strong></td>
<td>9 122</td>
<td></td>
</tr>
<tr>
<td>Public sector (estimated)</td>
<td>1 250</td>
<td></td>
</tr>
<tr>
<td>Private sector</td>
<td>7 872</td>
<td></td>
</tr>
</tbody>
</table>

## APPENDIX 2 - UNITED NATIONS MILLENIUM DEVELOPMENT GOALS

<table>
<thead>
<tr>
<th></th>
<th>Goal</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Eradicate poverty and extreme hunger</td>
<td>Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieve full and productive employment and decent work for all, including women and young people</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Halve, between 1990 and 2015, the proportion of people who suffer from hunger</td>
</tr>
<tr>
<td>2</td>
<td>Achieve universal primary education</td>
<td>Ensure that, by 2015, children everywhere, boys and girls alike will be able to complete a full course of primary education</td>
</tr>
<tr>
<td>3</td>
<td>Promote gender equality and empower women</td>
<td>Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education by 2015</td>
</tr>
<tr>
<td>4</td>
<td>Reduce child mortality</td>
<td>Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate</td>
</tr>
<tr>
<td>5</td>
<td>Improve maternal health</td>
<td>Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieve, by 2015, universal access to reproductive health</td>
</tr>
<tr>
<td>6</td>
<td>Combat HIV/AIDS, malaria and other diseases</td>
<td>Have halted by 2015, and begun to reverse the spread of HIV/AIDS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieve, by 2010, universal access to treatment for HIV/AIDS for all who need it</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Have halted by 2015 and begun to reverse the spread of malaria and other major diseases</td>
</tr>
<tr>
<td>7</td>
<td>Ensure environmental sustainability</td>
<td>Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduce bio-diversity loss, achieving, by 2010, a significant reduction in the rate of loss</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>By 2020, to have achieved a significant improvement in the lives of</td>
</tr>
<tr>
<td>8</td>
<td>Develop a global partnership for development</td>
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<tr>
<td></td>
<td>Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Includes a commitment to good governance, development and poverty reduction – both nationally and internationally.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Address the special needs of the least developed countries. Includes: tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In cooperation with the private sector, make available the benefits of new technologies, especially information and communication.</td>
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</tr>
</tbody>
</table>

APPENDIX 3 - PERSONAL STATEMENT OF RESEARCHER’S BACKGROUND

My career in HR started in personnel administration positions in the 1970s. At that time, the Black trade union movement was gathering momentum and employers were beginning to recognise that wages and conditions of employment needed to be reviewed. After the report of the Wiehahn Commission these trade unions were recognised and the HR specialisation in Industrial Relations (IR) grew rapidly. The concept of the racial wage gap was highlighted. One of my early jobs was with I&J, a fishing and food company, and it involved a job grading exercise which was to form the foundation for an integrated pay curve and I worked closely with one of the first IR managers. I then took a position as Personnel Administration Manager at Anglo Alpha Limited in the cement industry, where the HR executive was beginning to build his reputation as a leading HR social activist. At Anglo Alpha, we wrote a Social Policy, which was a statement of employee rights, and the HR department was built up to challenge line managers and get the Social Policy implemented. The CEO at the time and the Swiss-based majority shareholder supported the Social Policy but left it up to the HR department to do the in-depth challenging and policing that was required, since the managers of the company operations were highly conservative. We were one of the first employers to recognise Black trade unions, and had to manage a multi-union situation with both conservative White unions, Black ANC aligned unions, Black Consciousness aligned unions and independent unions. At one time we had recognition agreements with 17 different unions. As the HR manager responsible for pay and benefits, I had to implement policies designed to monitor and close the racial wage gap as well as managing benefit plan changes to bring all employees onto the same benefits. Through our HR executive we collaborated with all the leading HR and IR practitioners in the country as well as being exposed to Swiss based human rights organisations and other overseas influences. We implemented leading-edge housing policies and I was involved in helping Black employees to buy houses we arranged to be built for them. This sometimes resulted in tense situations where a particular employee wished to buy a house in an area where Black people were not allowed to own property. We were also very involved in Black Advancement as it was termed in those days and were
one of the first companies to train Black apprentices in the dedicated apprentice training centre that we had in the company. Late in the 1980’s I became the Group Industrial Relations Manager at the same company, and then in 1991 I became the Group HR Executive at Adcock Ingram Limited in the pharmaceutical industry. In both these jobs I and my HR team had to help the company to manage the conflict which was manifesting as part of the political transition in South Africa. The demands of these roles meant that one had to challenge Boards and line managers to do the right thing, not only in terms of the short term business goals, but also in terms of societal issues. It was a time of great social turbulence and the HR function was central to managing that turbulence.

In the mid 1990’s I was consulting in the cement industry and one of the projects involved the organisation transformation of a recently de-nationalised plant in Tanzania, where I gained experience in dealing with the massive effects of political decisions on a society. In 2002, after having spent 5 years back with the South African cement company leading an organisation transformation project including radical transformation of the HR function, I was asked to take on the role of Corporate Head of HR at the Swiss multi-national holding company, which I did for 3 years. My job there involved leveraging the work of HR practitioners in 70 countries across the world to support an organisation culture change and to develop global leaders for the next generation. The job also involved spreading best practices in HR around the company and upgrading the HR function. This Swiss multi-national is an interesting company, because it was a very early adopter of the CSI concept and has always believed strongly that a cement company cannot prosper if it is isolated from the communities around it and the society in which the local cement market operates.

I have therefore worked with very activist HR and IR people since the late 1970’s and I have also been exposed to progressive thinking on the part of Boards and Executive Committees in South Africa and world-wide. This has inevitably shaped my expectations of the HR function and of HR practitioners. I have been considered an effective and successful HR executive by the Boards of the companies I have worked for and therefore I believe that the social activist role is not contradictory to the business partner role. Whilst I believe that the HR practitioner must understand the business and must work to ensure that the organisation is optimised, I believe
that human development in a wider sense is essential to society, and therefore to business, in the long term, and the HR practitioner should concern himself or herself with this human development.

I have worked with many HR practitioners, both effective and ineffective, both strategic and functional. I believe an effective HR team needs people who function at different levels in different ways, and therefore there is a place for all these different types of people. But the ones who become HR executives and leaders of the HR team must be able to think widely, systemically and strategically and must have the courage to confront narrow, short term thinking amongst work colleagues. I believe that passive, compliant and subordinated HR practitioners cannot be truly effective in achieving growth in employees and society.
## APPENDIX 4 - LIST OF PHASE 1 INTERVIEWS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Name</th>
<th>Organisation</th>
<th>Job Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>WC</td>
<td>Wilhelm Crous</td>
<td>Knowledge Resources CEO</td>
</tr>
<tr>
<td>2</td>
<td>HVR</td>
<td>Huma van Rensburg</td>
<td>SABPP (retired 28/2/2011) CEO</td>
</tr>
<tr>
<td>3</td>
<td>TM</td>
<td>Terry Meyer</td>
<td>Leadership SA CEO</td>
</tr>
<tr>
<td>4</td>
<td>TV</td>
<td>Theo Veldsman</td>
<td>UJ Dept of People Management and</td>
</tr>
<tr>
<td>5</td>
<td>MB</td>
<td>Mark Bussin</td>
<td>21st Century Pay Solutions Chairman</td>
</tr>
<tr>
<td>6</td>
<td>MV</td>
<td>Monwabisi Vika</td>
<td>Building Material company CEO</td>
</tr>
<tr>
<td>7</td>
<td>VVV</td>
<td>Vic van Vuuren</td>
<td>ILO African office Country representative</td>
</tr>
<tr>
<td>8</td>
<td>EVDW</td>
<td>Elize van der Westhuizen</td>
<td>AgriSA HR Manager</td>
</tr>
<tr>
<td>9</td>
<td>DS</td>
<td>Dawid Swart</td>
<td>African Rainbow Minerals Change Manager</td>
</tr>
<tr>
<td>10</td>
<td>JB</td>
<td>John Botha</td>
<td>BUSA / CAPES Nedlac negotiator</td>
</tr>
<tr>
<td>11</td>
<td>JP</td>
<td>John Pampallis</td>
<td>Dept of Higher Education &amp; Training Ministerial Special Adviser</td>
</tr>
<tr>
<td>12</td>
<td>SB</td>
<td>Sandra Burmeister</td>
<td>Landelahni Recruitment Group Chief Exec</td>
</tr>
<tr>
<td>13</td>
<td>*</td>
<td>Ian Putter</td>
<td>Small business HR consultant</td>
</tr>
<tr>
<td>14</td>
<td>*</td>
<td>Floors Pelser</td>
<td>Dept Public Service Administration Deputy Director - Policy</td>
</tr>
<tr>
<td>15</td>
<td>*</td>
<td>Simone Geyer</td>
<td>Dept Basic Education Chief Director HR</td>
</tr>
<tr>
<td>16</td>
<td>EDK</td>
<td>Elizabeth Dlamini-Khumalo</td>
<td>SABPP Chair</td>
</tr>
<tr>
<td>17</td>
<td>*</td>
<td>Victoria Ramulifho</td>
<td>Limpopo Dept Economic Development Senior Officer HR</td>
</tr>
</tbody>
</table>

*These interviews were not used in the data analysis and conclusions.*
APPENDIX 5 - TEXT OF EMAILED INVITATION TO PARTICIPATE IN PHASE 2

MRS PENNY ABBOTT
Home telephone 011 486 3672

24 January 2011

REQUEST FOR YOUR PARTICIPATION IN MY DOCTORAL RESEARCH IN HUMAN RESOURCES MANAGEMENT

I am conducting research into the practice of HRM in South Africa in relation to the specific socio-economic context we have in this country. I am looking at the impact that the context has on the work of HR people, and conversely, the impact their work has on the context. I hope to produce through the research some sort of framework to help HR professionals align their HR work with our context.

I am interviewing HR professionals who are employed in either private sector or public sector organisations (that is, not by employment agencies or consultancies), in generalist HR or HRD positions (that is, not specialist such as IR or Remuneration positions), at any level of the organisation. Interviews will take place before end February 2011. The discussion is likely to be thought-provoking and interesting for you. I am happy to provide you with a research report once I have completed it.

The interview will be by telephone, is likely to take between 40 – 60 minutes, can be done at any time of day (including early morning or after hours) and requires no preparation on your part. I would phone you at your convenience.

IF YOU ARE INTERESTED IN HELPING IN THIS IMPORTANT RESEARCH, PLEASE CONTACT ME (SMS IS FINE) ON THE NUMBERS ABOVE AND I WILL CONTACT YOU TO SET UP THE INTERVIEW.
APPENDIX 6 - GENERIC INTERVIEW PROTOCOL FOR PHASE 1 INTERVIEWS

1. Thank for time. Explain background and theme of research. Explain this interview is in introductory and exploratory phase. Explain interview will be recorded and transcribed. Ask if I may attribute their views or would they prefer to be confidential.

2.
   a. To what extent do you think HR people can actually make a difference?
      i. Do they have a role to play outside their own organisations?
      ii. Is it enough that they spend a lot of time on EE and CSI?
   b. Do you think HR people are at all concerned about a possible lack of alignment?
   c. What do you think most HR people really concern themselves with? Is there a difference in views across different sectors / levels?
   d. Do you know of any examples of HR people addressing this issue in an appropriate way?
   e. Do you think that the education and training of HR people in SA helps or hinders an appropriate response to the socio-economic environment?
   f. Do you subscribe to a universalist view of HRM or a contextual view?
   g. One of the issues about aligning HRM to socio-economic context is that the interpretation of priorities out of that context becomes political, and there is no common agenda for action. Would you agree with that?
   h. What would you say to a comment that socio-economic context influences the legislation that the Government puts in place, and, in complying with the legislation, HR people are in fact working on the priorities?
   i. Do you think HR people have much freedom of action – or do they do what their companies tell them to do?
   j. What role do you think the HR profession as a profession should play in aligning HR to its context?
   k. Can you describe your vision for HR in South Africa?
   l. Do you think that if the HR profession can come up with some sort of agenda for action, that the Government would consider the profession a useful partner?

3. Ask if they can point me to anyone else that might be able to make an important contribution to the research.

4. Thank for time again. Check whether still happy to have views attributed. Ask if they would want to get a copy of the research report.
APPENDIX 7 - INTERVIEW PROTOCOL FOR PHASE 2 INTERVIEWS

1. Thank for time. Explain background and theme of research. Explain this interview is in second phase – working off materials gained in the first phases. Explain interview will be recorded and transcribed. Inform them their views are confidential and anonymity will be maintained.

2. Interviewee:
   a. What is your role (job title) and to whom do you report.
   b. How long have you been in this role and with this company.
   c. To what extent do you think that what you do in your HR work is influenced by
      i. specifically South African issues rather than what you might call
      ii. generic HR work (recruitment etc) or
      iii. world class, competitive issues
   d. Divide your time at 100% between the above
   e. What South African issues would you list in the division of time above?
   f. When your company takes business decisions, is there a formal impact assessment of the impact on individuals, the community and the country?
   g. What contribution do you think your work does and could make to solving problems such as:
      i. Unemployment
      ii. Poverty
      iii. Inequality
      iv. Crime, corruption and lawlessness
      v. Skills development
      vi. Poor service delivery by the public service
   h. Do you incorporate any of these issues into your contribution to business strategy in your company
   i. SA is a middle income developing country. Do you believe that current HR practice is appropriate to South Africa’s development needs?
   j. Do you personally, or encourage your people to, get involved with
      i. SETA
      ii. FET
      iii. Business organisations
      iv. HR organisations
   k. Have you had to retrench over the last 2 years? If so, did you take up the offer around retraining rather than retrenchment – if not, why not
   l. What do you think your company can do to create jobs?
   m. Do you have learnership programmes running. About how many learners against your total employees. What proportion of the learners do you keep on at the end of their programme.
n. Do you think legislation forces your company to do anything that they would not have been doing anyway in terms of best practice
o. Are you able to implement legislation in transformational way or do you stick to a tick box approach?
p. Are you in charge of CSI
  i. How do you link to your organisation’s sustainability agenda
q. What skills that HR people have do you think are useful in making a contribution to these types of issues
r. Do you think the HR profession is making an impact on the national debate in any way? (for example on unemployment, education, crime, skills development)
s. What is your qualification – basic and further (check for MBA etc)
  i. If non-HR qualification - How did you get into the field of HR
t. Do you belong to the SABPP
  i. Reasons for belonging/not belonging
u. What do you read in the field of HR
  i. Journals
  ii. Books
  iii. Internet
  iv. Other
v. What do you read in the field of business
w. Do you attend conferences and seminars – what have you recently attended
x. Would you regard yourself as primarily an HR professional who contributes to growth in human capital and quality of life or as an employee of an organisation helping to maximise shareholder returns through the use of HR practices?
y. Do you think HR people have a duty to wider society
z. Do you personally do any community voluntary work using your HR skills

3. Ask if they can point me to anyone else that might be able to make an important contribution to the research.
4. Thank for time again. Check whether still happy to have views attributed. Ask if they would want to get a copy of the research report.
APPENDIX 8 - FOCUS GROUP 1 PRESENTATION

PEOPLE MANAGEMENT – FOCUS GROUP

DEALING WITH THE COMPLEXITIES OF OUR SOUTH AFRICAN ENVIRONMENT

THE RESEARCH

14 founding interviews with a range of thought leaders conducted October to December 2010

52 interviews with HR practitioners at all levels during January and February 2011

Questions around

- What are the factors in the environment that impact on you
- How much does this environment impact you
- How can you make a contribution towards improving South Africa’s social issues
- Other, more practical, questions about specific programmes

EARLY FINDINGS

Typically, HR people find that factors perceived as unique to South Africa, take up about 30 – 50% of their time and attention

- Generic HR work takes up a similar amount
- Specific industry or competitive issues take up a minority of their time and attention

These South African factors are perceived as including:

- Legislation, in particular
  - Employment Equity and BBBEE
  - Basic Conditions of Employment
  - Skills Development

- Social conditions
  - High levels of debt
  - Poor living conditions, leading to health and family issues
  - Poor education
  - HIV/AIDS
  - Transport difficulties
  - Crime and corruption – pressure within the community

- Diversity and the legacy of our history – learning to live together, issues of new generation (entitlement generation)
There are many other findings on more practical issues such as examples of good practices and ideas on how the profession can stand up and take a lead on matters of professional interest

QUALITATIVE FINDING
Two distinctly different types of responses to the question around how they, in their HR work, can make a difference to social issues (such as unemployment, poverty, inequality, crime)

One set of responses: I can make a huge difference to one person at a time through my work and this has a ripple effect to the family, the community and eventually to society

Variations of this
  □ Our context is critical to the success of the business, so we put a lot of effort into long-term development within communities and more widely
  □ Societal issues are having an impact on us now and it might even get worse in the medium term, so we work out strategies to deal with this
  □ As a professional with well developed social skills, I try to find opportunities to make a difference even outside my work environment

QUALITATIVE FINDING (contd)
Another set of responses: I work with people internally and I don’t think my work makes much, if any difference, externally

Variations of this
  □ I am so busy trying to be a business partner that I don’t have time to worry about the social context
  □ My line management isn’t concerned with the context, just with the bottom line

How can we explain this dichotomy?
These two different sets of responses seem to represent different mindsets or mental models

Kegan’s stages of adult development theory proposes that, while most adults rely on external authority (including their professional education and training) to shape their worldview, some adults base their worldview on their own, independent, values and principles

These worldviews form the lens through which one’s decisions, behaviour and action are filtered

Thus there could be a continuum

„Adaptive work“ - dealing with complexity of a high order

No one has the knowledge to solve the problem

Leaders therefore:
cannot depend on opinions of others or the agenda of others
cannot be the authority

There are no easy solutions

Leaders must therefore:
- widely share responsibility for developing a full understanding of the problem
- challenge others to question their own and others’ values, beliefs and long-established habits

This can result in disagreeing with and/or disappointing others

HR work is complex

Ulrich’s multiple-role model is highly influential in HRM

His recent work identified a further role – that of credible activist – which involves taking a pro-active stance

In addition, he has recognised that HR’s role relative to external social and political stakeholders is gaining in importance

This adds even more complexity

So HR people are most often working in situations of complexity, and in South Africa, with its simultaneous demands of world-competitiveness, transformation and social justice, the situation is even more complex

”Human resources is a crucial point of intersection between the broader society and business“ (Capelli, 2010)

What could influence this?

My research participants often said that the expectations of line management play a large role in what they as HR people feel able to do
- They are sometimes uncomfortable with what they are expected to do

These line managers would also, according to the adult development theory, fall along the same continuum

Therefore the interaction between line management and HR could be seen as producing one of four types of outcomes:

Outcomes of matching of line management expectations and HR expectations

Professional development implications

The ability to lead in conditions of novel complexity can depend on:
- Personality
- Training, education

But these seldom deliver the desired results on their own

Professional development is often superficial

Kegan’s work has shown excellent results with a process of professional development (through structured self-reflection supported by coaching) which concentrates on achieving an increased complexity of consciousness and an ability to construct one’s own internal belief system to make meaning of oneself and oneself’s work in new ways

These findings could inform a new approach to CPD in the HR field
Group discussion

The previous slides show some of my early attempts to make meaning from my research findings.

Does the meaning that I have drawn out make „common sense“ to you?

What other meanings could you make about this information, based on your experience?

What might be some implications about how we relate HRM to our socio-economic context?
## APPENDIX 9 - LEARNING RESOURCES – PHASE 3

<table>
<thead>
<tr>
<th>BOOK TITLE</th>
<th>CONTRIBUTION TO UNDERSTANDING CONTEXT / TOOL TO ALIGN WITH CONTEXT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital Trends</td>
<td>Mostly about universalist concepts and practices, but there is quite a lot on context – education policy and the need for business to get involved in schools; job creation and ideas for youth employment; a good case study on college business partnerships. Supports the linking of social challenges and the credibility of the HR community</td>
</tr>
<tr>
<td>Talent Management</td>
<td>Mainly about internal practices, but does talk about the supply side of talent, creating an abundance of talent and nurseries of talent</td>
</tr>
<tr>
<td>Bridging the Gap</td>
<td>Useful background – uses SA metaphors and examples, rooted in culture, to explore the fit between employees and the organisation</td>
</tr>
<tr>
<td>Leading the Way through CSI</td>
<td>Discusses CSI as mitigating social risk. Useful framework for aligning to context</td>
</tr>
<tr>
<td>Collective Bargaining in SA</td>
<td>Very useful resource to stimulate and inform debate – an excellent example of an element of the context that the HR profession needs to think about</td>
</tr>
<tr>
<td>Conversations in Leadership</td>
<td>Some useful chapters, particularly on leadership in the new economy and sustainability. Leading Transformational Change very good. Useful model of change leader roles.</td>
</tr>
<tr>
<td>The Leadership (R)evolution</td>
<td>Useful to relate external changes in a variety of spheres to organisational practices. Good for personal awareness. Has alignment examples of “new practices”</td>
</tr>
<tr>
<td>Careers – an organisational perspective</td>
<td>SA context is a secondary focus although some of the case studies do reflect the context.</td>
</tr>
<tr>
<td>Transformation without Sacrifice</td>
<td>Depth of background on SA context. Very useful model of 3 levels of transformational organisation practice.</td>
</tr>
<tr>
<td>Organisation Behaviour</td>
<td>Encourages practitioners to analyse the environment, but not really with SA specifics. Sections on fraud &amp; ethics, and on stress are relevant. Quotes SA case study on balanced life style and direct contribution to improved profit.</td>
</tr>
<tr>
<td>Umsami</td>
<td>Ubuntu applied to business challenges, discusses AA and BEE</td>
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<tr>
<td>Remuneration Handbook for Africa</td>
<td>Has one short section on SA context.</td>
</tr>
<tr>
<td>Wisdom @ Work</td>
<td>Gives some SA setting and background, but covers mainly</td>
</tr>
</tbody>
</table>
organisation internal practices

**Understanding SA**  Good depth on practical application of Ubuntu to societal problems - can shed light on entitlement culture and what people value

## JOURNAL ARTICLES

<table>
<thead>
<tr>
<th>Date</th>
<th>Title</th>
<th>Extent to which highlights SA socio-economic context and what sort of tools are offered to help HRM alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SA JOURNAL OF HUMAN RESOURCE MANAGEMENT</strong></td>
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</tr>
<tr>
<td><strong>MARCH 2011</strong></td>
<td>A change navigation-based, scenario planning process within a developing world context from an Afro-centric leadership perspective</td>
<td>Applies contextual SA factors to an internal process – scenario planning as a component of strategic planning. The contextual discussion on culture is helpful.</td>
</tr>
<tr>
<td>2010</td>
<td>The impact of minimum wages for domestic workers in Bloemfontein, South Africa</td>
<td>Discusses labour market factors and effect of minimum wages</td>
</tr>
<tr>
<td></td>
<td>Work-home interference: Examining socio-demographic predictors in the SA context</td>
<td>Demographic and structural issues impact on people at work – useful framework</td>
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<td></td>
<td>Financial health and sense of coherence</td>
<td>Useful tool to address financial health of employees</td>
</tr>
<tr>
<td></td>
<td>Does employee remuneration dispersion in the South African economy enhance labour productivity? The Gauteng manufacturing industry as a case study</td>
<td>Sheds some light on wage:productivity relationships</td>
</tr>
<tr>
<td></td>
<td>The validity of world class business criteria across developed and developing countries</td>
<td>Cited in literature review – useful insight into interaction between context and business performance</td>
</tr>
<tr>
<td></td>
<td>Towards sustaining performance in a Gauteng secondary school</td>
<td>Useful in understanding the dynamics of the school management system and its effects on performance. The education system is a major factor in the SA context</td>
</tr>
<tr>
<td><strong>SA JOURNAL OF INDUSTRIAL PSYCHOLOGY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MARCH 2011</strong></td>
<td>Entrepreneurial networking differences: An ethnic in-group and out-group analysis</td>
<td>Has some background about the context</td>
</tr>
<tr>
<td>Year</td>
<td>Title</td>
<td>Summary</td>
</tr>
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<td>Psychological career resources and coping resources of the young unemployed African graduate: An exploratory study</td>
<td>Very useful contextual study. Can help to understand barriers to job market entry and how to improve work-readiness</td>
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<td></td>
<td>An overview of industrial and organisational psychology research in South Africa: A preliminary study</td>
<td>Demonstrates that the challenge for the I/O psychology research agenda lies in the capacity and willingness of both academia and practitioners in the field to heal the rift between science and practice, and adopt new perspectives in the pursuit of research questions that address the real-world needs of a post-modern South African business society.</td>
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<td>Implementing efficient and effective learnerships in the construction industry</td>
<td>This research provides a theoretical framework to understand, describe and assess the implementation of efficient and effective learnerships in the construction industry.</td>
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<td>Attitudes towards and experience of employment equity</td>
<td>Discusses the reality of employees’ attitudes towards and experiences of EE in the South African work context and highlights proactive measures that should be taken to ensure that the majority of previously disadvantaged and the non-previously disadvantaged groups benefit from EE legislation. The introduction of holistic human resource management practices that complement target setting, could overcome the stumbling blocks currently being experienced in the effective implementation of EE.</td>
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<td><strong>Title</strong></td>
<td>Extent to which highlights SA socio-economic context and what sort of tools are offered to help HRM alignment</td>
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<td><strong>HR FUTURE</strong></td>
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<td>Dec 2010</td>
<td>State Owned Enterprises Remuneration Systems</td>
<td>Examination of a particular element of the context</td>
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<td>NQF Navigation: Step up to education and skills development</td>
<td>Macro overview of skill development needs in terms of the New Growth Path</td>
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<td>Feb 2011</td>
<td>NQF Navigation: Minister launches National Skills Development Strategy</td>
<td>Overview of alignment that will be required</td>
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<td>March 2011</td>
<td>How aware of sustainability are you</td>
<td>Explains this particular aspect of the context. Has a case study on a learning intervention for executives sited in a children’s home to build contextual awareness</td>
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<td>Sustainability through understanding</td>
<td>Discusses African culture in relation to sustainability</td>
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<td>NQF Navigation: Quick fixed won’t help education</td>
<td>Analyses problems in the schooling system</td>
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<td>April 2011</td>
<td>NQF Navigation: Dear Minister</td>
<td>Example of giving feedback to Government on policy and implementation in skills development</td>
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<td><strong>ON-LINE HUMAN CAPITAL REVIEW</strong></td>
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<td>April 2011</td>
<td>SA’s political paradox</td>
<td>Useful background analysis of the political economy</td>
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<td>March 2011</td>
<td>Getting the best out of people – creating authentic organizations</td>
<td>Useful thoughts on creating a workplace that helps people function well in society</td>
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<td>Wellness programmes – beneficial or vital?</td>
<td>Example of incorporating into wellness programmes tools to help employees resolve their problems at home as well as at work</td>
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<td>February 2011</td>
<td>Sourcing human capital sustainably</td>
<td>Excellent article on why business should get involved with the education system</td>
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<td>January 2011</td>
<td>Talent – trends impacting its availability and what your business should do about it</td>
<td>Some background material to the shortage of executive skills in SA relative to the rest of the world</td>
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<td>Proposed changes to the labour</td>
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legislation – the impact on your organisation

November 2010
Developing ethic leaders – an essential requirement of successful business
Guidelines to corporate ethics programmes

The Business Partner model – past and future perspectives
Discusses challenges arising from the environment

Challenges facing diversity managers
Argues that current thinking about diversity is not producing results

October 2010
China – Africa’s human resources and success – the amazing power of valuing people
Comparative information illustrating a different approach to valuing people

Inner and outer globalisation issues in management training
Background material to an emerging new version of capitalism – social capitalism

September 2010
Can the HR department create an ethical organisation?
Guidelines to corporate ethics programmes and the HR role

June 2010
Why HRM practitioners usually only see half the picture
Thought provoking material on what is valued in HR – instrumental vs humanist approach

The HR implications of the King III Report on Corporate Governance
Important contextual information

CONFERENCE TOPICS

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<th>Conference</th>
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<td>HR Directors Conference</td>
<td>• Emerging Market Economies – the opportunities, challenges and responsibilities for Human Capital Management</td>
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<td>March 2010</td>
<td>• Employers’ role and responsibility in Job Creation, Education and Healthcare – going beyond CSI</td>
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<td>• Climate change and the impact on Human Capital Management</td>
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<td>• HR Regulatory Framework – new development</td>
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<td>HRD Conference August 2010</td>
<td>• Learnerships that work</td>
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<td>Human Capital Trends Seminar November 2010</td>
<td>• Youth Labour Market Challenges in South Africa</td>
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<td>IPM Convention November 2010</td>
<td>• Application of Systems Thinking Principles to integrate the Skills Shortage into an HRD strategy</td>
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<td>Transformation without Sacrifice – the Urgency for Social, Economic and Organisational Justice in South Africa</td>
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<td>Latest South African scenario plans</td>
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<td>HR Practitioners’ response to South Africa’s skills shortage – New Framework for the National Skills Development Strategy</td>
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### APPENDIX 10 - LIST OF PARTICIPANTS IN PHASE 4 FOCUS GROUP

<table>
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<tr>
<th>Abbreviation</th>
<th>Name</th>
<th>Position</th>
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<tr>
<td>HM</td>
<td>Heather McMullen</td>
<td>Director HR, Africa</td>
<td>Ranbaxy (SA)</td>
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<td>PGW</td>
<td>Prudence Gwala</td>
<td>GM Corporate Services</td>
<td>Umgeni Water</td>
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<td>KB</td>
<td>Kathy Burke</td>
<td>Consultant</td>
<td>Hay Group</td>
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<td>MU</td>
<td>Makgomo Umlaw</td>
<td>HR Manager</td>
<td>Mintek</td>
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<tr>
<td>PG</td>
<td>Pauls Gibbons</td>
<td>Executive General Manager: People and Employer Brand</td>
<td>Glenrand MIB</td>
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