Challenges Facing HRM Practitioners in Achieving Organisational Effectiveness in South African State-Owned Enterprises

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The South African state-owned enterprises (SOEs) have drawn criticism in the country concerning their performance. Retrenchments and government bailouts have been resorted to for South African SOEs in a bid to avoid liquidation. As a result, Human Resource Management is regarded as a source of organisational competence which aims at improving employee morale, reducing cost of operations and quality service improvement. An investigation was undertaken at a selected South African SOE to examine the challenges facing human resource professionals in obtaining organisational competitiveness. A qualitative research design was applied, and interviews were used on human resource practitioners who occupy departmental supervisory positions. The study revealed that Human Resources departments experienced challenges such as lack of technology, high labour turnover, and not attracting skilled technical personnel thus impending company competitiveness.

Key words: *Human Resource, state-owned enterprise, labour turnover, policy review, e-HRM, competitiveness.*

1. Introduction and background.

One of the main concerns of Human Resource Management in the past was ensuring a certain degree of labour productivity. Contrarily, the recent human resource trends and challenges revolve around environmental issues, including globalisation, technological innovation, cost containment, and leveraging employee differences, among others (Dessler 2013; Snell and Bohlander 2013). These challenges are tightly connected with the four main functions of

Human Resource Management, namely, staffing, employee development, compensation and governance (Sun, Liu, Law and Zhong 2017). This paper highlights the challenges facing Human Resource Management in striving for organisational competitiveness for a company which is a South African state-owned enterprise.

According to Omarjee (2018) state-owned enterprises in South Africa are experiencing challenges which include unequal opportunity, unskilled labour, employee motivation, brain drain, unemployment and lack of human development, all of which affect their competitiveness. Consequently, labour turnover of employees and senior management has threatened financial viability of state-owned enterprises in South Africa (Bloomberg 2017). Poocharoen and Lee (2013) provided that governments are constantly striving to recruit, retain, reward, and develop its pool of public employees, hence they face fierce competition with the higher-paying private sector. Technological transformation is taking place in the society very fast replacing the traditional way of life. This not only changes how we communicate and interact as humans, but also revolutionizes how organizations operate (Das and Sureshkrishna 2019). Digital technology is found to have far reaching implications for any human resources managers too (Larkin, 2017). The current study discusses the challenges facing Human Resource Management in obtaining organisational competitiveness in a South African state-owned enterprise.

2. Literature review.

Bratton and Gold (2012) report that staffing is a major concern because of the difficulty in recruiting people with appropriate skills and abilities to match positions. Almeida, Fernando and Sheridan (2012) state that the recruitment process is influenced by the human capital perspective and by organisational characteristics such as management style and organisational type. However, employee development refers to individual expectations, thus, it is the match between what the organisation offers and what the individual contributes. Based on the views of Qiqi and Rava (2014), training can be regarded as a feasible means of minimising the gap between individuals and organisations. Compensation and benefit systems are generally the main components of compensation. These aspects play an important role in attracting skilled workers to the organisations as there is employee recognition in both training and compensation. From the psychological perspective, compensation largely affects the attitudes and behaviours of employees. Although money is the most direct manner of increasing self-reliance and pain tolerance among employees, increasing labour cost is the greatest challenge for an organisation.

Sun, Liu, Law and Zhong (2017) assert that the issue of shortages of labour has continued to be a major challenge facing Human Resource Management. This includes attracting and retaining employees in organisations. This is consistent with the findings of Asrar-ul-Haq (2015) who explain that brain drain is becoming a critical challenge in most developing

countries as they have talent but face difficulties in developing, motivating, rewarding and retaining their pool of talent. A study by Kaplan and Höppli (2017) reveal that South Africa's most recent data reveals that the rate of emigration is accelerating. Furthermore, skills shortages are the major constraint on innovation and limit the formation and the development of new technology-based companies, according to (Kaplan *et al* (2011) as cited in Kaplan and Höppli (2017).

The development of HRM and its social and economic consequences are the subject of a wide array of processes and inputs. The manner in which the management and regulation of the employment relationship evolves is influenced as much by external factors as it is by internal ones, specific to the organization with regards to State Owned Enterprises. The rule of law, the state as a public sector employer, economic policy, and social and welfare rights are central features of how people are managed and developed (Lucio and Stuart 2011). Wong (2017) reports that employment is subjected to tight government monitoring and control systems which introduce many constraints on human resource management. Since 1994, the South African government has attempted to redress inequality through legislation and treat everyone fairly (Phiri, Molotja, Makelane, Kupamupindi and Ndinda 2016). This includes equal access to employment and promotion opportunities, training and capacity-building, development, remuneration and other aspects of Talent Management.

Although the recent global recession has created more opportunities for attracting talent to the public sector, the private sector still has a competitive advantage due to the time-consuming bureaucracy in the public sector. Talent Management is perceived as an unfair procedure that clashes with the public sector principles and values of equal treatment (Kravariti and Johnston 2019). This is a paradox in that there is difficulty in identifying public sector talents, such as individuals who possess the competencies, knowledge and values that reflect the public sector's core principles; this in turn creates talent shortages in the sector (Thunnissen and Buttiens 2017).

Given that baby boomers are mainly at the age of retirement, public sector organisations now need to find ways of attracting the younger generations and adjusting their talent management accordingly (Glenn 2012). This becomes difficult when considering that new generations have higher expectations, are more concerned about quality of work and favour mobility. Organisations can no longer depend on loyalty and need to consider ways to attract and retain talent (Kravariti and Johnston 2019). Generation Y employees are currently increasing in the workplace and they are known as self-centred and narcissistic (Sun et al 2017). Hansen (2016) state that Generation Y employees regard themselves as unique individuals, and they do not want to be branded with any specific label. Furthermore, Generation Y employees currently influence organisational structure and culture because of their different approaches to dealing with work. Considering this circumstance, an organisation can hardly influence this type of employee (Williams and Turnball 2015). Canaan, Messarra, Karkoulian, El-Kassar and Singh (2016) say that their typical career-driven personality is known as 'work my way'; therefore,

the characteristics of Generation Y employees simply make it difficult for an organisation to achieve effective human resource management (Sun et al 2017).

Operating environments characterised by threat, conflict or adversity are believed to impact employees with implications for organisational functioning (Lee and Reade 2015). The nature of relationships between groups of people in society, including ethnic groups, can affect relationships, and perceptions of those relationships, inside the organisation. The societal context, in other words has a bearing on employee attitude and behaviour in the workplace (Lee and Reade 2015). A likely workplace manifestation of societal ethnic conflict is homophilous patterns of relationships based on ethnicity. Homophily is the tendency to interact with others who are similar in given attributes such as race, ethnicity and sex. The more employees are exposed to violent ethnic conflict in society, the more likely they are to perceive and display ethnic-based homophily behaviour in the workplace through ethnic identity salience, as suggested by social identity theory. Homophily behaviour in the workplace, particularly racial and ethnic-based homophily, has detrimental effects on the organisation. This includes compromised workplace integration at the organisational level due to a tendency among racial or ethnic group to form subgroups, hence a reduced opportunity for individuals to interact and collaborate with colleagues from different racial or ethnic groups (Lee and Reade 2015). This reduces the value and potential of richly diverse workforces.

The Strategic Human Resource Management approach is fraught with difficulties, including failing to take into account a variety of stakeholder requirements, the reality of HRM inconsistencies within organisations, the ambiguities, paradoxes and dilemmas of HRM practices and inadequate account of external influences. For instance, human resource managers are in an ambiguous position when they have to demonstrate that they are contributing to the financial outcomes and adding value to the organisation, by reducing labour costs, yet at the same time contributing to the well-being of employees through work-life balance programmes (Kramar 2014). HR executives who are expert in both financial and people skills are in a strong position to balance judgement of economic rationality with social responsibility. However, both anecdotal and research evidence suggest that some HR practitioners find this position burdensome. They see conflict between the understanding of themselves as 'friends of the workers' and their new role as management's instruments of competitive advantage (Grobler, Bothma, Brewster, Carey, Holland and Warnich 2012:204). Steyn (2019:212) described role conflict as the simultaneous existence of two or more role expectations where agreement with one expectation makes it difficult to fulfil the other expectations.

3. Research Methodology.

The study is qualitative in nature where data was collected using a structured interview. The study is based on a South African state agency called Mintek, situated in Johannesburg. According to Keyton (2011:121) population consists of all units, or the universe, people, or

things possessing the attributes or characteristics in which the researcher is interested. The study applied non-probability sampling technique. The study adopted purposive non-probability sampling technique. With purpose sampling, we purposefully choose the elements that we wish to include in our sample, based on a set of characteristics (Du Plooy-Cilliers, Davis and Bezuidenhout 2014:142). Purposive sampling was used on HRM professionals having a departmental supervisory position in the selected South African state-owned enterprise.

Results of this study were obtained using in-depth interviews. According to Du Plooy-Cilliers et al (2014:188) an in-depth interview is a qualitative data collection method which allows you to pose questions to participants with the aim of learning more about their views, opinions and beliefs about a specific phenomenon. The study used thematic analysis method. Through its theoretical freedom, thematic analysis provides a flexible and useful research tool, which can potentially provide a rich and detailed, yet complex account of data (Braun and Clarke 2006). NVivo helped the researcher to manage and organize data and facilitates the analysis of data, identification of themes, gleaning insight and developing conclusions (Sotiriadou, Brouwers and Le 2014).

4. Results and Discussion

The researcher interviewed 24 individuals who were willing to participate in this study and able to meet the selection research requirement by being a HR professional and having a supervisory position. The duration of each interview session was between 25 to 30 minutes. The interviews were conducted on the company premises by appointment. A semi-structured interview design was provided with two sets of questions directed to the human resource professionals and divisional heads and supervisors. There were 10 questions for each of the two groups.

4.1. Managers not dealing with human problems

It was revealed that line managers did not help their subordinates in solving simple human-related problems. There were some staff issues which should be dealt with at a departmental level, but some managers directed them to HR. Line managers seemed to lack interpersonal people skills and believed that their roles were only centred on production and manufacturing. It was apparent that line managers were not sufficiently motivated to assist their subordinates; this put more pressure on HR professionals in the execution of their duties. Below are two examples:

Sometimes you find it difficult because employees come here with some issues that are supposed to be dealt by their line managers. But, because it touches the human aspect, employees just feel that they must come to HR.

Credibility is another challenge that we face; even other HR people everywhere. This is because of the pace that we move with; most things take long just because most employees come to us on issues that are supposed to be done by their line managers. They end up blaming HR for the things that are supposed to be done by other people.

4.2. HR taking most of the company blame

HR seems to be blamed by managers and employees whenever things go wrong. This may be due to the employees' belief that as human resource people, HR should be solving all company problems. HR does seem to have a significant role in participating in the company's overall objectives, as well as in managing employee wellbeing. This has created the view that HR is responsible for all mistakes in the organisation, as viewed by some participants:

You know they view HR as the scapegoat in most organisations, so the challenge is that if anything goes wrong, even if it's HR or the divisions, the employees blame us.

They end up blaming HR for the things that are supposed to be done by other people.

Kramar (2014) state that human resource professionals are in an ambiguous position as they contribute to the company's finances through a reduction in labour costs, whilst simultaneously contributing to employee well-being.

4.3. Recruitment approval

Approvals of employee appointments at Mintek are overseen at a higher executive level. This can bring about a challenge because they are carried out at the end of the recruitment process. If executive management disapproves, then time and effort are wasted because Mintek, as a state-owned enterprise, reflects a structure that is bureaucratic and comprises many levels of management which in turn need to be notified. This is the nature of most state-owned enterprises, as confirmed by this employee:

No, they actually come towards the end when they have to approve so they give us an approval to go and fill the position; they then let you do the rest of the activities. The only part they play is when they disapprove the final appointment of the person; they might questions as to why we are choosing such a particular candidate. That approval process is a problem, it is still done manually, maybe level of approval should be cut down than what we have now.

Almeida, Fernando and Sheridan (2012) contend that management style and organisational type influence the recruitment process in the organisation.

4.4. Attracting scarce and specialised skills

Critical and scarce skills, such as scientists and engineers, are difficult to attract at Mintek due to salaries not being competitive. Other non-financial benefits at Mintek, such as scholarships and leave days, seem to be failing to attract scarce skills to the organisation, as noted by this participant:

For us here we work with critical skills like engineers and scientists so sometimes to get those particulars skills out there in the market is very difficult. I think that's the biggest challenge so we end up having to groom for ourselves. Engineers and scientist in South Africa are not that many. It's difficult to answer that because in our field the skills shortage is quite high so we struggle to find. Particularly we find a lot of people who have just come out from university but to find people with years of experience can be very difficult. For this company the money that they offer is not that competitive and the skills are limited.

Bratton and Gold (2012) maintain that employee staffing is becoming a serious concern due to difficulties in recruiting candidates with the necessary skills and competencies that match company positions.

4.5. Outdated policies hindering processes

Policies take a long time to be updated; which slows down certain processes. Policies do not consider the latest trends which can speed up processes such as recruitment. This slow response to external demands has caused some inefficiencies in the recruitment process at Mintek and affects Mintek competitiveness in its industry, as confirmed below:

Our policies get updated every 2 years so it becomes difficult for us to move quicker because our hands are tied in terms of recruitment. For example, our policy doesn't consider head hunting and if our manager goes to a conference he can't take a person through headhunting as we still need to follow our recruitment process policy.

4.6. Lack of Technology

Mintek is not on par with other organisations when it comes to HRM technology as it remains manual and paper-based. This has emerged as a major problem affecting Mintek's competitiveness, as highlighted in the previous themes of this study. The HR administration personnel below expressed much concern about the lack of technological advancement at Mintek.

I am in the HR admin space. So in trying to make the organisation competitive from our side what we are trying to do is moving away from paper based because technology is advancing and Mintek being a global leader, they need also to be at par with other organisations. From

the HR admin side we try as much to move from manual intervention to introducing more technological systems when doing our administration work.

It's basically administration work because our organisation is not technologically advanced, most of the things are done manually. So Organisational Development and Training bring appointment and contracts then we capture in the system manually. For example, employee forms of adding beneficiaries; it's something that can be put on-line instead of manual.

The main challenge that l see affecting HR department is that they are still using manual process which cause them to take more time in offering services to the company.

4.7. Labour turnover

There is a high staff turnover in HR, which means that new staff must learn everything from the start before being able to assist properly. This may be one of the reasons for poor response times to employee needs since new HR people have to yet master Mintek's operating processes and procedures.

I have seen that high staff turnover is a major challenge affecting HR because we have seen new faces in HR within short period of time.

Again, many people are leaving in that department and we constantly have new people who still need to learn our systems and in the processes of learning you will later find out that they are already gone.

5. Conclusion and recommendations

The study established the challenges that are faced by human resource professionals in creating a competitive advantage for the organisation. HR respondents highlighted the fact that divisional managers were not able to manage small human-related problems in their divisions; employees often reported to HR on issues that could be solved by divisional managers. This is causing more pressure on HR professionals as they have other key responsibilities to focus on. As in other organisations, data revealed that the HR department received much of the blame from employees when things went wrong in the organisation. There appeared to be a tendency among employees to believe that the HR department was responsible for all company matters. All HR respondents highlighted the view that they also had a major challenge with the lack of technology in the department. Many processes in the HR department are done manually and this is causing recruitment processes to take long as there is a need to print CVs furthermore, the approval of appointments are signed manually by the relevant managers. This challenge is also linked to policies that are described as outdated by the HR respondents. Data revealed that old policies were also affecting the recruitment process as they tended to support bureaucracy. This resulted in delays as there were too many processes and levels which needed to be

consulted regarding employee appointments. This means HR staff fail to hire qualified candidates as some lose hope and go to other companies when appointments with Mintek take time to be finalised. Outdated policies also seem to be restricting HR people in implementing current recruitment strategies, such as head-hunting. Data established that the HR department was failing to attract skilled employees such as scientists and engineers to the organisation. This appears to be caused by uncompetitive salaries at Mintek.

There is high staff turnover in the HR department at Mintek, which has resulted in the department being ineffective. There are reports of poor response times and a lack of skills in delivering HR services to the organisation. The probable cause thereof could be ascribed to new HR people who do not stay long in the organisation and leave before mastering Mintek operations.

The Human Resources Department at Mintek should play an active business partnering role to effectively achieve organisational competitiveness. As explained in the literature review, for an organisation to be competitive, HR professionals should move away from an administrative role to a more strategic role. For Mintek to attract talent and stay competitive, technological aspects such as electronic HRM (e-HRM) should be implemented in the HR department. This enables HR professionals to be quick and efficient in their duties, namely recruitment, record-keeping administration and employee training. This will reduce the time taken to approve appointments when done electronically. Furthermore, Mintek should work at developing an optimal organisational structure which promotes quick feedback and fast movement of communication. Lastly, there is a need to revise the salaries and benefits for engineers in line with the incentives other organisations are providing. This can only help in attracting and then retaining the required skilled engineers for longer in the organisation.

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