

**THE DEVELOPMENT AND DESIGN OF A STRATEGIC
HUMAN RESOURCES PLAN FOR THE COMPANY
NEDLLOYD LINES SA**

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CHAPTER 1

THE NATURE AND EXTENT OF THE STUDY

1.1 INTRODUCTION

South Africa, according to De Waal (1992:14) has been in an economic recession for more than two years. Steenkamp (1992:4) has emphasised that the South African economy weakened significantly in the second half of 1991. Falling domestic demand, poor agricultural conditions and poor economic growth in the major industrial economies have resulted in widespread recessionary conditions. During this period, few new investments in production assets have taken place, and as a result of a shrinking internal market, companies have had to retrench workers resulting in a high level of unemployment amongst the workforce of this country.

Whereas the formal sector, according to De Waal (1992:14) normally employs 12-million people, some 4-million are currently unemployed. There is the risk that with economic growth insufficient to promote adequate employment opportunities, violent crime could escalate leading to a downward spiral of declining economic activity, growing unemployment, and still more violence.

The economic recession has also given rise to a decrease in the real gross national product per capita. Private savings have decreased to 1,5 per cent of the disposable income (De Waal, 1992:14).

The above statements emphasise the fact that economic growth is of paramount importance to South Africa. McRae (1992:4) has pointed out that the pivot of all economic development is human resources management. In his view, people and how to match their needs with the imperatives of economic development will dominate the macro environment of commerce and industry for the foreseeable future. In South Africa, there are thus two requirements:

- (a) Business needs to develop an indigenous management system and corporate culture that fits our own unique situation;

- (b) The need is for human resources professionals who understand economic development, and who will become masters of change management in order to assist line management to respond to the changing demands of the marketplace.

The key to economic development on the macro level is thus the optimal utilisation of human resources, and the establishment of a solid foundation of education and skills competence. South Africa faces the prospect of a severe shortage of skilled, professional and managerial manpower. On the micro level, business survival depends upon the availability of adequate manpower. According to Owens & Nema (1988:45) the onus is thus on the private sector to meet the challenge of providing the training and developmental requirements to ensure an adequate supply of manpower. This will only be achieved through adequate and systematic planning and the efficient execution of those plans. An effective manpower plan, if it is to meet the organisation's long-term needs, should determine not only the future complement of personnel required to operate the business, but should also specify the knowledge, skills and competencies required. To achieve this goal, a human resources strategy should be integrated with the management strategy of the organisation.

1.2 PROBLEM STATEMENT

As stated in the previous section, the integration of a sound human resources strategy into the broad management strategy of a company has become a necessity. Key elements guiding the success of such a strategy indicate that, as a result of rapidly evolving change within South Africa, areas where business principles and employee interests converge rather than diverge, should be identified. Kalam (1991:5), has stated that political freedom is likely to create pressure in the workplace for a true industrial democracy. Companies can thus expect a period of intense readjustment by employees who will be seeking greater fulfilment both in their worklives and their political lives - through participation in corporate decision making, particularly in those areas where it impacts substantially

on them. In many organisations, however, despite the lip service given to the cliché of people being the most important asset, they are still viewed as an operating cost rather than a major corporate resource or investment (Nkomo, 1988:66). The human resource dimension of planning has been largely treated as a short-term implementation issue rather than a driving force in the formulation of strategic plans.

Involving employees in the life of the company should be tied to the overall desire to improve productivity through efficiency. It should be a goal within the company's objectives and should be managed to ensure that it forms part of internal forces aimed at producing cohesion within the company (Negota, 1992:10).

In addition, the emerging South Africa is faced with the challenge to create more wealth if it is to offer secure shelter, health care, education and economically useful employment to all South Africans. The only way to achieve this is to use existing resources more effectively. No where is this more evident than in respect of human resources (Godsell, 1992:11).

The design and development of a strategic human resources plan for a company thus represents a unique marriage between the interests of management and employees. It is also vital that, before a plan can be designed and successfully implemented, the factors impacting on the company, its employees, and consequently all management decisions, should be identified on both macro- and micro levels, and analysed in the light of their influence on the company's strategy.

1.3 PROBLEM SPECIFICATION

The objective of this research is to design and develop a strategic human resources plan for Nedlloyd Lines SA, in accordance with the overall strategic business plan of the company. The purpose of this exercise is to:

- (a) Establish human resources objectives which support the business needs identified in the strategic business plan of Nedlloyd Lines SA (Pty) Ltd;
- (b) Develop strategies for attaining these objectives;
- (c) Identify policies and programmes for the acquisition, utilisation, development and maintenance of human resources in the organisation.

1.4 CAUSAL FACTORS GIVING RISE TO THE RESEARCH

1.4.1 Company profile

Nedlloyd Lines SA is part of the Dutch Royal Group which is active across the whole spectrum of transport by land, sea and air as well as forwarding, storage and distribution. The Rotterdam-based company acquired its present form in 1970, following the amalgamation of four large Dutch shipping companies. Nedlloyd has since developed from a shipping company into one where the accent is placed on total logistics to an ever-increasing extent. The main activities of the Group consist of the following:

- container logistics on a world-wide scale, principally based on own shipping links;
- storage, distribution and transport links on land, on a European scale;
- customs, clearance and international forwarding;
- specialised transport, such as the transport of garments and chemicals, mostly on a European scale;
- strategic interests in the energy sector.

Nedlloyd Lines is the largest division of the Royal Nedlloyd Group with fifteen regions situated internationally.

1.4.2 International change in strategy

During 1990, following a worldwide survey, a new transport logistics strategy, designed to take Nedlloyd into the twenty-first century, was implemented. The Group now sees logistic services as an integrated and high quality package of added-value services. The new strategy calls for a plan geared to provide customers with a balanced structure of ocean- and land-based activities, interlocked in a worldwide logistic network.

In order to implement the new strategy successfully in this country, Nedlloyd rationalised its South African operation, which led to the merging of two separate organisations into a single company with a more practical and streamlined structure.

1.4.3 Problem areas within the organisation in South Africa

The following problem areas have been identified within the South African region where the research is to take place:

- (a) Lagging revenues in container shipping and in European road transport, a decline in the exchange rate of the dollar, and a strong increase in fuel prices led to a decline in Nedlloyd Lines net profit over 1990. (Royal Nedlloyd Group, 1990:1). The net Group result for 1990 amounted to a loss of f148.2 million, against a profit in 1989 of f252.3 million (Royal Nedlloyd Group, 1991:13). As a result, staff reductions were implemented on a worldwide scale, and in the South African region, the staff complement was reduced by 20%. Employee morale was consequently low in the period following the re-organisation as a result of job insecurity and mistrust of management.

Although the international Nedlloyd Lines Division achieved a greatly improved result in 1991, the net Group result once again resulted in a loss. Consequently, no dividend was declared for 1991. The organisation's attention in 1992 remains directed towards achieving a reduction in costs per unit of service rendered, and the pursuance of a continuing quality improvement strategy (Royal Nedlloyd Group, 1992:12).

- (b) During 1990, the South African operation which in the past had been traditionally split between two organisations was rationalised to form one operation, a move which resulted in a further loss of jobs as redundancies occurred. This situation dealt a further blow to employee morale, and contributed to a heightened feeling of insecurity.

During 1991 and 1992 no further retrenchment exercises were implemented. However, as a result of the continued pressure on results, the implementation of the new strategy was accelerated in 1992. A further consequence of the organisation's drive to reduce costs has been that, in line with a formal directive from the Head Office Division in Rotterdam, no expansion of the region in terms of staff numbers is currently permitted.

- (c) The formal human resources function within the company is a relatively new function, having been established during the latter part of 1990. Although personnel administration had been competently handled before that time, human resources policies such as recruitment, selection and placement policies, staff movements and transfers, motivational schemes, and remuneration and job grading systems had still to be structured.

- (d) Training and development, although traditionally supported by management, had previously never been implemented on a formal planned basis. In addition, the accelerated implementation of the new strategy, in which a greater emphasis is placed on total logistics services than in the past, requires employees with new skills, and necessitates the implementation of formal training programmes to answer this need.
- (e) No formal career planning takes place.
- (f) No formal system of succession planning has ever existed in the company; promotions have been dealt with on an ad-hoc basis, giving rise to the perception amongst employees of management "favouritism".

1.4.4 Conclusions

The objectives of Nedlloyd Lines on an international basis can thus be summarised as:

- (a) the accelerated implementation of the new strategy;
- (b) the pursuance of a continued quality improvement strategy, and
- (c) the striving to achieve a reduction of costs per unit of service.

The implications of these objectives for the South African organisation are that managers and employees will be required to develop different, more specialised skills than those which were considered acceptable under the old company structure. In addition, restrictions placed on the local company preventing an increase in staff numbers in the foreseeable future will require close attention to planning to ensure an adequate supply of skilled manpower which will be able to cope with increasing work volumes.

A formal, strategic human resources plan will be required to support the company strategy and business objectives, and to ensure that skilled employees will be available in the right jobs at the right time.

1.5 RESEARCH METHODOLOGY AND EXTENT

1.5.1 Literature study

A comprehensive literature study has been undertaken in order to attain in-depth theoretical knowledge of the field of study.

1.5.2 Company records

Internal records and documentation pertaining to the personnel practices of the South African Region of Nedlloyd Lines, as well as policy documents and internal news publications released by the Rotterdam-based head office have also been obtained and studied: these have provided a practical background to the theoretical research, and a perspective within which the strategic human resources plan for Nedlloyd Lines SA could be developed.

1.5.3 Questionnaires

Questionnaires covering various aspects considered pertinent in the development and design of a strategic human resources plan were distributed to the following staff members:

- The Managing Director of Nedlloyd Lines SA;
- Members of the executive management team (seven staff members, excluding the Managing Director and the Human Resources Manager);
- Office managers of the five branch offices situated in Johannesburg, Durban, Cape Town, East London and Port Elizabeth;

- Department managers within the branch offices for the Customer Service and Logistics Departments respectively;
- Two employees designated as management succession material within the South African organisation.

Twenty questionnaires were distributed, and a 100% response rate was obtained.

A copy of the questionnaire is attached as Annexure A.

1.6 LIMITATIONS OF THE STUDY

In this research, the development and design of a strategic human resources plan for Nedlloyd Lines SA has been undertaken. The discussion of the results of the research conducted has been confined to recommendations for the design of such a plan. The actual implementation phase of the plan in the company is beyond the scope of this document and has not been dealt with.

The research has also been confined to the alignment of a strategic human resources plan with the strategic plan and business objectives of the local organisation. The content and detail of planning guidelines issued annually to regions by the Rotterdam-based corporate head office have not been dealt with in this document.

While it is acknowledged that a strategic plan for the human resources department is influenced by planning conducted in the financial, operational and information systems departments, no in-depth detail of these plans has been provided.

1.7 EVOLUTION OF DOCUMENT

The research in this document has been dealt with as follows:

Chapters 2 and 3 contain the theoretical literature study conducted by the author on the concept of strategic human resources planning.

In **Chapter 2** definitions of strategic planning as they appear in literature are examined. Thereafter, the concept of strategic human resources planning is defined, and the changing nature of organisational approaches to human resources planning practices is discussed.

Chapter 3 contains details of theoretical models of strategic human resources planning, followed by a practical framework for the design of strategic human resources planning in an organisation. The contrast between theoretical models and actual human resources planning activities within organisations is studied, and conclusions drawn on the applicability of these findings in the design and development of a strategic human resources plan.

In **Chapter 4**, the analysis and results of the research questionnaires is discussed, and the implications of these results for the design and development of a strategic human resources plan for Nedlloyd Lines SA are examined.

In **Chapter 5**, the development and design of a strategic human resources plan for Nedlloyd Lines SA is undertaken.

Chapter 6: Recommendations are made to assist the organisation in the new focus on strategic human resources planning.

1.8 DEFINITIONS

In order to ensure common understanding of concepts, definitions of strategic planning and strategic human resources planning are given below:

1.8.1 Strategic planning examines relevant external and internal factors in the business environment in relation to the current situation. Conclusions are then reached concerning business definition, the mission and vision of the organisation, strategic objectives, performance targets and action plans.

1.8.2 Strategic human resources planning can be defined as the process required to:

- (i) Establish human resources objectives which support the business needs identified in the organisation's business plan;
- (ii) Develop strategies for attaining these objectives;
- (iii) Identify policies and programmes for the acquisition, utilisation, development and maintenance of human resources within the organisation.

Other related definitions will be given in the text of chapter 2.

1.9 CONCLUDING REMARKS

The most important function of the human resources practitioner is seen by the researcher to be that of planning on a strategic level in order to facilitate the optimal utilisation of personnel within the organisation and ensure the timely availability of skills and competence in the organisation.

Through the research outlined above, an attempt has been made to achieve this objective for the organisation through the design of a strategic human resources plan which should provide line management with the required support in optimally deploying human resources to assist the company in attaining a competitive advantage in the industry.

CHAPTER 2

STRATEGIC HUMAN RESOURCES PLANNING

In the previous chapter, the point was made that, only through adequate and systematic planning, and the effective execution of those plans, will the private sector organisations be able to ensure an adequate supply of manpower in the future.

The various concepts of planning can now be examined, and the changing role of participants in the planning process highlighted.

2.1 PLANNING DEFINITIONS

Management in the 1990's means the management of rapid change. Hahn (1991:26) is of the opinion that changing environments will create new challenges and threats, lead to new tasks, and require continuous changes within companies. In order to sustain competitive advantage for an organisation, appropriate management concepts will be required. One such issue is a meaningful shift from strategic planning towards strategic management.

Strategic management has gained currency in all the major functional areas of organisations, with information being available on areas such as strategic marketing, strategic production management, strategic research and development, and more recently, strategic human resources management.

Concomitantly, substantial attention has been focused on strategic human resources planning as a means of directly linking the attainment of strategic organisational goals to human resources objectives and goals.

In order to fully understand the implications of designing a strategic human resources plan, it is necessary firstly to gain insight into the various concepts of planning as they are defined in literature.

2.1.1 Strategic planning versus long range business planning

Long range business planning, according to Burack (1985:134) is defined as "... forecasting for (at least) three or more years in the future and identifying corporate opportunities and threats in the light of organisational strengths and weaknesses".

Strategic (business) planning is defined by him as "the identification of activities and alternative approaches for the achievement of the long range business plans".

Strategic business planning and long range planning are closely related but not the same concept. Burack (1985:134) states that, while several organisations, in studies conducted by him, have based many of their interpretations and conclusions on the assumption that these two concepts were indistinguishable, the investigators recognised that an evolutionary process was in fact taking place, with the introduction and refinement of strategic capabilities being an extension of long range business planning.

The distinction, in Burack's (1985:135) opinion, between these two concepts entails more than forecasting the necessary inputs and outputs of the corporation. It involves a more active approach to planning. Strategic analysis requires an understanding of the way business works today and the establishment of feasible objectives for the future. Action plans are presented that, in turn, will play a central role in implementing long range plans, and which, in implementation, require considerable co-ordination and interaction between departments. These activities must also be tied in with comprehensive environmental scanning, internally and externally, and the interpretation of these developments.

2.1.2 Strategic versus operational planning

Walker (1990:230) distinguishes between operational and strategic planning as follows: "Operational planning optimises the trends evident today - the continuities. Strategic planning aims to exploit new and different opportunities that are not yet evident. Strategic planning examines relevant external and internal factors in the business environment in relation to the current situation. Conclusions are then reached concerning business definition, mission and vision, strategic objectives, performance targets and action plans."

2.1.3 Strategic planning versus strategic management

As stated at the beginning of this chapter, a further distinction can be drawn between strategic planning and strategic management. Strategic management involves more than strategic planning. It is based on the fundamental ideas of "strategy" and "management" and includes a wide range of management processes such as the identification of critical issues, and the generation, evaluation, selection, implementation and supervision of strategic alternatives. Strategic management involves the development and communication of the corporate goals, the strategic plans, the corporate philosophy and the corporate culture (Hahn, 1991:26).

2.1.4 Strategic human resources planning

Burack (1986:76) defines human resources planning as follows "... Planning for the corporation so as to have the right number of people, at the right time, at the right place, and with the right skills".

At the strategic level of human resources planning, the emphasis is relatively long term (three to five years), and may be defined as the process designed to prepare the organisation for the future, and to ensure that decisions regarding the use of people contribute to the achievement of organisational objectives (Nkomo, 1986:71).

In order to design an effective human resources plan and development process that will address the needs of complex, modern organisations with changing personnel needs, three fairly distinct kinds of planning must be accounted for. All three types of planning should be linked at key interfaces and jointly motivated as a single, integrated planning system. They are:

- **Strategic planning** whose purpose is nothing less than the survival of the organisation in a competitive environment, and which provides the "long range" demand forecasts for human and other resources in the years ahead.
- **Operational planning** which represents "what we know for sure" about human resources demand and other work requirements of day-to-day operations, now and in the years ahead.
- **Human resources planning** which generates the availability forecasts of the quality and quantity of people required to meet short- and long-term demand, and which incorporates human resources development programmes and policies (Manzini, 1988:79).

These three kinds of planning are different in concept, perspective and technique; each requires fundamentally different kinds of data and analysis. The purpose of an integrated system is not to eliminate these differences, or to homogenise the analytical frameworks and specialised techniques in each area. Rather, the goal of integration is to identify and incorporate planning factors that are systematically and consistently interdependent (Manzini, 1988:79).

Nkomo (1988:67), in a subsequent article, further defines strategic human resources planning as follows: "... An adequate definition of strategic human resources planning must use as a base the two essential elements of planning - objectives and means". Planning, according to her, can be conceptually viewed as consisting of three separate but inter-related activities:

1. establishing objectives;
2. developing strategies; and
3. formulating specific plans and programmes to achieve objectives.

Therefore, strategic human resources planning may be generally defined as the process used to establish human resources objectives, to develop strategies for attaining objectives, and to identify policies governing the acquisition, utilisation, development and maintenance of human resources. At the strategic level of the human resources plan, the focus is relatively long term (three to five years) and addresses two broad questions, namely which kind of people are needed to manage the organisation in the future in order to meet strategic needs, and how human resources programmes can be designed to deal effectively with environmental contingencies and pressures.

2.1.5 Author's definition of strategic human resources planning

Strategic human resources planning can thus be defined as the process required to:

- (a) establish human resources objectives which support the business needs identified in the organisation's strategic business plan;
- (b) develop strategies for attaining these objectives;

- (c) identify policies and programmes for the acquisition, utilisation, development and maintenance of human resources within an organisation.

2.2 TRANSITIONS IN APPROACHES TO HUMAN RESOURCES PLANNING PRACTICES

Human resources planning practices have undergone dramatic transitions over the last decade. Ulrich (1986:41) comments that, through the years, scholars and practitioners have called for tighter linkages between human resource practices and organisation strategies. Similarly, research and practice have indicated that matching managerial characteristics, reward systems, and development programmes with strategies increases the possibility that strategies will happen. This increased attention to human resources practices has, in Ulrich's opinion, increased awareness of, and aided in the development of, human resources planning concepts and techniques.

Ulrich (1986:41) warns, however, that such increased interest may cause this linkage itself to become the end or goal, in that numerous projects have been initiated to integrate, bridge and connect human resource and strategic plans. In this process, the linkage is over-emphasised. This does not imply that the integration should not occur. More appropriately, linking human resources and strategic plans should serve as a means to the end of building more competitive organisations.

To facilitate such a changed approach, new questions about human resources planning merit asking such as "why" and "how", as opposed to the traditional "what" approaches. Posing and responding to "why" questions explores the reasons that the bridge between strategy and human resources planning builds organisational effectiveness. "How" questions encourage the translation of frameworks into managerial behaviour (Ulrich, 1987:37).

Walker (1990:229) states that companies view planning for human resources to be more important than ever before, as competitive advantage is sought through superior service, quality, lower costs, and organisational effectiveness. Traditional human resources planning approaches are, however, yielding to more flexible forms of planning .

Amongst large companies informally surveyed by Walker, planning has typically varied in approach, depth and quality amongst divisions and corporate units. The challenge is to develop an approach which best fits the organisation's position and managerial processes.

In order to achieve this fit, the following trends were observed:

- Traditional strategic planning processes were found to be increasingly cumbersome in today's fast changing environment. They are thus being streamlined and simplified. Accordingly, company approaches for addressing human resources planning are also becoming more flexible and more immediate.
- In the past, companies could rely on operational planning to be highly productive, since they could assume a continuation of trends within fairly narrow ranges, and thus project their present situation reliably into the future. As the pace of change quickened, companies adopted strategic planning as a means of anticipating areas where the greatest changes would occur, and which enabled them to adopt strategies to take advantage of these circumstances. For the same reasons that originally gave rise to the increased need for strategic planning, companies are now again shifting attention to shorter-range, more operational planning, these being more suitable in times of rapid change and uncertainty in the external environment, divisionalisation and decentralisation, pressing near-term challenges, immediately evident threats and opportunities, and constraints on management time and planning resources.

Accordingly, approaches to human resources planning are becoming more pragmatic, involving tests such as perceived business need, cost-effectiveness, and potential impact on competitive advantage. Walker (1990:229) finds a trend amongst companies to shift to human resources planning techniques which are more appropriate for relatively short planning horizons. In addition, detailed quantitative forecasts of supply and demand for talent are less common.

2.2.1 A challenge to change

Burack (1985:139) states that a common dimension underlying many of the problems and issues in the movement towards more comprehensive planning systems can be interpreted as a "challenge to change". In the past, corporate planning, and more recently strategic planning were responsibilities frequently assigned to a group of specialists within the corporate planning function, or to separate planning units. Such planning was heavily oriented to finance and marketing. Human resources were frequently factored in only after the long-range plans were developed, while top personnel and human resources officials were often absent from the basic conceptual or scenario stage of planning. In order to play a more pro-active role, the human resources professional should be included in the strategic planning process from the outset.

2.2.2 Redefinition of the role of human resources planners

According to Ulrich (1987:51) human resources planners should assume new roles as process planners when designing strategic human resources plans which build competitive advantage. Ulrich recommends that, rather than be a part of the strategic planning process, they become strategic partners in the planning process. The human resources practitioner's role as a strategic partner is to gain an understanding of the technical, organisational and strategic plans of the organisation; thereafter, more time is spent with the line and other staff executives, assessing critical human resources

issues and their relationship to strategy, and collecting and disseminating human resources information which may exert an influence on the organisation's competitiveness.

2.2.3 Transition to action and strategic partnering

During the 1970's, strategic planners assumed that the compelling logic of their plans was such that strategic behaviour would flow inevitably from strategic planning. All too frequently, however, the plans remained intellectual exercises without translating into strategic behaviour and action. Henn's (1985:194) belief is that the action "gap" between strategic planning and behaviour is human resources planning. A pre-requisite for the required behaviour is that human resources planners should have an understanding of strategy to enable them to play an active role in moving the organisation from strategic planning to strategic behaviour.

According to Henn (1985:195), strategy consists of two main elements which should form the basis of understanding for human resources planners:

- i) **Strategy is about competition;** it demands a sense of gaining advantage over the enemy. Competitive intelligence can provide such an advantage. Human resources staff, with their knowledge of competitors' staffing patterns and organisational structures, are prime sources of the competitive advantage required to provide a business advantage.
- ii) **Strategy is about the concentration of resources on selected opportunities;** it presumes an imbalance of resources and opportunities. In a parallel to military tactics, Henn states that strategy must presume that superior resources will prevail; the cleverness emerges in the deployment of such resources to gain superiority. The principle of competitive advantage lies therein that organisations forego certain opportunities and select others so that the available resources can be concentrated to be competitively effective.

An understanding of this notion of strategy by human resources practitioners will highlight this function's role as that of creating the culture and attitudes in the company that give purpose, dignity and reward to those departments/units where resources will, of necessity, be thinly concentrated, while the necessary resources are channeled to high demand divisions.

The challenge therefore for the human resources planner is to engineer the climate and provide the human resources support systems that will take the organisation from strategic planning to strategic behaviour.

Nakanishi (1991:108) supports this opinion with the view that, in a business-driven environment, the human resources division becomes an active participant in conceptualising corporate strategy and developing integrated plans that focus on the future of the business. This moves human resources activities from the practice of reacting to requests towards a more pro-active mode of operation. The distinction between operating in a request-driven versus business-driven environment is important to understand if human resources professionals are to contribute at the strategic-partnership level. It shapes the nature of the contribution, the ability to effectively implement plans, and the integrated value to the business. To work as a strategic partner, human resources professionals must understand the business, read meaning into the financial statements, and understand how the product line is produced and sold.

According to Peters (1988:152) the concept of strategic partnering refers to the state in which the human resources professional is linked and aligned with the line organisation for the design, development and implementation of organisational strategic objectives and initiatives. In this definition, an objective refers to a long range goal of the organisation, while initiative refers to the organisation achieving a competitive advantage through strategic actions.

The distinction between linkage and alignment is also worthy of note. Peters (1988:152) states that many of the existing human resources programmes that we work with are readily aligned with the needs of the organisation in that they fulfil the goals of retaining and motivating the workforce. However, all these programmes have typically been implemented on a reactive level in response to serious personnel problems, escalating costs, low productivity, or an executive dictum. As opposed to this state, linkage is the degree to which the human resources professional is pro-actively involved in the design and development of the organisation's strategic initiatives and its attempt to achieve competitive advantage. In playing an active role in the formulation of the organisation's strategic objectives and initiatives, pro-active actions are ultimately achieved.

2.2.4 Conclusion

In this chapter, the definitions of various forms of planning have been examined. The changing role of the human resources practitioner has also been analysed in the light of the changing environment in which organisations must function, and the resultant demands on the human resources practitioner highlighted.

It is within these parameters of a workable definition of strategic human resources planning and the pro-active role to be played by the human resources practitioner that a strategic human resources plan can be designed and implemented.

To enable the human resources practitioner in Nedlloyd Lines SA to design and implement a supportive, business-driven strategic human resources plan, a full understanding of the following issues should be gained: the company's business today and in the future; the drivers of the company's economic success; strategies and plans in the areas of product, market and finance; and the organisation's strengths and weaknesses. ,

Gaining acceptance and the status of strategic partner requires of the human resources practitioner the ability to get involved in the business, contribute value and continually demonstrate competence in all related human resources issues.

CHAPTER 3

DEVELOPMENT OF A FRAMEWORK FOR STRATEGIC HUMAN RESOURCES PLANNING

3.1 INTRODUCTION

Writers have consistently pointed out that a human resources management system that is integrated with the strategic planning of the organisation and provides for a systematic development of personnel can be very beneficial to the overall performance of the organisation (Gatewood & Rockmore, 1986:81).

In such a business-driven environment, the human resources function becomes an active participant in conceptualising corporate strategy and developing integrated plans that focus on the future of the business. This moves human resources activities from the practice of reacting to line management requests to a more pro-active mode of operation. Organisational requests are identified and planned for as part of the corporate planning process. The human resources function can then clearly identify and pierce through key issues facing business and provide constant, informed decisionmaking (Nakanishi, 1991:108).

The distinction between operating in a request-driven versus a business-driven environment is important to understand if human resources professionals are to contribute at the strategic partner level. It shapes the nature of their contribution, the ability to effectively implement plans and the ability to add integrated, well considered value to the business (Nakanishi, 1991:108).

Of the many actions required to shift towards a business-driven environment, the two most significant are the ability to develop human resources strategies and plans that support business success, and the capability to implement these plans.

3.2 OBJECTIVES OF A HUMAN RESOURCES PLAN

The objective of a human resources plan is to provide focus and to support the direction of the business (Nakanishi, 1991:108). Three components are listed as being critical to this process:

- (i) The human resources plan must tie to the corporate strategies and address external factors that will affect business success.
- (ii) It must have concise goals and objectives that bring these human resources strategies to fruition.
- (iii) The human resources department must understand and plan implementation of these goals.

Gatewood & Rockmore (1986:82) state that it is generally agreed by those working in this area that to accomplish the integration of human resources management with the strategic planning and general management of the business, the human resources programme must accomplish the following five objectives:

- (i) Link the strategic plans of the business, at the time of their development, to human resources plans.
- (ii) Assess the human resources demand created by the business plans in terms of types of jobs and numbers of individuals needed.
- (iii) Assess the human resources supply and the relevant skills levels currently available.
- (iv) Compare the findings of human resources demand and supply analyses to determine the discrepancy between them.
- (v) Provide methods for systematically developing the needed skills in present employees to reduce the identified discrepancy.

Human resources specialists have, however, encountered problems in developing and implementing actual human resources programmes to accomplish these general objectives. Complex technical and operational questions must be investigated such as the capability of present employees to move into future job assignments, and the structure and desired content of training and development programmes to ensure necessary future work skills.

3.3 THEORETICAL APPROACHES TO STRATEGIC HUMAN RESOURCES PLANNING

3.3.1 A market-oriented approach

Cassell, et al (1985:16) state that, in order to accomplish a linkage between strategic business plans and human resources plans, human resources planners need a framework for understanding the interaction of the product market, economic conditions, strategic planning and the economic use and allocation of the organisation's labour force.

In order to understand this approach to human resources, it is instructive to review the history of the finance function. Today, the finance group's function is one of generating an array of investment alternatives, both internal and external, and a set of decision rules for guiding choice amongst those alternatives on the basis of cost effectiveness or net advantage.

Historically, however, the finance function was reactive, real time, subordinate, and primarily accounting-oriented. The modern view of finance as a contributor to the bottom line owes much to the acceptance that money has time value, and that if one makes an improper allocation of funds, one incurs opportunity costs.

Similarly, human resources are also economic resources, and the choice of a human resources strategy that is inappropriate to the needs of the organisation can also generate opportunity costs. Therefore, just as investment opportunities can be arrayed on a

scale such as cost effectiveness or net advantage, so too can the human resources of the firm.

The logic of strategically-oriented human resources management thus rests on four propositions:

- (i) The demand for labour is derived from the products or services of the organisation
- (ii) The organisation's strategic business plan forecasts market demand for products and services, and provides the information necessary to forecast the demand for labour, years in advance.
- (iii) This forecasted labour demand can be filled either by tapping the human resources currently employed in the organisation, or by resorting to the labour market external to the organisation.
- (iv) Forecasting demand from the strategic business plan provides the lead time necessary to produce an internal labour force competitive with external labour market options, and provides a wide array of choice to management.

In this approach, strategic human resources planning is a market-oriented concept in which people and their skills are viewed as economic aggregates for planning and development purposes, and simultaneously as small groups and individuals for purposes of reward, motivation and effective performance. This is consistent with a top management perspective that is accustomed to making decisions regarding the availability and allocation of physical and financial resources, while simultaneously taking note of the market and the bottom line of the business.

In order to create a strategic plan for the human resources function on the basis of this framework, one should first identify the human resources issues that pose strategic choices for the firm. Such issues may be derived from the business plan through a process which

Cassell, et al (1985:24) refer to as "translation", or may be externally identified through the process of environmental scanning.

3.3.1.1 From the strategic business plan to human resources

Each of the strategic options of an organisation's business plan has implications with respect to such issues as the quality and quantity of manpower required, the geographic location of appropriate persons in the internal labour market, employee morale, motivation, labour relations and legal requirements, organisation design and productivity. Reading these implications from the strategic business plan constitutes the process of translation.

3.3.1.2 From human resources to the strategic business plan

Common to both strategic planning and human resources planning is the environmental scan. Typically, the business planner views the environment from the aspect of business opportunity as reflected in such factors as the cost of capital, inflation trends, changes in demographic characteristics, shifts in the balance of trade, political and social movements, and legal considerations. The human resources implications of these forecasts are rarely identified or reconciled with their business implications. Timely access to the strategic planning process by human resources specialists with a human resources forecast for the same period would allow the opportunity for the correction of potential errors in the human resources assumptions in the business plans of the organisation.

A primary requirement for strategic human resources planning using this framework is the existence of a strong business planning process in the organisation. This implies that the organisation is already sensitive to the need for forecasting opportunities and obstacles in product markets, and is accustomed to allocating resources in a manner that will capitalise on that knowledge. Strategic human resources planning then is an extension of that process, whereby another capital resource is allocated, and the mismanagement of which may also lead to opportunity costs.

3.3.2 A strategic theory of human resources management growth and development

As organisations grow and develop, their human resources management needs change. If human resources management is to be effective, it must respond to and grow with the organisation; an external fit of human resources management systems to the organisation must be maintained. Simultaneously, the internal components of human resources management programmes, systems and practices must be efficiently organised so that they support each other. The approach of Meshoulam & Baird (1987:485) is built on the concepts of both external and internal fit.

It is generally agreed that organisations grow and develop in predictable stages. Meshoulam & Baird (1987:485) have identified five stages of organisational development. A brief description of these stages is presented in figure 3.1.

Maintaining a fit between human resources management and the organisation stage of development is the first requirement for success. The second requirement is that the many internal components should support and "fit" each other. These authors have identified six internal, strategic components of human resources management which must support each other: management awareness, management of the human resources function, portfolio of programmes, information technology, personnel skills, and awareness of the internal and external environment. The second fit is achieved when these internal strategic components are all in the same stage of development.

In order for human resources management to be responsive to business strategy, these internal and external components must be aligned with and support each other.

If human resources professionals are to successfully meet the modern day challenges of their function, they have to acquire the dual skills of doing things right, and doing the right things. They can no longer afford to be reactive in terms of their organisation's needs, but require an understanding of the direction and future

FIGURE 3.1 STAGES OF HUMAN RESOURCES MANAGEMENT

STAGE I - INITIATION

Stage One is characterised by start up, entrepreneurship, and founder management. To manage human resources, the organisation will need to develop systems for general recordkeeping, recruiting and compensation.

STAGE II - FUNCTIONAL GROWTH

Stage Two is characterised by technical specialisation, growth in functional areas, expanded product lines and markets, and added formality in structure and process. At this stage, human resources management must be proficient in finding the right people to sustain growth and training them to do the emerging jobs in the organisation.

STAGE III - CONTROLLED GROWTH

Stage Three is characterised by professional management, scarce resources, new acquisitions, and diversified product lines. Competition for resources grows stiffer and pressure increases on all areas, including human resources, to control investment.

STAGE IV - FUNCTIONAL INTEGRATION

Stage Four is characterised by diversification, decentralisation, product groups or divisions, and project management. The focus is on decentralisation and integration within functions. The organisation needs to develop effective planning systems and integrating methods for its various activities. Human resources management at this phase is oriented towards co-ordinating and integrating the subfunctions of personnel such as training, compensation, and recruiting.

STAGE V - STRATEGIC INTEGRATION

In this stage the focus is on flexibility, adaptability and cross functional integration. It is characterised by team action, strategic management, highly developed monitoring capabilities, and increased responsiveness to the environment.

needs of the organisation. They therefore require new perspectives, starting with an understanding of the organisation. Meshoulam & Baird (1987:486) have the following recommendations in terms of their model of internal and external fit:

3.3.2.1 Doing the right things - the external fit

- (i) Human resources professionals should understand the current and anticipated future organisation stages of development, and respond with appropriate human resources management techniques. This requires that the organisation's needs be proactively identified and anticipated, and that appropriate management systems be implemented. Human resources professionals should also recognise that different units within an organisation may be at different stages of development, and that a flexible approach may be required.
- (ii) Human resources management should be developed through the stages, with each stage being built on the foundation of the previous stages. While there may be pressure to develop sophisticated strategic programmes, appropriate to higher development stages, these will not be successful if the earlier stages are not in place. Ideally, human resources management should proactively lead the organisation into higher stages at the appropriate level of development.
- (iii) The basics should be reviewed. Once implemented, the basic systems do not always remain useful, and may need revision to match market conditions. In addition, the basics needed for organisations at the latter stages of development differ from those originally implemented, and are viewed from a different perspective. In this respect, systems and programmes such as compensation, job grading and classification, and career planning are pertinent examples.

3.3.2.2 Doing things right - managing the internal fit

Once the appropriate human resources management response to business strategy is identified, efficient results must be delivered:

- (i) A balanced profile must be maintained. It is not enough that human resources programmes are based on business needs. All of the strategic components must support each other.
- (ii) All components of the system should be managed, rather than just the programmes. Human resources management entails the management of many components to produce business results. The failure of any single programme to produce the desired results may not be the fault of the programme itself, but rather it may have been developed for a stage beyond the ability of the managers to use it or the information system's ability to support it. The focus should thus be on all relevant components and their interrelationships.
- (iii) Most human resources professionals are more competent in one area of expertise than another. Therefore, faced with failure or inefficiency due to an unbalanced human resources management profile, the tendency is to improve what is already done well, rather than assessing the areas of weakness and investing in the critical components which are lagging and acting as constraints.

In this approach, we see that as organisations develop, and our economy shifts from being industrially based, to being service, technology, and information based, so the contribution of the human resources specialist must change. Responding retroactively to business pressures will not suffice; human resources management must understand the changing organisation, and anticipate and prepare for the future needs of management.

3.3.3 Strategic staffing : a key link in business and human resources planning

Peters (1988:152) refers to the concept of strategic partnering as the state in which the human resources professional is linked and aligned with the line organisation for the design, development and implementation of organisational strategic objectives and initiatives. In this stage, the human resources professional is not reacting to problems or executive dictums, but is instead playing an active role in the formulation of the organisation's strategic and tactical planning. As a result, proactive actions are achieved, focussed on achieving a state where human resources programmes are fully congruent with the organisation's strategic objectives and initiatives.

The human resources profession has created a number of models to graphically portray the human resources planning process. None, according to Peters (1988:155) indicate the primacy of staffing as the principal lever for the human resources professional to establish a strategic partnership with line management. To this end, he proposes an open model system, which views all organisational forms as having basic dimensions that include input, throughput, output and feedback.

In this organisational paradigm, the input mechanism is composed of the McKinsey 7S model which comprises strategy, skills, shared values, systems, staffing, structure and style. These characteristics are inputted in all organisations to achieve specific strategic objectives. In the throughput dimension of the model, to transform the energy provided by the 7S's, the organisation will perform specific activities necessary to compete in their industry. These activities include inbound logistics, operations functions, outbound logistics, marketing and sales, and service functions. By performing the throughput activities adequately, the organisation will produce a positive margin, which serves as feedback to the input dimension. Depending on the degree of margin, the organisation will re-energise, adapt to its environment, and continue or discontinue the cycle (Peters, 1988:156).

Using this approach, the primary input function of human resources management is staffing, such that the organisation has the right people for the right jobs at the right time. Given this input, human resources management is then responsible for the design and implementation of development, appraisal and reward systems to transform this input according to the needs of the organisation. To measure the degree to which the objectives are accomplished, an array of feedback mechanisms are employed, and are referred to as human resources accounting.

This framework of the human resources management function illustrates the primacy of the staffing dimension, and establishes a set of implications:

(i) **Staffing precedes development:**

The most sophisticated, comprehensive development system is useless unless the people being developed are the right people.

(ii) **Staffing precedes rewards:**

A reward system that does not allow the organisation to attract and retain the right people, in terms of its strategic needs, will relegate the organisation to mediocrity. The staffing configuration that is supportive and congruent with the strategic needs of the organisation should determine the reward system employed.

(iii) **Staffing precedes appraisal:**

Many organisations go through continuous evaluations and changes in the appraisal process. Most of these changes are in response to the organisation's dissatisfaction with the process, or the system's inability to drive the organisation to greater levels of productivity. Rather than consistently change the system, the prime efforts of the human resources professional would be better devoted to staffing the organisation, initially, with the appropriate level of staff.

3.4 PRACTICAL FRAMEWORK FOR IMPLEMENTATION OF STRATEGIC HUMAN RESOURCES PLANNING

Although many theoretical models of human resources planning have been developed and proposed, there is less empirical knowledge about the actual practices of organisations, the extent to which the prescriptive models are used, or the benefits of such planning (Nkomo, 1986:71). Many ideas about the best practices in human resources management have often met the fate of either being adopted by only a small proportion of organisations; being discontinued after a few years' use; or being adopted merely as a "paper phenomenon".

In actual case studies encountered in literature, the practical approaches followed in the implementation of a strategic human resources planning process in several organisations were studied.

Angle, et al (1985:60) describe the process as implemented in 3M. An attempt was made to create a strategic partnership between line management and the human resources management, since it was realised that specific changes were needed if human resources management was to be more than an afterthought in the strategic planning process. The strategy employed can be summed up with two statements: Getting human resources managers to think more like line managers, and getting line managers to think more like human resources practitioners. The overall programme consisted of four main thrusts:

(i) Professionalisation within human resources management:

Seminar and reading programmes were initiated to expose human resources managers to a wide range of functional skills across the human resources field, in order to give them a view of human resources in its totality rather than as a narrow specialisation.

(ii) **Development of line managers:**

A concerted effort was made to educate line managers in human resources skills. The input material for these training sessions was obtained through the studies of an ad-hoc task force.

(iii) **Integration of line and human resources management:**

An attempt was made to achieve better integration of line and human resources management, in part by sensitising managers to the changes taking place around them in the workplace. To this end, regular employee surveys were conducted to discern important differences in employees in different divisions and income levels, and to highlight any special concerns of employee groups.

(iv) **Reconfiguration of the human resources organisation:**

Finally organisational changes were made in human resources management, in that the centralised structure was altered and human resources staff became members of the operating units at divisional level. Simultaneously, they remained a part of the human resources organisation, thus also enabling the organisation to provide a comprehensive career path within the human resources field.

At the Lockheed Corporation, human resources planning, as described in the article by Marshall-Mies, et al (1985:38), is viewed as a functional planning process, and human resources needs and strategies are measured against business objectives. Corporate management provides an outline for developing functional plans to the operating companies, which may include missions and objectives, situational assessment, staffing issues, major issues facing the company, implementation of strategies, resources required, and contingency plans. Information is then provided from the various operating companies to corporate management for overall planning for the entire company.

The objectives of human resources planning at Lockheed Corporation include the following:

- (i) To create a meaningful dialogue between the human resource organisation and general management.
- (ii) To create an understanding and appreciation of the interrelationship between planned business activities and support requirements.
- (iii) To evaluate functional plans against strategic directions.

Human resources planning, in this context, is considered effective to the extent that general management uses and requires the information gathered at both corporate and company levels. The success of human resources planning, which is more content- than format-oriented, can be measured by the extent to which it accomplishes the alignment and support of business requirements, thus enabling companies to meet their strategic plans.

At People's Bank (Coleman, et al., 1986:40), changes in the business environment required the institution to become market-driven rather than product-driven. Management realised that developing new business objectives was, in itself, not enough. Although a carefully developed strategic and tactical business planning process was in place, without the right people to implement business plans the most well-conceived strategy would fail. People's Bank used human resources planning to align all of its human resources and organisational elements in support of its business objectives.

As a first step, it analysed its current situation to determine what changes were needed in structure, management process, people, and culture of the bank in order to support its growth and its market-driven approach. To this end, a human resources planning audit was implemented.

Following the audit, the bank generated a series of action plans to address specific needs that were identified. The organisational structure was decentralised, reducing the number of organisational levels, creating new management positions, and enabling greater delegation of authority.

Strategies were developed for identifying internal management talent, with individual biographies and work records being reviewed by a group consisting of members of top management. A human resources management audit was performed, and from the results, areas that required attention, such as performance management and appraisal systems, received action plans. Whenever possible, individual performance goals were linked to corporate and business objectives.

The most important outcome of the audit was a framework for linking human resources planning with business planning. The linking of human resources planning to the bank's corporate planning process was accomplished by closely synchronising human resources information gathering and input with the corporate planning calendar. In addition, both human resources and department managers are accountable for various components of the human resources planning process.

3.5 HUMAN RESOURCES PLANNING MODELS VERSUS REALITY

It has been found in literature that the human resources activities implemented in organisations varied considerably from theoretical frameworks and from one another in terms of their scope and specificity (Marshall-Mies, 1985:40). These findings suggest that there is no single best or comprehensive approach to human resources planning. In addition, these discrepancies may be attributed to such factors as the highly individualistic orientation of each organisation, and the diversity in their goals, objectives and structural composition.

3.6 DEVELOPMENT OF A STRATEGIC HUMAN RESOURCES PLANNING FRAMEWORK

Human resources planning at the strategic level must actively define the people requirements and organisational implications of business strategies (Nakanishi, 1991:109). However, specific steps should be followed if human resources planning is to be effectively implemented within an organisation. To this end, the following framework has been developed:

(a) Testing the waters

One of the first critical steps in human resources planning is to assess the company's prevailing practices and attitudes towards such planning (Hennecke, 1984:25). The following soundings should be taken:

(i) Top management support:

Securing the commitment of high-level decisionmakers should be the first order of business. Since the typical human resources department has too little influence to drive a comprehensive planning effort alone, a "people-planning" system will be doomed without the support of top management.

(ii) Corporate strategy and strategic business objectives:

As the business develops its future plans and direction, each business function should design plans and objectives to support this direction. The human resources plan should understand and identify those issues that will re-inforce, or detract from, the attainment of both the corporate and functional strategies.

Without an understanding of the organisation's strategic plans on both corporate and functional level, a system designed to predict and satisfy the company's human resources needs will ultimately be unsuccessful. At the same time, the

strategic choices of an organisation will be constrained by the quality and quantity of its current human resources or those available in the external labour market (Nkomo, 1988:68). The human resources forecast may reveal factors that influence the desirability or feasibility of certain corporate goals and the probability of achieving those goals.

(iii) Life-cycle diagnosis:

An organisational assessment should include a life-cycle diagnosis of the organisation. The challenge is to relate human resources needs to the appropriate development phase of the organisation (Hennecke, 1984:29). If the organisation is expected to move into a different phase of development within the next several years, the people and skills required for that period should be developed at an early stage.

(b) Environmental analysis

This step entails the systematic identification and analysis of the key trends and forces in the external environment which have a potential impact on the management of an organisation's human resources. Changes taking place in the technological, economic, sociocultural, legal/regulatory and labour market environment must be monitored for their impact on human resources policies and programmes. If strategic human resources planning is to play a proactive rôle in the planning process, a human resource-oriented environmental scanning system becomes essential (Nkomo, 1988:68).

In order to effectively link the results of the analysis to strategic human resources planning, questions should be addressed regarding the potential impact of the environmental changes identified on human resources policies and on current and proposed organisation objectives and strategies.

(c) Internal human resources analysis

This step involves a micro analysis of the current number of employees, their job-related skills, demographic composition, performance levels, potential performance and work attitudes. Such an analysis can help to identify current human resources strengths and weaknesses, and forms a baseline of human resources capabilities which would be available for future organisational requirements (Nkomo, 1988:69).

The analysis should also include historical trends and other data, such as patterns of attrition in the organisation; average retirement ages; and the projected losses of critical management talent to competitors.

(d) Strategic human resources issues

The results of the environmental analysis will provide an indication of human resources threats and opportunities for the organisation. Similarly, the internal human resources analysis provides insight into the human resources strengths and weaknesses of the company. These findings should now be considered in conjunction with the analysis of business objectives and strategies to generate strategic human resources objectives and strategies.

(e) Determining personnel requirements

Several factors should be considered when determining human resources requirements. The demand for the organisation's product or service is paramount. Thus a factor such as the sales output of the organisation is projected first, whereafter the manpower required to maintain this volume of output must be determined. In addition to this basic projection, several other factors should be considered, such as the projected turnover of personnel, the quality and nature of the organisation's employees, decisions to upgrade the quality of products and services, and the financial resources available for staffing requirements (Dessler, 1984:113).

Strategic planning leads to production and sales objectives: determining the demand created by those objectives is largely a matter of forecasting (Scarpello & Ledvinka, 1988:225) Forecasting methods may range from subjective techniques such as the Delphi method to mathematical models such as regression analysis and time series analysis (Scarpello & Ledvinka, 1988:237).

(f) Projecting the shortfall

At this point, the future gaps in the company's management structure and workforce requirements can be projected.

The design of a human resources planning system should reflect the organisation's future management and staffing needs as well as its current requirements. A typical approach, however, is to design the system first and thereafter attempt to impose its constraints upon the organisation. This approach has become a leading contributor to the failure of many planning efforts (Hennecke, 1984:30).

(g) Planning and implementing human resources strategies and programmes

In order to implement human resources strategies, a set of specific goals and actions must be identified. These goals should include all major activities and should incorporate answers to the following issues:

- The actions which should be taken to achieve each strategy;
- Those who will be involved in and accountable for each action;
- A time frame for the completion of each goal;
- The priorities for accomplishing each goal.

After specific goals are established for each strategy, a further key issue to be addressed is whether the strategy will be implemented in a manner that supports the business direction if each of the goals were achieved.

Human resources functional programmes which require attention in the implementation of strategic human resources planning include the following:

(i) Recruitment:

While developing lower level managers is one way to overcome a projected management shortfall in the plans of the organisation, recruitment of required talent is also a necessity. Most human resources strategists recognise the need to develop talented individuals internally, and to recruit externally. Although there is a tendency in companies to view external recruiting as a sign of poor human resources planning, organisations should be willing to bring new ideas into the management "mix" through the recruitment of outside talent (Hennecke, 1984:32).

(ii) Training and development:

One of the primary purposes of human resources planning is to develop people in accordance with the objectives and requirements of the organisation. A number of approaches to management development can be utilised. These include:

- university-sponsored executive development programmes;
- cross-functional mobility, whereby individuals are rotated through several different positions to gain exposure to a wide array of organisational functions; and
- the cultivation of mentoring relationships between older executives and rising stars, the latter being recognised as a good way to tap into the "collective knowledge" of the company (Hennecke, 1984:31).

(iii) As development and recruitment efforts come to fruition, the organisation may consider the formation of a "talent pool". Managing a talent pool presents a challenge, and inevitably questions arise regarding the visibility which should be given the talent pool in the organisation; selection criteria for its members when suitable vacancies occur; and the optimal utilisation of talent pool members in the interim between their development and placement in a position in the organisation.

Such questions should be addressed at an early stage in the human resources planning process, and appropriate policies and procedures should be determined.

- (iv) The result of human resources planning activities, projections and efforts to recruit and develop high potential employees is a succession plan, whereby qualified individuals will be ready and available to occupy vacancies as they occur, or as new positions are created. Succession planning differs from replacement planning in that the latter merely tries to identify potential replacements for people in jobs that already exist in the organisation. Succession planning goes a step further by considering the organisation's overall strategic plans and trying to anticipate its future needs. The result is that some individuals may be groomed for certain potential positions before those positions actually exist (Hennecke, 1984:25).

(i) Evaluation of the system

Evaluating and revising the strategic human resources planning effort is the final formal step in the process. However, the process should be evaluated continually in order that adjustments can be made timeously if weaknesses are uncovered in systems and policies.

Measures which can be employed to evaluate a planning scheme are the following:

- (i) The number of qualified back-ups and replacements which are available for each key position in the organisation;
- (ii) Ratio of internal to external successors:
Once a human resources planning system is in place, a drop can be expected in the number of positions filled from outside the organisation. However, as stated previously, the complete elimination of external recruitment should not become a goal.

(iii) Time required to fill key positions:

If suitably qualified candidates cannot readily be found to fill key positions in the organisation, the assumption can be made that development programmes have not been designed according to organisational requirements, or that projections of future needs have been erroneous.

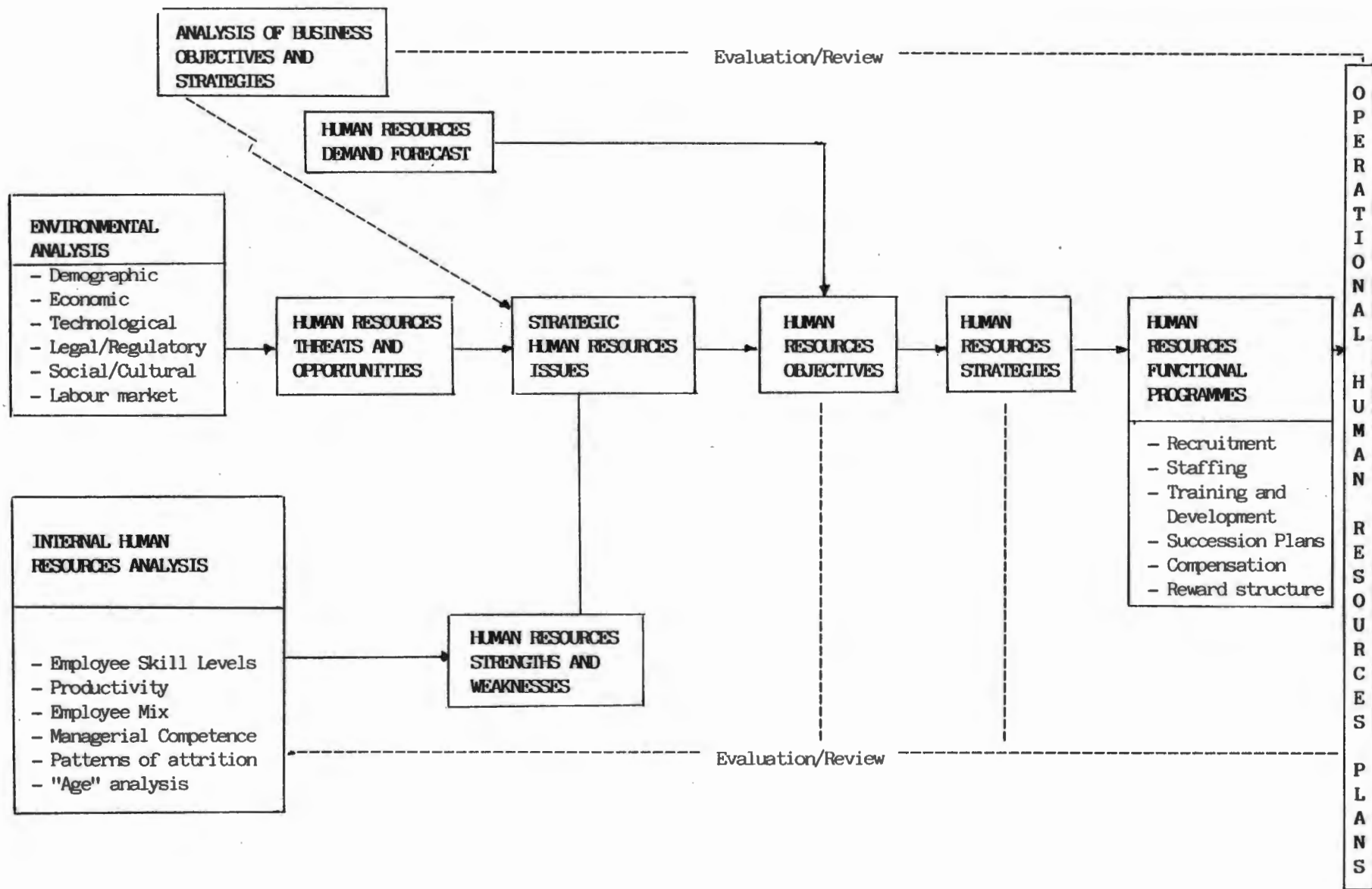
(iv) If affirmative action issues were initially addressed as goals of the planning effort, the achievement of these goals becomes another gauge of the human resources plan's success.

The major components of the strategic human resources planning process are shown in figure 3.2.

3.7 CONCLUSION

Paying close attention to all aspects of an "ideal" human resources planning system will assist the organisation in formulating a comprehensive approach to the utilisation of its human resources by integrating the three principle components of the workplace: the organisation, the work and the employees.

FIGURE 3.2 CONCEPT OF STRATEGIC HUMAN RESOURCES PLANNING



CHAPTER 4

ANALYSIS AND RESULTS OF RESEARCH QUESTIONNAIRES

4.1 INTRODUCTION

In previous chapters of this document, several pertinent aspects of strategic human resources planning were discussed. The most important issues raised were the following:

- The strategic human resources practitioner should play a more pro-active role in the plans and functioning of the organisation, and should be included in the strategic planning process from the outset;
- Human resources management should be responsive to the business needs of the organisation. An external "fit" with the organisation should therefore be maintained. Simultaneously, the internal components of human resources management should support each other.
- The human resources practitioner should become a strategic partner to line management : this implies the linkage and alignment of human resources to line management in the design, development and implementation of strategic objectives.

Before a strategic human resources plan for Nedlloyd Lines SA was designed and developed, a questionnaire (Annexure A) was drawn up to investigate various aspects of planning within the organisation.

In accordance with the issues discussed above, the questionnaire was designed to examine the following areas:

- the effectiveness of strategic planning activities in the organisation;

- the role of human resources management in strategy formulation and strategy implementation;
- the senior line management's view of the human resources function;
- the degree to which respondents felt line management should be involved in strategic human resources planning; and
- the status of strategic human resources planning in Nedlloyd Lines SA.

4.2 DISCUSSION OF FINDINGS

4.2.1 Prevalence of strategic planning activities and their overall effectiveness

Seventy percent of the respondents indicated on points 1 and 2 of the scale that formal strategic planning activities are used to a great extent in the company. Seventy-five percent judged it to be a satisfactory instrument for setting the direction of the local organisation. Respondents were equally divided in their reactions in rating the contribution of the strategic planning process to the overall performance of the organisation, with forty percent rating the contribution as more than moderately effective, and forty percent rating it as moderately effective.

All twenty respondents agreed unanimously that strategic planning is required in the organisation.

In question 4, nine points were listed as reasons for companies to become involved in a strategic planning process. When requested to prioritise the five most important reasons for Nedlloyd Lines SA to be involved in a strategic planning process, the results were as indicated in table 4.1:

TABLE 4.1 REASONS FOR STRATEGIC PLANNING

ALTERNATIVES	PRIORITY	%
The company has experienced rapid internal change.		
A turbulent, external environment necessitates strategic planning.	2	14,95
Strategic planning is performed, on instruction, from Head Office.		
Increasing competition between (shipping) companies necessitates a form of strategic planning.	4	13,3
The strategic planning process contributes towards a more participative management style within the company.		
Strategic planning will promote the growth and performance of the company.	1	16,95
A better informed and educated generation of management is emerging and exerting pressure for a more professional management approach.	5	2,65
Strategic planning optimally allocates resources, in order to attain the business objectives of the organisation.	3	14,7
Strategic planning focuses the attention of management on external threats and opportunities, and the internal strengths and weaknesses of the organisation, and promotes a satisfactory course of action.		

Comments made by respondents supported the priorities assigned to these points, and indicate that the strategic planning process is vital to the organisation, since it can promote the growth and performance of the company, ensure its survival in a turbulent, competitive environment, and enable the optimal allocation of resources.

The conclusion drawn from this section of the questionnaire is that the strategic planning process in Nedlloyd Lines SA is considered to be a satisfactory direction-setting tool which is well utilised by management. It would appear that certain steps should be taken to increase its effectiveness in contributing to the overall performance of the organisation. In this regard, the comment should be made that restrictions are placed on the structure of the planning process by the Rotterdam-based Head Office : this is considered by many managers to decrease the effectiveness of the planning activity for the local organisation. It also curtails involvement in the planning process to local head office managers only.

The implications of these findings for this research are that a sound, satisfactory strategic planning process exists in the organisation. A strategic human resources plan can thus be readily linked and aligned to the overall strategic plan.

4.2.2 The role of strategic human resources management in strategy formulation

The respondents were requested to indicate whether five categories of human resources data are readily available, and the extent to which this data is used in strategy formulation.

The results show that three types of data are available to strategy planners:

- studies of manpower data in the external environment;
- an inventory of managerial talent and skills; and
- an inventory of specialist "shipping" skills.

According to fifty-five percent of the respondents, these are not used to a great extent in strategy formulation.

Fifty-three percent of the respondents indicated that forecasts of the inventory of future talent, and succession plans for key management positions, are not available for use.

Fifty-five percent of the respondents indicated that human resources data should be used to a great extent in strategy formulation, while thirty percent indicated that it should be utilised from a moderate to a great extent.

These results indicate that there are more human resources data available than are actually utilised in the planning process.

Comments made by respondents also indicate that not all of them are aware of the human resources data which could be utilised in the strategy formulation process.

This implies that the design and development of a strategic human resources plan for the organisation should encompass sound communication activities to ensure the understanding, acceptance and commitment of all levels of management to the process. Steps should also be taken to inform managers of the types of data available and the optimal utilisation of such data in their management functions.

4.2.3 The role of human resources management in strategy implementation

In the third section of the questionnaire, respondents were requested to indicate the extent to which human resources activities are used in the strategy implementation phase in the organisation. Seven activities were evaluated. Respondents indicated that two of these activities are used readily:

- (i) Identification of managerial characteristics to manage the organisation in the long term (60%);
- (ii) Doing performance appraisals to assess the ability of key personnel in carrying out strategic plans (50%).

Four activities are not used to a great extent:

- (i) Modifying the reward system to drive managers towards long term strategic objectives: Forty-five percent of the respondents indicated that this activity is not used at all in strategy implementation, while thirty percent reported a low utilisation rate.
- (ii) Changing staffing patterns to help implement strategies: Sixty-five percent of respondents indicated low usage of this activity.
- (iii) Conducting development programmes designed to support strategic changes: Sixty-five percent of the respondents rated this activity under points 1 and 2, indicating a very low level of utilisation.
- (iv) Conducting career planning to develop key personnel in line with strategic plan requirements: Eighty percent of the respondents rated the utilisation of this activity to be low.

Respondents were unanimous in their views on the matching of executives to strategic plans in order to implement strategy in the organisation. In this regard, the comment should be made, once again, that several respondents indicated their ignorance of the functions of the human resources department.

There was a large difference between the actual use of human resources activities, and the extent to which respondents felt they should be used in implementing strategies. Eighty percent of respondents indicated that all the human resources activities should be greatly used in strategy implementation.

As was the case with the section on the use of human resources data in strategy formulation, comments were made by some respondents that they are unaware of the functions and activities of the human resources department.

In the design and development of a strategic human resources plan for the organisation, attention will therefore have to be given to making line management aware of the functions and activities of the human resources department.

In addition, human resources programmes currently in use do not appear to be optimally implemented. As stated in an earlier chapter, the accelerated implementation of the new Nedlloyd strategy, and the continued quest for quality in the organisation requires employees with new, specialised skills. Human resources programmes should therefore be designed to attract, develop and motivate employees in accordance with strategic objectives. The individual programmes should support one another internally.

4.2.4 Senior line management's view of the human resources function

Fifty percent of the respondents saw the human resources practitioner as providing mostly operational services, while fifteen percent considered the human resources practitioner to be a provider of operational and strategic services.

There was a large difference between these results, and the responses to the question on how line managers would wish to see the human resources practitioner utilised. On the latter question, sixty percent of the respondents felt that human resources practitioner should be used occasionally for operational services,

but more frequently for strategic services. Thirty-five percent of respondents felt that the human resources practitioner should be used totally for strategic services. On the basis of these findings, the conclusion can be made that, until steps are taken to involve the human resources practitioner to a greater extent in strategic activities, the necessary linkage between human resources management and line management cannot be achieved.

4.2.5 Involvement of line management in strategic human resources planning

Sixty percent of the respondents indicated that line managers should be involved more than moderately in the formulation and implementation of strategic human resources planning. Thirty percent felt they should be totally involved in this process.

The implications of these findings are twofold: firstly, since no strategic human resources plan currently exists in the organisation, line managers will require awareness training to enable them to "think like human resources practitioners". Secondly, very little human resources-related training has been done in the organisation. Line managers have therefore had no formal training in this area of management, and have obtained these skills through a process of trial and error. The latter point will also be clearly noted in the findings of a later section of the questionnaire.

In order to implement a strategic human resources plan successfully in the organisation, training and development programmes will have to be designed to cultivate the required level of formal human resources skills in the line managers of the company.

4.2.6 Strategic human resources planning in Nedlloyd Lines SA

In the final section of the questionnaire, questions were designed to test the following issues:

- the "fit" between the human resources practices and procedures in the organisation and the growth and development of the company;
- the internal "fit" between the human resources practices and procedures;
- the support of the Nedlloyd company culture for a strategic human resources plan;
- the feasibility of conducting an audit of the human resources management system;
- whether the need exists to integrate the expectations of management and the workforce in the organisation;
- the perceived professionalism of the human resources function within the organisation;
- the line management skills level in respect of their potential involvement in strategic human resources planning;
- whether the need exists to integrate line and human resources management more closely in order to implement strategic human resources planning.

The results can be summarised as follows:

- Fifty-five percent of the responses indicated that the human resources practices and procedures are not in line with the growth and development of the company. Comments once again indicated that certain members of line management have insufficient knowledge of the human resources practices in the company.

- Forty percent of the respondents indicated that the human resources practices do support one another internally, while forty percent indicated the contrary. In addition, one respondent formed a new "MAYBE" category, indicating that if he, as an office manager, was uncertain as to how to answer this question, the negative reflection on his knowledge of the procedures was a clear indictment of such procedures.

Pertinent comments indicated that training and development programmes are inadequate due to insufficient allocation of financial resources. Compensation and fringe benefit programmes are also considered to be too poorly developed to attract and retain promising employees.

- Sixty percent of the respondents considered the company culture to be supportive of strategic human resources planning. One respondent indicated uncertainty in this regard, while the remaining thirty-five percent of respondents indicated that the company culture is not supportive of such planning activities.
- Ninety percent of respondents agreed that an audit of the human resources management system should be performed to provide feedback on the components thereof. In the analysis of these data, it was enlightening to find that the two respondents who felt strongly that such an audit was unnecessary comprised senior members of the management team. The implications of these findings are, once again, that senior members of the management team have participated fully in the design and implementation of the original human resources procedures, and are familiar with all aspects of the practices. Less senior management team members and members of middle management are lacking in this knowledge. As stated previously, this factor requires attention in the design and development of a strategic human resources plan.

- All respondents felt the need to integrate the expectations of management and the workforce. Reasons given in individual comments were that the plans and objectives of the organisation would have a greater chance of being successfully implemented if the employees are fully aware of them, and have participated in a bottom-up approach towards the formulation of company plans and objectives. Methods suggested to achieve such integration are participative management practices such as the Nominal Group Technique, and greater communication between management and employees through internal company communication media.
- Seventy-five percent of the respondents rated the human resources department as sufficiently professional to institute strategic human resources planning. Negative responses were supported by the following comments:
 - (i) The human resources function was newly implemented in the company as recently as two years ago. As such, there is appreciation for the fact that human resources issues are receiving attention, but that the process is a slow one;
 - (ii) Human resources policies are controlled centrally from the local head office department. The function is not formally represented on a decentralised level at the branch offices;
 - (iii) The human resources manager is considered to have too little discretion and freedom to act in terms of policies which are considered satisfactory by a few senior members of the management team, but irrelevant by the majority of line management. Comments indicate that respondents consider this to be an unsatisfactory situation and that the human resources practitioner should be given greater discretionary decisionmaking authority.
 - (iv) The human resources manager is considered to have relatively little knowledge of the organisation's line of business.

The implications of these findings for the development and design of a strategic human resources plan are the following:

- (i) The human resources manager requires training and development in shipping-related issues to enable this manager to act as a strategic partner to line management;
- (ii) As stated in chapter 1, no expansion of the company in terms of staff numbers is currently permitted. Recruiting staff to act in the capacity of human resources administrators at branch office level is thus not a feasible option. An alternative manner in which to decentralise human resources activities is to expose line management to training in human resources skills, and implement awareness programmes to communicate pertinent aspects of human resources policies and programmes to line management.
- (iii) The human resources manager should negotiate a new mandate to perform the necessary duties with more discretionary authority and independence. A possible solution to this problem is the formation of joint committees between line management and human resources management, whose function it would be to make mutually acceptable decisions on human resources policies, objectives and programmes. Participation in such committees would increase line management commitment to the strategic human resources planning process, and promote their knowledge and awareness of human resources programmes and activities.

This analysis is closely related to the result of question 8 in which eighty-five percent of the respondents support closer integration of line and human resources management.

Finally, eighty-five percent of the respondents considered line management to be insufficiently skilled in human resources issues to become successfully involved in strategic human resources planning. However, as stated earlier, they do support such involvement. This implies that formal training of line managers in human resources

skills is imperative. In addition, while the line managers are skilled in the industry-related skills and knowledge pertaining to their functions, management development training has not been done on a formal basis in the company. Management skills have therefore been acquired by trial and error. An accelerated middle management development programme is recommended as solution to this situation.

4.3 CONCLUSION

Whether the human resources component survives as a valuable and essential contribution to effective management will depend largely on the degree to which it is integrated as a vital part of the planning system in the Nedlloyd Lines organisation. The management of human resources should become an indispensable consideration in both strategy formulation and strategy implementation, in partnership with line management members.

CHAPTER 5

5.1 THE DEVELOPMENT AND DESIGN OF A STRATEGIC HUMAN RESOURCES PLAN

The analysis of the questionnaire, discussed in chapter 4, highlighted areas requiring attention in the design and development of a strategic human resources plan.

These areas can be briefly summarised as follows:

- the need for strategic human resources planning was identified;
- there is a low level of awareness and knowledge of human resources functions and activities in the company;
- a low rate of utilisation of human resources data in strategy formulation and implementation;
- the human resources practitioner is perceived to have inadequate knowledge of shipping processes and procedures;
- the human resources practitioner delivers services of an operational rather than strategic nature;
- the greater involvement of line management in strategic human resources planning was indicated as a requirement in the organisation;
- the training and development of human resources management skills in line management is vital;
- the expectations of line management and human resources management should be integrated;
- the need for an audit of human resources management practices was identified.

Therefore, in order to implement strategic human resources planning successfully in the organisation, management of a change process will be required.

Hill (1987:6) states that any improvement process or change effort in an organisation can be broken into three distinct segments:

- (i) A diagnosis of the present state;
- (ii) A clear statement of the desired future state;
- (iii) A strategy for managing the transition from the present to the desired state.

5.2 A STRATEGIC HUMAN RESOURCES PLAN FOR NEDLLOYD LINES SA

In order to achieve this transition from the present to the desired state, the following actions should be executed:

Action Step I : Assess the current human resources status within the organisation

This is best achieved by means of a human resources management audit, undertaken to address the following areas of enquiry:

- The match between the human resources function and its internal and external environment.
- The fit between the structures and policies of the human resources function, and its tasks at the operational, managerial and strategic level.
- The fit between the organisational processes of the human resources function (decisionmaking; communication) and its tasks at the above levels.

- How well the characteristics of the people who currently conduct the human resources function match the tasks, organisation design, processes, and emergent communication networks at the operational, management and strategic levels respectively.
- The match between the human resources structure and other organisational components.

**Action Step II : Develop a clear statement of changes required :
The desired future state**

The human resources audit will identify areas where the human resources function is not playing a sufficiently effective role in the strategic plan of the company, and where change is required. The desired future state should be clearly defined, and the three types of change which should be managed, identified:

Technical changes

The structural, process, and people changes required to ensure that the human resources function will fit with the organisational goals.

Political changes

By moving into the strategic arena, the human resources practitioner must now bargain with senior members of the management team about new balances of influence and power: technical changes often result in the power bases of some people being decreased, while others are increased. There is thus inevitable potential political conflict which should be confronted and pro-actively planned for as a change component.

Cultural changes

The perception of the human resources function as a purely specialist domain will no longer carry the same value if technical changes towards a more strategic role do take place. New norms will emerge that tend to reinforce, and place a greater value on, a generalist, greater line management orientation within the human resources function, which focuses on managerial and strategic issues.

Action Step III : Develop a strategy for managing the transition to new state of human resource management

1. Set priorities

The first task will be for the human resources department to clarify its own priorities on the basis of the audit's findings. Thereafter, on the basis of the technical, political and cultural assessment of the whole organisation, the department will have to set its priorities for change, and develop a set of strategies for managing the transition.

2. Obtain a mandate from senior management

A new mandate should now be obtained from senior management team members concerning the human resources practitioner's role in the organisation. Clearly the support of top management is vital, as it would be politically destructive for the human resources department to undertake a major change without a broad management mandate.

The key here is to bring the need for change to top management's attention, using the audit as the information base supporting the need for change. This data will highlight the problems of the "current state" and thus the need to move to the "desired state".

3. Obtain line management commitment and undertake required development programmes

Once the scope of senior management's mandate has been defined, the human resources practitioner should develop ways in which to manage the transition. It is suggested that to obtain line management commitment and involvement, task forces should be set up to deal with the different areas of change required.

4. Develop structures for working with line management in order to implement required changes

Groundwork should be laid with line management who would have to deal with any changes in the human resources organisation's operation. The following approaches are recommended:

- (i) Provide line management with summary feedback on the audit results;
- (ii) Provide feedback on plans to improve the human resources department's service to its users and upgrade communication on its activities to all line managers and staff members;
- (iii) Design formal training and awareness programmes to develop and cultivate the human resources management skills of line management members;
- (iv) Design accelerated on-the-job training sessions to expose the human resources practitioner to relevant business areas and upgrade this manager's knowledge and skills with regard to line management areas of expertise.

In this manner integration of the line management and human resources department will be achieved.

5. Implement a development plan for the human resources department

To assist the human resources practitioner during the transition to functioning on a strategic level, the plan should follow the sequence indicated below:

- (i) Define the human resources mission and ensuing strategies:
 - An environmental scanning and analysis exercise as described in chapter 3 should be performed. An internal human resources

analysis should also be initiated utilising the skills and assistance of line management. The future gaps in the company's management and workforce requirements can now be projected.

- The human resources practitioner should tie into the business strategic plan by providing the organisation's decisionmakers with quantitative data, obtained from environmental scanning and an internal analysis, on the current and future human resources needs of the organisation. This data should be provided to coincide with the relevant stage of the business strategic plan. Human resource planning must therefore be implemented concurrently with the strategic planning cycle.
- The human resources department should maintain a strong marketing orientation to the multiple client and user groups within line management and among employee groups. A sensitivity should be cultivated on how best to meet client needs in the area of human resources programmes.
- In the event of future expansion of the human resources department, key human resources staff should be involved at various levels of the strategic decisionmaking process in order to obtain their commitment to the process. Training should also be undertaken to ensure a balanced skills "mix" between human resources and business competencies.

(ii) Define tasks and objectives:

Data obtained from the environmental analysis and internal human resources analysis should now be considered in conjunction with the strategic business objectives and strategies to generate strategic human resources objectives.

A set of specific goals and actions can now be identified in order to implement business and functional strategies in terms of staffing requirements, organisation design, processes and communication networks.

Relevant human resources programmes which should be considered are recruitment, training and development programmes, performance appraisal and performance management, career planning and succession planning.

(iii) Re-design formal structures:

Human resources structures should be re-designed to form a structure that integrates and co-ordinates organisational resources and accomplishes priority tasks.

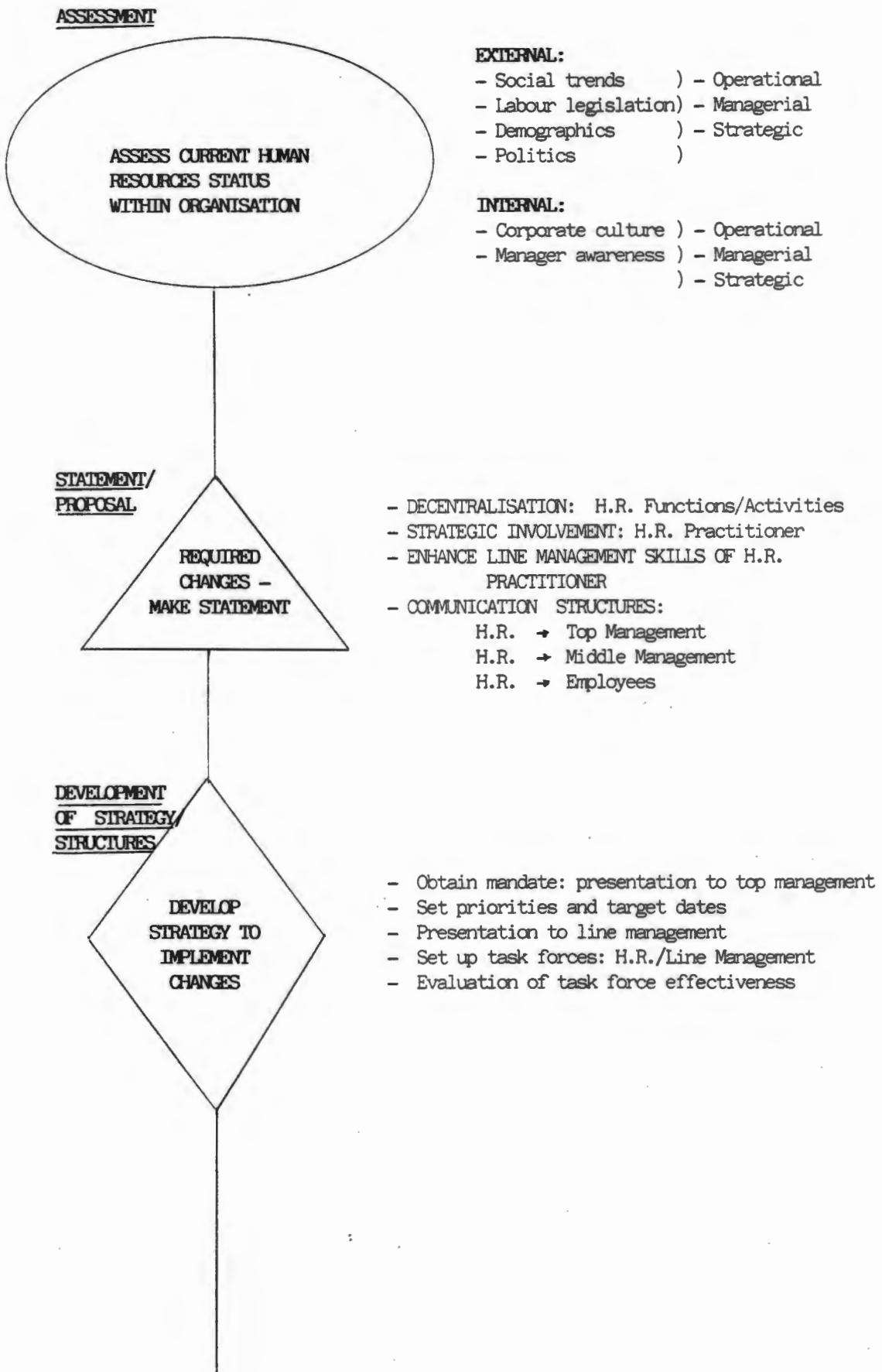
Action Step IV : Design and implement an evaluation system to measure the strategic human resources planning effort

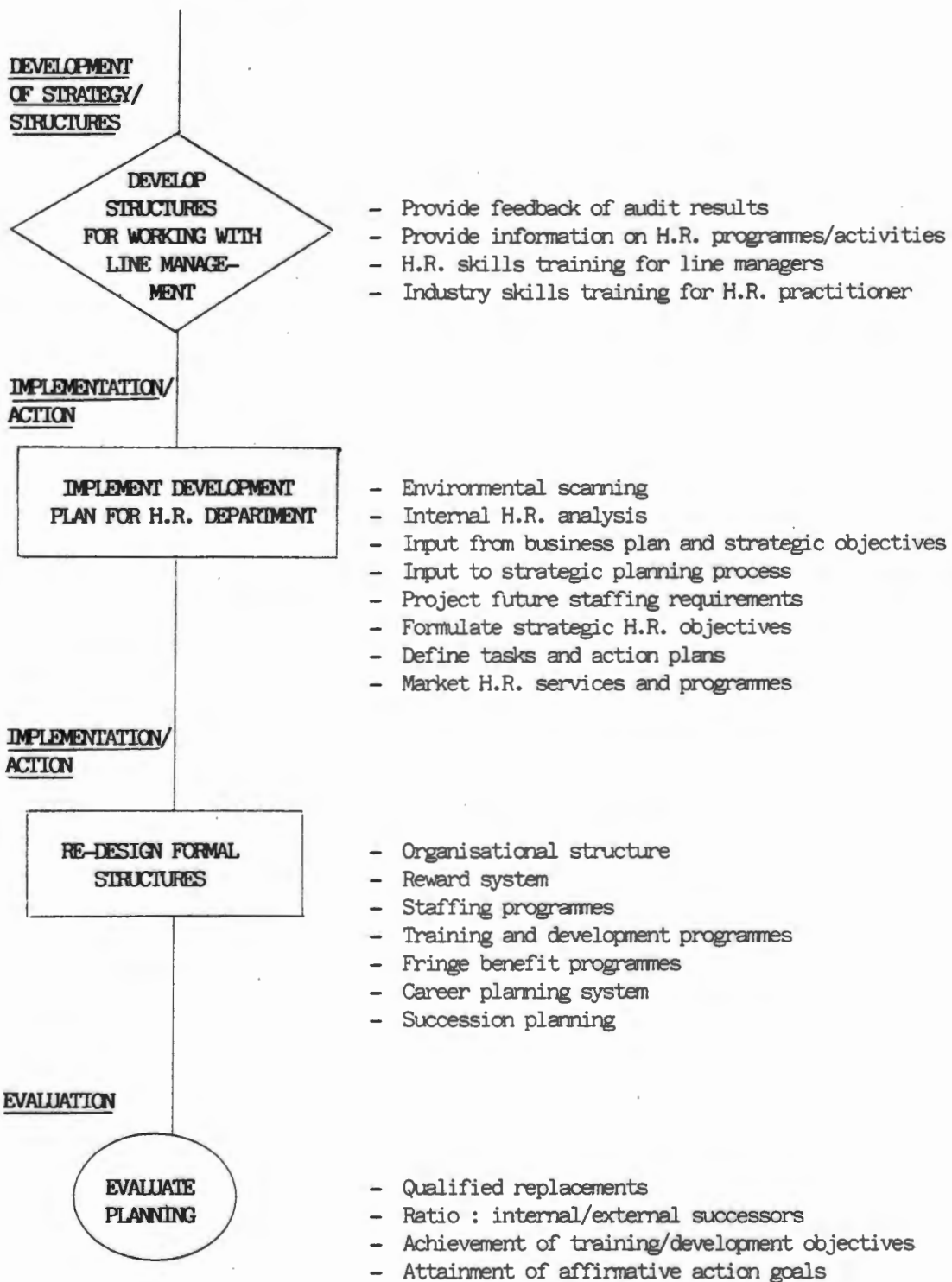
Measures which can be used to achieve this goal are the following:

- the number of qualified replacements available for key positions;
- the ratio of internal to external successors;
- time required to fill key positions;
- the achievement of affirmative action goals.

The process described above is illustrated in figure 5.1. The description of the strategic human resources plan has been based on the recommendations of Hill (1987:6-9).

FIGURE 5.1 : THE DEVELOPMENT AND DESIGN OF A STRATEGIC HUMAN RESOURCES PLAN





5.3 CONCLUSION

By implementing the steps proposed in this chapter, the needs identified in the research questionnaire, and summarised at the beginning of this chapter will be achieved. The main advantages envisaged as a result of implementation of this plan are the achievement of a strategic partnership between the line and human resources management functions and the implementation of strategic human resources planning to achieve a competitive advantage for the organisation.

CHAPTER 6

RECOMMENDATIONS PERTAINING TO THE NEW FOCUS ON STRATEGIC HUMAN RESOURCES PLANNING

In this document, the design and development of a strategic human resources plan for Nedlloyd Lines SA was examined, and relevant proposals made.

In conclusion, the following recommendations are offered:

1. The organisation should shift its focus from quantitative thinking to more fundamental qualitative thinking. Much of the planning currently in operation can be described as extended budgeting. It is vital that the importance of changing demographic, technological and competitive trends, and the ensuing need for competent, effective and innovative people, which determine the long-term viability of the business, be recognised.
2. The organisation should re-examine the involvement of all levels of management in the planning process. Although senior management has recognised the importance and desirability of planning, the necessary action and involvement to complete the process and ensure its success is lacking.
3. The organisation should extend its views on the manpower planning process beyond the confines of balancing the supply and demand of business resources, and quantitative planning. The focus of attention should shift to a more comprehensive view of the process, encompassing both the need to forecast personnel requirements, and the programmes to develop and more effectively utilise human resources to the best long-term advantage of the organisation.

4. Greater attention should be paid to the impact of strategic human resources planning on the cost economics of the company. The tendency to focus management attention on financial management, cash flow analysis, and information system issues in order to marshall all corporate resources into optimising profits, is prevalent. In assessing all these areas, however, one of the most important and costly issues that has been overlooked is the controlling, effective utilisation and motivation of corporate human assets. Since salary costs, and the cost of staff fringe benefit programmes are the heaviest contributor to company expenses, this area of planning deserves greater management attention.
5. The centralised "top down" approach to human resources issues should be re-examined. One of the foundations of sound corporate planning is a strong system of operational planning. Thus, once the broad parameters have been set, the managers of the branch offices should be allowed to demonstrate how they intend to go about providing their share of the action which will achieve the company's human resources objectives. It is recommended that the achievement of human resources goals be evaluated as a target output in the assessment of line managers' performance.
6. Finally, the company should take a long, hard look at the status of human resources management in the company. An organisation comprises a number of varying dimensions and systems. Every organisational dimension and system should be consistent with the strategy and all other organisational systems and dimensions. The integrity of the human resources function is at stake if it is not included in the formulation of overall corporate goals and objectives, and the strategy to be utilised in achieving such goals and objectives.

ANNEXURE A.

Dear Respondent

**DISSERTATION: THE DESIGN AND DEVELOPMENT OF A STRATEGIC
HUMAN RESOURCES PLAN FOR NEDLLOYD LINES SA**

Economic growth is of paramount importance to South Africa, and the pivot of all economic development is human resources management. People, and how to match their needs with the imperatives of economic development, will dominate the macro environment of commerce and industry for the foreseeable future.

South Africa faces the prospect of a severe shortage of skilled, professional and managerial manpower. The key to economic development on the macro level is thus the optimal utilisation of human resources and the establishment of a solid foundation of education and skills competence. On the micro level, business survival depends upon the availability of adequately trained, skilled manpower.

The onus is thus on the private sector to meet the challenge of providing the training and developmental requirements to ensure an adequate supply of human resources to meet the goals of the organisation. This can only be achieved through systematic planning and the efficient execution of those plans.

An effective human resources plan, if it is to meet the organisation's long-term needs, should determine not only the future complement of personnel required to operate the business, but should also specify the knowledge, skills and competence needed to enable the organisation to meet its planning requirements, and programmes whereby such skills can be obtained. To achieve this goal, an effective human resources strategy should be integrated with the management strategy of the organisation.

The Human Resources Manager is currently busy with a dissertation as the final requirement toward the finalisation of an MBA-degree. The purpose of this dissertation is to design and develop a strategic human resources plan for Nedlloyd Lines SA, in accordance with the overall strategic business plan of the company. As such, this plan is not intended solely as an academic project, but as a working document which can be put to use in the service of the organisation.

The elements of the plan are:

- (a) The establishment of human resources objectives which support the business needs identified in the strategic business plan of the organisation;
- (b) The development of strategies for attaining these objectives;

- (c) The identification of policies and programmes for the acquisition, utilisation, development and maintenance of human resources in the organisation.

To assist us in the design of this plan, the input of managers within the organisation is valuable since we can then determine those elements of the plan which are vital to this organisation. We therefore request your assistance with the completion of the attached questionnaire. To assist you in the completion of the questionnaire, an Appendix has been added in which definitions of "Strategic Planning" and "Strategic Human Planning" are given as guidance.

Please return completed questionnaires to this department by 21 October 1992.

Thank you for your co-operation.

Yours faithfully,

S. WESSELS
HUMAN RESOURCES MANAGER

BIOGRAPHICAL INFORMATION

The following information is needed to help us with the statistical analysis of the data. All your responses will be treated confidentially.

NAME :

DEPARTMENT/
BRANCH OFFICE :

DESIGNATION :

QUESTIONNAIRE ON THE DEVELOPMENT AND DESIGN OF STRATEGIC
HUMAN RESOURCES PLAN

I. PREVALENCE OF STRATEGIC PLANNING ACTIVITIES AND THEIR
OVERALL EFFECTIVENESS

Please read the following questions and indicate your answer with a
cross (x) in the appropriate column.

1. Formal strategic planning activities are used to a great extent
in NEDLLOYD LINES SA.

1 = strongly agree; 2 = agree; 3 = disagree;
4 = strongly disagree

1	2	3	4

2. The business planning process employed in NEDLLOYD LINES SA
is a satisfactory instrument for setting the direction of the
local organisation.

1 = strongly agree; 2 = agree; 3 = disagree;
4 = strongly disagree

1	2	3	4

3. The strategic planning process is effective in making a
positive contribution to the overall performance of the (SAF)
organisation.

1 = more than moderately effective; 2 = moderately effective;
3 = less than moderately effective

1	2	3

4. Listed below are some of the reasons that companies are involved in a strategic planning process. Please prioritise the 5 most important reasons for NEDLLOYD LINES SA to be involved in a strategic planning process.

- (i) The company has experienced rapid internal change
- (ii) A turbulent, external environment necessitates strategic planning
- (iii) Strategic planning is performed, on instruction, from Head Office
- (iv) Increasing competition between (shipping) companies necessitates a form of strategic planning
- (v) The strategic planning process contributes towards a more participative management style within the company
- (vi) Strategic planning will promote the growth and performance of the company
- (vii) A better informed and educated generation of management is emerging and exerting pressure for a more professional management approach
- (viii) Strategic planning optimally allocates resources in order to attain the business objectives of the organisation
- (ix) Strategic planning focuses the attention of management on external threats/opportunities, and the internal strengths and weaknesses of the organisation, and promotes a satisfactory course of action
- (x) Other

5. Is there a need for strategic planning in the organisation?

YES	NO

5.1 If your answer is "YES" please state your reasons in order of priority

5.2 If your answer to the above is "NO" please state your reasons in order of priority

II. THE ROLE OF HUMAN RESOURCES MANAGEMENT IN STRATEGY FORMULATION

Listed below are five categories of human resources data which can be used as information to assist planners in strategy formulation :

1. Please rate the extent to which these elements of human resources data are available and used by planners in NEDLLOYD in strategy formulation

	NOT AVAIL- ABLE	AVAIL- ABLE	NOT USED	GREATLY USED
(i) Studies of manpower data in the environment external to the organisation				
(ii) Inventory of managerial talent and skills				
(iii) Forecasts of inventory of future talent				
(iv) Inventory of specialist "shipping" skills				
(v) Succession plans for key management positions				

TO
LITTLE/
NO EXTENT

TO A
MODERATE
EXTENT

TO A
GREAT
EXTENT

1	2	3	4	5

2. Please rate the extent to which human resources data should be utilised in strategy formulation

III. THE ROLE OF HUMAN RESOURCES MANAGEMENT IN STRATEGY IMPLEMENTATION

Listed below are seven types of human resources activities considered potentially useful for the strategy implementation phase of planning :

1. Please rate to what extent human resources activities are used in strategy implementation :

	NOT USED		GREATLY USED	
	1	2	3	4
(i) Matching executives to strategic plans				
(ii) Identification of managerial characteristics to manage the organisation in the long term				
(iii) Modifying the reward system to drive managers towards long term strategic objectives				
(iv) Changing staffing patterns to help implement strategies				
(v) Doing performance appraisals to assess the ability of key personnel in carrying out strategic plans				
(vi) Conducting development programmes designed to support strategic changes				
(vii) Conducting career planning to develop key personnel in line with strategic plan requirements				

2. Please rate to what extent human resources activities should be used in strategy implementation

	SHOULD NOT BE USED			SHOULD BE GREATLY USED
	1	2	3	4
(i) Matching executives to strategic plans				
(ii) Identification of managerial characteristics to manage the organisation in the long term				
(iii) Modifying the reward system to drive managers towards long term strategic objectives				
(iv) Changing staffing patterns to help implement strategies				
(v) Doing performance appraisals to assess the ability of key personnel in carrying out strategic plans				
(vi) Conducting development programmes designed to support strategic changes				
(vii) Conducting career planning to develop key personnel in line with strategic plan requirements				

- 2.1 Please motivate the reasons for your responses under categories 1 and 2 :

IV. SENIOR LINE MANAGEMENT VIEW OF HUMAN RESOURCES FUNCTION

Please rate, on a scale of 1 to 5, your answers to the following questions.

The exact descriptions of the scale numbers are given below the questions.

1. To what extent do senior line managers in the organisation use the human resources practitioner for operational and strategic services
2. Please rate the role you, as senior line management, believe human resources practitioner should play in the organisation

KEY :

- 1 = Human Resources practitioner is only looked to for operational, day-to-day, services.
- 2 = Human Resources practitioner is mostly looked to for operational services, but occasionally for strategic services
- 3 = Human Resources practitioner is looked to for operational and strategic services
- 4 = Human Resources practitioner is looked to occasionally for operational but more frequently for strategic services
- 5 = Human Resources practitioner is looked to totally for strategic services

V. INVOLVEMENT OF LINE MANAGEMENT IN STRATEGIC HUMAN
RESOURCES PLANNING

NOT INVOLVED AT ALL

TOTALLY INVOLVED

1	2	3	4

1. Please rate the extent to which you believe line managers should be involved in formulation and implementation of the human resources plan which emanates from the strategic business plan of the organisation

VI. STRATEGIC HUMAN RESOURCES PLANNING IN NEDLLOYD LINES SA

1. Are the current NLL Human Resources practices and procedures in line with the growth and development of the company?

YES	NO

Please motivate your response :

2. Do the Human Resources practices support one another internally (e.g. staffing, development, training, compensation, etc.)

YES	NO

Please motivate your answer :

3. Is the NEDLLOYD company culture supportive of strategic Human Resources management and planning?

YES	NO

4. Should an audit of the Human Resources management system be performed in order to provide data on the various components thereof?

YES	NO

5. Is there, in your opinion, a need to integrate the expectations of management and the workforce in the organisation?

YES	NO

If YES, please comment on possible means to achieve this :

6. Is there sufficient professionalism within the Human Resources Department to institute strategic Human Resources planning?

YES	NO

Please motivate your answer :

7. Are line managers sufficiently skilled in human resources issues to become involved in strategic human resources planning?

YES	NO

Please motivate your response :

8. Is closer integration of line and human resources management needed in order to implement strategic human resources planning?

YES	NO

If "YES" please comment on means to achieve this:

THANK YOU FOR YOUR TIME AND CO-OPERATION!

APPENDIX A

In order to ensure common understanding of concepts by respondents while completing the questionnaire, definitions of strategic planning and strategic human resources planning are given below :

1. DEFINITION OF STRATEGIC PLANNING

Strategic planning examines relevant external and internal factors in the business environment in relation to the current situation.

Conclusions are then reached concerning business definition, mission and vision, strategic objectives, performance targets and action plans.

2. DEFINITION OF STRATEGIC HUMAN RESOURCES PLANNING

Strategic human resources planning can be defined as the process required to :

- (a) Establish human resources objectives which support the business needs identified in the organisation's strategic business plan;
- (b) Develop strategies for attaining these objectives;
- (c) Identify policies and programmes for the acquisition, utilisation, development and maintenance of human resources within an organisation.

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