

CASE STUDY: BEST PRACTICES OF THE DEPARTMENT OF TRADE AND INDUSTRY REPUBLIC OF SOUTH AFRICA: Human Resource and Systems Management



Tineke Lambooy & Yulia Levashova

8 August 2012

Table of Contents

Part 1: Human Resources and Systems Management: Challenges - Can we Turn it Around?.....	3
Part 2: Key Decisions: Improving Strategy 'They Can Do It' and 'We want to be the Preferred One'	4
The process	4
Success Factors	6
Part 3: Outcomes – New Policies and Programmes in Place.....	8
Recruitment and Selection Process	8
Retention Policy: How to Make People Stay.....	9
Quality of Work – Life programme: 'Taking care of our people makes them take care of us'.....	10
Training and Developing of Employees	11
The Equity and Diversity Programme	11
Part 4: Philosophy of Continuous Improvement.....	13
Conclusion on <i>Best Practices</i> in the Human Resources Management Area	13

Introduction

The **dti** stands for 'Department of Trade and Industry of the Republic South Africa'. The **dti** regulates the field of trade and industry by designing economic and commercial policies. As any governmental department, **the dti** has a number of strategic objectives. Therefore, various agencies of the department are working on achieving these objectives. Among other things, the objectives include:

- (1) the encouragement of industrial development, investment, competitiveness and the creation of employment;
- (2) the implementation of commercial law policies;
- (3) (3) the facilitation of broad-based economic participation through targeted interventions to achieve more inclusive growth; and
- (4) the promotion of a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.

These strategic objectives closely coincide with the vision statement of the department: 'A dynamic industrial, globally competitive South African economy, characterized by inclusive growth and development, decent employment and equity, built on the full potential of all citizens.'

The **dti** was evaluated by the 'Department of Performance Monitoring and Evaluation' (DPME) via the 'Self-Assessment Module' of the 'Management Performance Assessment Tool' (MPAT). The department was evaluated with the MPAT Framework from the perspective of human capital (people), financial resources (budget allocation), and facilities. Each department is responsible for a set of core competencies. These are broadly categorized as the four 'Key Performance Areas' (KPA's), namely, (i) Strategic Management, (iii) Governance and Accountability, (iii) Human Resources and Systems Management, and (iv) Financial Management. The **dti** was nominated as a 'best practice' department in the KPA 'Human Resource and Systems Management'. The **dti** scored a '4' for this KPA. This is the highest score, which indicates that all the requirements were fulfilled. Actually, **the dti** performed

even better than required in the context of this KPA. The goal of this case story is to understand the success factors in the field of Human Resources and Systems Management and to extract the best practices of **the dti** example in this area.

This case story will attempt to unfold the motivations, ambitions, visions and outcomes of **the dti** in the field of Human Resources and Systems Management. Best practices will be identified so that they can be applied by other departments. The research team consisted of Tineke Lambooy and Yulia Levashova of Nyenrode Business University - Center for Sustainability, in the Netherlands, and Mumsy Subramoney and Kaajal Soorju, both employed by DPME. The team worked on understanding the success factors and the challenges faced by **the dti** and evaluating the documents and reports provided by **the dti** in the context of the MPAT. In addition, Tineke Lambooy, together with Mumsy Subramoney and Kaajal Soorju, interviewed key Human Resources managers from the 'Human Resource Business Unit'. This unit is responsible for designing and implementing the policies concerning Human Resources (hereafter: 'HR'). During the interviews an atmosphere of trust was established, where staff members could openly talk about their experiences, ideas, policies and goals with regard to the KPA concerned.

Part 1: Human Resources and Systems Management: Challenges - Can we Turn it Around?

Three staff members of **the dti's** 'Human Resource Business Unit' were interviewed. The fictional names for the interviewees were used. A meeting was set up with Jane (chief director of 'Human Resource and Learning Centre'), Sue (director of 'Recruitment') and Lerato (Deputy Director General (DDG) of 'Group Systems and Support Services') to reflect on their experiences regarding the KPA 'Human Resource and System Management'. The interviewees acknowledged that the 'Human Resource Business Unit' of **the dti** had not always been so successful in the past. In fact, the HR reports and interviews clearly showed that 3 to 4 years ago, **the dti** was struggling significantly with four key challenges:

- (1) acquiring the right quantity of staff and managing shortages;

- (2) reducing the vacancy rate;
- (3) reducing the turnover rate; and
- (4) ensuring a representative and multi-skilled workforce.

For example, the vacancy rate in 2009 was 25.2%, meaning that **the dti** suffered from a lack of qualified personnel (that is: approximately over 300 vacancies). The department was severely understaffed, which caused an extra workload for the existing personnel, a lack of qualified and experienced specialists in specific fields, and ultimately, ineffective and dysfunctional work by the department as a whole. Currently, the vacancy rate at **the dti** is 7.4% (and 7% by the end of July 2012). The turnover rate used to be high as well, but is now steadily decreasing. In the past, many employees were leaving **the dti** for a number of reasons, such as new career opportunities with other employers and drawbacks in the management style.

The question is why did these problems occur? Lerato acknowledged that there were issues with a lack of shared vision and leadership, which had to be changed. The key statistics regarding the vacancy rate and ultimately the performance were alarming. This triggered the need to change the work in the 'Human Resource Business Unit' of **the dti**. An honest look at the work of **the dti** and its staff was considered necessary. Lerato admits that the lack of a common vision was the first pitfall that had to be overcome. However, 'there was no 'magic wand'' that could solve all the problems and therefore a strategic vision and objectives had to be put in place, which could help to address the challenges step by step over a longer period of time.

Part 2: Key Decisions: Improving Strategy 'They Can Do It' and 'We want to be the Preferred One'

The process

To improve the performance of **the dti** and to tackle the numerous problems concerning human capital, Lerato stated that she and other managers started by staffing the 'Human Resource Business Unit' with competent employees, who have a vision and could bring positive changes to the functioning of the department. The

managers that were present at the interview have been working for **the dti** for a long period of time. The managers admitted that their long involvement in their work contributed to a sense of ownership and responsibility for the work of the department. Another important aspect that helped 'to turn things around' is the realistic targets and policy goals that were determined internally as well as externally. It seemed that the planning and the strategic overview of problematic issues became the starting point in the work of the 'Human Resource Business Unit'.

According to Lerato, the global vision, the sense of ownership by Human Resources personnel and the support of **the dti** personnel were the important success ingredients. The leaders/directors of the 'Human Resource Business Unit' (among which are: Jane, Sue and Lerato) were able to deliver these missing links.

The 'Human Resource and Learning Centre Business Unit' has 6 directors in different areas of expertise. Together, they provided the very much needed leadership along with the slogan 'they can do it', which has been in place for the last few years. The unity and strong leadership brought the drive and team work that was previously absent. Other dedicated professionals in HR were also appointed. Jane remembered that recruitment used to be outsourced to a private company, which caused problems. Now Sue, who is director of Recruitment, controls the process within **the dti** and is aware of everything that is going on in this area. The performance is evaluated using the 'carrot and stick' approach. On the one hand, incentives were introduced to encourage employees, such as celebrating successes when targets are achieved and providing senior managers with new technology, like iPads, to assist them with their workload. On the other hand, sanctions were imposed, for example when employees do not meet their deadline or do not achieve their targets. Sanctions are widely used in disciplinary cases, for instance, **the dti** has a 'zero tolerance policy' for corruption. In this regard, the 'Employment Relations Unit' within the 'Human Resource Business Unit' offered substantial assistance to deal effectively with corruption cases.

Success Factors

Client –oriented approach

Another fundamental factor that contributed to the success of HR services is the client-oriented approach. The HR managers see themselves as service providers whose goal is to make their clients, that is: the employees of **the dti**, happy. Therefore, client satisfaction is of key importance. **The dti** had to work hard to make themselves the preferred service provider. It is crucial that the clients select them to perform a job rather than e.g. external recruitment agencies. Therefore, the common vision 'we want to be the preferred one' has not changed since the changes that took place in **the dti**. The policies and the goals might have changed, but the vision remains the same. The 'Human Resource Business Unit' regularly assesses itself in terms of performance. For instance, staff members fill in customer service surveys regarding the satisfaction level of HR services in different areas. Through internal assessment it was found that the 'Human Resource Business Unit' was the most improved area in the 'Group Systems and Support Services Division' (GSSSD).¹

Value Chain of HR

Looking back at the process, building up the 'value chain' of HR was of fundamental importance. The establishment of the value chain process was instrumental in the whole 'let's change' rhetoric. As explained by Jane, there are a few main elements in the value chain process: (1) the understanding of what staff is required in terms of skills and knowledge before the recruitment process begins, (2) clarity regarding the organizational design in terms of what staff is required in terms of structure, (3) the procedure concerning recruitment and selection, (4) the simplification of performance contracts, (5) the assistance of staff in developing their skills and therefore enhancing performance, (6) performance management and (7) labour relations. Alongside these elements, there are sub-elements, such as those mentioned by Sue, for instance HR operations that regulate appointments and benefits. This overview of the value chain process helped to obtain a clear picture regarding **the dti** and its capacity.

¹ The baseline was conducted in 2009 and a follow-up was conducted in 2011.

Risk Management

The importance of the factor of risk management was also stressed by Lerato. This basically refers to anticipating and addressing blockages or impediments to achieve desired results.

Support within the Organization

The support provided by **the dti** Minister, the Deputy Ministers, the Director General and Deputy Directors General is very important for continuous improvement and progress. Prior to the turnaround, the work of HR was 'pushed to the corner', according to Jane. Therefore leadership and support provided by the political heads higher-level civil servants is a necessary component for the compliance of and respect for HR work and services.

Sharing the Success Stories/Best Practices and Communication

The importance of continuity in the learning process was emphasized by Lerato, who furthermore stressed that 'sharing' is essential. 'If you [the Unit] do something excellently, then share it with us.' In this respect communication is vital, because only by sitting together can issues be effectively discussed and resolved. Therefore, at **the dti** team meetings are held on a monthly basis. Sharing best practices is useful and important, said Lerato. The **dti** shared their experiences regarding lowering the vacancy rate in the Steering Committee Meeting of the 'Department of Public Service and Administration'. Additionally, **the dti** is keen to learn and to exchange ideas with the private sector, specifically concerning designing policies and strategies. The department is a member of the 'Corporate Leadership Council' (that is: an International Organization specializing in HR matters), which draws on practices from private sector organizations, especially in terms of policies.

Part 3: Outcomes – New Policies and Programmes in Place

To implement the improved strategy in the field of HR, **the dti** managers made significant changes in the areas of: (1) the recruitment policy, (2) the retention policy by improving working conditions, (3) the performance management policy, (4) the training of employees and (5) the employment equity policy.

Recruitment and Selection Process

From the documents and reports of **the dti**, it follows that the department struggled with the acquisition of the required quantity of skilled staff and with managing the resulting shortages of employees. As mentioned by Lerato, the problem of staff shortages was substantially reduced; however, it still remains a problem that requires an effective ongoing process of improvement. Currently **the dti** has an established staff of 1,340, with most posts being filled; the current post vacancy is below 100.

Hence, the recruitment process is a key success factor in addressing this issue. All managers realized that the effective and timely selection of the right staff members can increase performance and ensure stability in the work of the department. Due to the outsourcing of recruitment and lengthy procedures of selection and acceptance of new candidates, the vacancy rate used to be high. To tackle this problem, the recruiting is now done in-house and new guidelines and procedures with timeframes were put in place. The **dti** adopted directives on time deadlines for the management, with a maximum period of 2 months for filling a vacant post from date of advertising to date of offer. There are certain consequences when the post is not filled within this timeframe, such as the abolition of the post, which means that the recruitment process has to start all over again. Sue summarized this approach as 'use it or lose it', and asserted that this approach does work. It communicates a message, and hence results are being achieved. About the success of this approach, Lerato stated: 'it is amazing how people eventually embraced this policy and it is yielding good results.'

To make the recruitment process more efficient, an e-recruitment system was introduced. Prospective applicants can apply on-line for positions and employees can

receive e-mail alerts when new vacancies are posted. Social media, such as Facebook, is used for HR purposes and the intention is to incorporate other media such as, LinkedIn and Twitter. To ensure the transparency of the recruitment process, a cross-functional team that includes people from different units and sometimes trade unions conduct the interviews with the potential employees.

Retention Policy: How to Make People Stay

One of the key problems at **the dti** used to be the retention of employees. Many employees were leaving the department. That resulted in a high turnover rate, so that for instance during the financial year 2008/2009, the turnover rate was 11.9%. Since then it has been steadily decreasing and according to the data for 2011 it had dropped to 9.9%. Research was carried out to reveal the reason for the high turnover rate. More than half of the terminations were due to resignations. According to exit interviews conducted in 2011, the reasons for resignations vary. The employees who left **the dti** were mostly young people in the age group 18-29 (generation Y) and the age group 30-44 (generation X). Specifically generation Y tend to search for better career opportunities and often leave a department after two years of employment. This contributes to a high turnover rate. Sometimes, the management style and working environment were indicated as reasons for termination.

The 'Talent and Performance Management Directorate' has developed an 'Employee Retention Policy'. This includes templates for an 'Employee Retention Plan', a 'Divisional Retention Plan', and a 'Divisional Retention Information Plan'. The purpose of the 'Employee Retention Policy' is to assist line-managers in retaining staff, particularly with regard to those who have scarce, critical and valuable skills, for example, statisticians and econometricians. Specific programmes were developed to attract valuable specialists and create the conditions for them to continue working at **the dti**.

Quality of Work – Life programme: 'Taking care of our people makes them take care of us'

As a part of keeping employees at **the dti**, the HR department introduced a few programmes which aim to improve the quality of life of employees and their families. Lerato is convinced that 'if you have a happy employee, you can get more from this employee'. Sue gave examples of new health programmes, such as on-site counselling, an occupational health practitioner on duty and a locum doctor who comes in on a regular basis. Some employees, including Lerato, take advantages of wellness tips which are sent to staff members, including stress relief techniques. The 'Human Resource Business Unit' strives for a flexible working approach. For instance, the staff members can start working later if they have to bring their children to school and finish their work later, after the official working hours. Understanding the needs of people makes the working place more comfortable and at the same time brings better results to the employer. The 3rd quarter Cumulative Report of 2011 on Talents and Performance Management supports the general picture of improvements drawn by the HR managers. The report indicates that 'generally speaking employees rated **the dti** as a good place to work with this percentage steadily increasing' (see Table 1).

Table 1: Satisfaction Level of Employees

WORKING ENVIRONMENT	Good	Unsatisfactory	Fair
Generally speaking, I would rate the dti as a place to work.	73% ↑	5%	22% ↑
The quality of my working relationship with fellow employees / peers / team members.	77% ↑	5%	18% ↑
The level of support from peers in the department.	67% ↑	2%	30% ↑
The level of concern for employees in the dti .	50%	14%	36% ↑

Training and Developing of Employees

Training is an essential process in career development. Considering that most of the employees belong to the younger generation, growth possibilities are of fundamental importance.

The department adopted a 'growing their own trees approach', which means developing one's own people by offering training and bursaries. To help people in obtaining the necessary qualifications and degrees, various programmes were set up. One of these is the 'Economic Policy and Industrial Development' programme, which aims to assist people to get master's and post-graduate degrees and certificates in specific fields such as industrial development. The training of one's own staff is a win-win situation: by obtaining extra knowledge, the employees proceed in their career and at the same time can fill the gaps in scarce areas of expertise required by **the dti**.

The 'Internship' programme is another example of assisting the younger generation to become **the dti** employee, as this programme provides an opportunity to gain experience at **the dti** during a 'pre-employment' stage. Another programme entails the coaching of current **the dti** employees in such a way that they will be able to fill the positions of older staff who will be retiring within the next ten years. This is what they call 'succession planning'. They see this as a method to ensure that when certain older employees leave the department, other staff members have learned the required skills to replace them.

Business continuity is embedded in the organization by involving employees and making use of on-the-job training, spotting talent and coaching. As Lerato stated: 'if I am not here, they should be able to go on with the work.'

The Equity and Diversity Programme

The vision of **the dti** is to lead the Republic of South Africa into a vibrant economy, characterized by growth, employment and equity, built on the full potential of all citizens. Internally, the organization also strives to implement equity targets to ensure that race and gender are represented at the department, according to the economically active population (EAP) statistics. The public service requires 50% of female representation in management positions in the public sector. Overall, **the dti** already

has 43% of management positions occupied by women. Some divisions, such as Lerato's division, have already achieved the target of 50%. Still, the goal is to appoint more women at the senior management level. To achieve this goal, positive discrimination measures are being used during the recruitment process. In a job advertisement, it is not odd to see such a statement as: 'females are preferred for this position.' Diversity targets are high on the agenda of **the dti**. The department is doing very well to ensure that it is diverse. The **dti** has introduced 'diversity training' for all levels of employees in order to learn and to create an atmosphere of sensitivity. Each division has a 'diversity (employment equity) representative', whose role is to identify and to resolve problematic issues at the workplace. According to Lerato, the inclusion (employment equity) policy is the driver of the department. The diversity strategy is also reflected in employing people with disabilities. The target is to have 2% of personnel with disabilities at the department. **The dti** has exceeded this target by 0.5%. However, the existence of numerous equity and diversity targets does not mean that these targets should be achieved at the expense of the required qualifications. As Lerato put it: 'it is not about getting the numbers or targets right, it is about getting competent people on board.'

Part 4: Philosophy of Continuous Improvement

The managers gathered in the interview room have achieved outstanding results in overcoming the challenges they faced. The work in the direction of improvement is far from being completed. Improvement is a continuous process on a daily basis. The philosophy of continuous improvement adopted by the organization helps to stimulate further progress. A few important elements of this philosophy are the result-oriented approach and the monitoring and evaluating of the work in progress. The result and solution-oriented approach is based on developing a list of deliverables, for instance in the form of an action plan containing quarterly milestones which have to be completed in achieving certain objectives, such as 'attract, develop and retain professional and skilled staff.' However, the department also attempts to set realistic targets. This means that sometimes it is necessary to make a strategic choice in case the organization would benefit therefrom, e.g. by selecting the key deliverables, while putting other targets to one side.

Conclusion on *Best Practices* in the Human Resources Management Area

The dti has obtained the highest score in the KPA 'Human Resource and System Management', according to the Self-Assessment Module of the MPAT. After the evaluation of policy documents and interviews with HR managers, the Research Team understands why this result was attained. The drive, leadership, common vision and team work of the 'Human Resource Business Unit' were instrumental factors in overcoming key challenges. Looking back, 3 to 4 years ago **the dti** had a vacancy rate of 25, 2%, meaning that the department was understaffed, lacked specific specialists and hence did not function efficiently. The 'Human Resource Business Unit' was often 'pushed to the corner' and underestimated in the organization. In the following years the HR Unit played a key role in solving the main challenge of the vacancy rate of the department. Nowadays, the vacancy rate is at 7.4%, and it continues to drop. Other problematic areas, such as the high rate of employee turnover and diversity issues, have also been tackled. This does not mean that the department functions perfectly in

the area of HR; many problems remain. However, the philosophy of continuous improvement stimulates improvement on a daily basis.

The best practices extracted from this case story can be categorized in two groups. The *first group* contains best practices that can be labelled 'fundamentals'. Fundamentals indicate the global shift in vision that was directed at the stimulation of changes. The *second* group of best practices is specific outputs/programmes that are based on the implementation of the 'fundamentals'.

The 'fundamentals' include the acquisition of common vision, the establishment of realistic targets and plans, and the possession of a sense of ownership by the managers. In **the dti** case, the client-oriented approach became a stepping-stone in deciding upon their targets and deliverables. Without strong support from higher-level officials their policies would be less effective. Additionally, risk management and the communication and sharing of best practices contributed to achieving positive results. The second category of specific best practices includes various programmes, among which are the effective and transparent recruitment policy, the quality of work – life programme, the equity and diversity programme, etc. However, as Lerato put it: 'a combination of all these factors' made this story a success.