New Venture Creation 3
Basic HR principles in a new venture
Basic HR principles in a new venture

• After completing this module, you will be able to:
  – Identify and plan for the human resources needs of a new venture
  – Implement the human resources needs of a new venture
  – Identify and compile basic employment policies and procedures
  – Explain and demonstrate plans relating to legislative matters to staff and stakeholders
1. IDENTIFY AND PLAN FOR THE HUMAN RESOURCES OF A NEW VENTURE

• At the end of this outcome you will be able to:
  • Plan the human resources capacity requirements and the cost of employment;
  • Explain the importance of job descriptions being in place for each position in the new venture and explain/demonstrate how to compile job descriptions for each position according to the needs of a new venture;
  • Compile a basic profile of each person to be employed for interviewing purposes
1.1 Planning the human resources capacity requirements and the cost of employment

• Reasons for planning
  – Having labour available for the future
  – Establishment of a happy labour force
  – Ensure organisation productivity
  – Add to the success of the economy of the country
  – Assist changes
  – Provide important information
1.1 Planning the human resources capacity requirements and the cost of employment

- **Factors influencing planning**
  - **Internal factors**
    - Objectives of the organisation
    - Organisation style
    - Type of task
  - **External factors**
    - Trade unions
    - Government requirements and regulations
    - Economic conditions
    - Technological changes
1.1.3 Process of planning

- Step 1: Setting of objectives and strategic plan of the organisation
1.1.3 Process of planning

• Step 2: Analysis of the current manpower situation
  – Skills inventory. Contents include:
    • Personal information
    • All training
    • Complete service record
    • Results of performance evaluations
    • Personal career prospects
1.1.3 Process of planning

- Purposes of the skills inventory:
  
  - to make a comparison between what is available in the organisation in the form of labour and what is required
  
  - to identify potential personnel for promotion in the future
  
  - to create opportunities for all to say where they see themselves in the organisation and to make plans in terms of planning for their own individual development in the organisation
  
  - to assess how effective and efficient the labour force has been in the past
  
  - to establish how efficient the labour force is at present
  
  - to compare the efficiency of the organisations performance with other organisations which produce similar products or services
  
  - to discover the cost of the labour force
  
  - to establish the benefit that the labour force holds for the organisation as a whole
1.1.3 Process of planning

- **Activities/steps** that are carried out during a human resources audit:
  
  - job analysis of all employees is done to determine the quality of the work performed by the labour force over a given period of time
  - actual work performance is measured against job descriptions
  - the level of proficiency/quality of workers is investigated
  - labour turnover/absenteeism is investigated
  - internal movements of employees in the form of transfers and promotion are investigated
  - current shortages are identified.
1.1.3 Process of planning

- Step 3: Forecasting future manpower requirements
Activity 1

• Interview your lecturers and draw up a skills inventory of all of them. Use the table on page 54
1.2 Explain the importance of job descriptions being in place for each position in the new venture

• **Job analysis:**
  – The detailed collection of job information and the description of the tasks involved in a job
  – The relationships with other jobs in the organisation
  – The knowledge, skills and abilities necessary for the incumbent to perform the job successfully
  – Information about the time that it would take an incumbent to do the job
  – Information about the structure of the job e.g. the specific sequence of tasks, etc
1.2.1 Job analysis

- **Steps of job analysis**
  - **Step 1**: An existing organisation is analysed and all job-related activities are listed
  - **Step 2**: The persons collecting information regarding job-related activities must decide how they want to apply the information
  - **Step 3**: A selection is made of jobs that will be analysed in detail
  - **Step 4**: Information is collected regarding the nature of the job, the desired behaviour of the incumbent and the desired characteristics of the future incumbent
1.2.1 Job analysis

- **Step 5**: a new job description is drawn up which includes all elements necessary to do the job.
- **Step 6**: a job specification is drawn up from the job description. It lists minimum skills, knowledge and abilities necessary to do the job.
- **Step 7**: a job is designed to ensure that all the elements, duties, tasks and responsibilities of a job are combined to ensure maximum employee productivity and job satisfaction within specific circumstances.
- **Step 8**: the job which has been designed must be evaluated and analysed regularly to ensure that the job design is still applicable.
1.2.1 Job analysis

- Methods of job analysis
  - Observation
  - Interview
  - Questionnaires
  - Incumbent's diary / logbook
Observation

• What is observation?
• Guidelines for effective observation are:
  – Choose to observe tasks that are carried out by hand and are short in duration
  – Observe a representative number of people carrying out the same tasks, to ensure that the information is meaningful
  – The researcher must never get in the way or bother the incumbent he is watching
  – The researcher should establish a friendly relationship with the incumbent by addressing the person by name and explaining to the incumbent why the observation is being done in easily understood language
  – Use a structured checklist
Interview

• The interview will give specific information regarding a job
• However, the interviewee may give the wrong information or impressions to the interviewer
• Guidelines for effective interviews
  – be well prepared
  – ask meaningful questions
  – ensure that communication does not break down due to any factor
  – ask questions in a logical order to help interviewees order their thoughts
  – do not settle for vague answers
  – do not allow jobs to be made more important than they actually are
  – do not include unimportant information in the job analysis
  – know the difference between tasks and responsibilities
  – never ask leading questions
  – create an atmosphere of trust by allowing the incumbent the opportunity to talk
Questionnaires

• Guidelines for using a questionnaire are:
  – explain the reason for the questionnaire
  – questions must be short, clear and specific
  – do not include too many questions
  – test the questionnaire on an uninvolved person before using it
  – use a mixture of questions
  – do not combine two questions into one
Incumbents diary / logbook

- The incumbent keeps a record of hour-to-hour activities
- Works best with managerial jobs, where the incumbents possess analytical skills to make the results meaningful
1.2.2 Job description

• **What is a job description?**
  – It describes what the incumbent does, how it is done, and why it is done
  – **Information includes the following:**
    • Job identification
    • Task summary
    • Relationships
    • Responsibilities and duties
    • Authority
    • Job standards
    • Work circumstances
1.2.2 Job description

• Uses of job descriptions
  – Assists in organisation design
  – Is used for recruitment
  – Is used as the basis of an employment contract
  – Is used in job evaluation
  – Is used in training
  – Is used for performance appraisal
  – Describes the main responsibilities
  – Describes accountables such as resources that are controlled, the results to be achieved, budgets, decisions to be made or actions that have to be taken
1.2.3 Job evaluation

- Job evaluation occurs when a job’s relative worth/value/weights is decided in terms of remuneration
- **Purpose**
  - to assist in drawing up of job descriptions and job specifications which are objective
  - to develop a fair and equitable remuneration structure according to legislation
  - to develop guidelines for performance appraisals with regard to rewards
  - to provide information for the determination of selection -, promotion -, demotion -, and training programmes
  - to set up a logical job hierarchy to which a system of employee benefits and services can be linked
  - to ensure consistency of salary scales with those of other organisations.
Job specification

- The job specification states the minimum acceptable qualifications that an employee must possess to perform a given job successfully. It lists the knowledge, skills and abilities to do the job effectively.
- Items included in job specification:
  - training and experience
  - judgment and initiative
  - physical input and skills
  - responsibilities
  - communication skills
  - emotional characteristics
  - extraordinary demands on sensory perception
IMPLEMENT THE HUMAN RESOURCES NEEDS OF A NEW VENTURE

• At the end of this outcome you will be able to:
  • recruit new staff according to a basic recruitment plan
  • screen and select suitable staff according to a basic selection plan
  • explain importance of employment contracts being in place in the new venture
  • explain procedures for drawing up employment contracts and the content of an employment contract according to the labour relations act and the basic conditions of employment act or the relevant act regulating working conditions of incumbents
  • demonstrate how to implement policies to ensure equity in a new venture
  • inform new recruits/employees of their duties
  • explain methods and procedures for managing employees on an ongoing basis
  • review performances regularly to ensure that overall job criteria and development needs are being addressed.
2.1 Explain how to select and recruit new staff according to a basic recruitment and selection plan

- Aims and objectives of recruitment
- Guidelines for recruitment
- Factors influencing recruitment in SA
- Sources of recruitment
- Recruitment process
2.1.1 Aims/objectives of recruitment

- To attract people with the correct abilities and attitudes needed to achieve the organisational goals
- To ensure matching of individual abilities and attitudes with organisation requirements
- To create a positive image of the organization. This is one of the “by the way” advantages of recruitment. By placing a vacancy in a newspaper, the organisation also advertises itself and its products or services
- To contribute to the profitability of the organisation and to ensure its continuance often the most suitable candidate has been appointed
2.1.2 Guidelines for recruitment

- Draw up a recruitment policy before recruitment is started
- Complete human resource planning and forecasting before recruitment is started
- Recruitment practices must always be based on the recruitment policy
- Do a thorough job analysis of all positions in the organisation
- Draw up complete job specifications for all positions in the organisation
- Recruitment must be done to satisfy the demands of the organisation and to suit the product/services that the organisation produces/offers
- The recruitment process must be cost-effective
2.1.3 Factors influencing recruitment in SA

- Trade unions can set requirements about the amounts and qualifications that future employees need to comply with.
- Many changing laws and ordinances in South Africa have to be adhered to by organisations when recruiting.
- South Africa is currently experiencing an oversupply of unskilled and semi-skilled job seekers moving into the urban areas from the rural areas and an undersupply of skilled technical workers. Recruitment might have to be done internationally to fill vacant positions;
- Policy of internal versus external transfers/promotions will determine whether the organisation prefers to move currently employed candidates internally and train them for their new positions, or whether money should rather be spent on advertising and obtaining “new blood”.
- Standards that are followed during the recruitment process must not be too high or too low.
2.1.4 Sources of recruitment

- **Internal sources:**
  - Electronic bulletin boards
  - Performance appraisals
  - Notice boards
  - Organisation newsletters / papers
  - Personnel records which will identify employees with the necessary abilities. For this purpose, records should be kept meticulously up to date
  - Skills inventories which will identify, in addition to the personnel records, whether a person can be allowed to move out of his / her present position
  - Word-of-mouth
  - Persons who have indicated that they would like a transfer
2.1.4 Sources of recruitment

- Advantages of internal recruitment
  - Cost saving
  - The risk of upsetting the existing organisation culture with new values is prevented
  - The productivity of the employee continues to be high
  - The employee who is promoted will be positively motivated and increase his loyalty because he sees it as a reward for the work he has done
  - Employee morale is boosted
  - Career succession planning is made possible
  - The positive and negative aspects of each existing employee is known and this allows management to make a more realistic choice for the purposes of promotion or transfer, since the person is known to them
2.1.4 Sources of recruitment

• **Disadvantages of internal recruitment**
  – Losing out on candidates with potential outside of the organisation
  – A situation where no new ideas are introduced, since a candidate from outside might have brought creative new ideas with him/her
  – High costs related to the training of an employee in a new position
  – If an employee applies for a position and the person is not successful, that employee could become demotivated, especially if he loses to a person from an external source
  – Promoted employees may continue with previous work methods and ethic and might not successfully adapt to new expectations, or expectations from a different department/section
  – Possible legal action from an outside source or union if it is felt that the recruitment process was not fair towards persons outside of the organisation.
2.1.4 Sources of recruitment

- Private employment agencies
- Executive search firms
- Head-hunting/raiding
- Walk-ins
- Referrals
- Professional associations
- Advertisements
- Campus recruitment
- Temporary help
- Labour unions
2.1.4 Sources of recruitment

- **Advantages of recruiting from external sources**
  - Organisation has the opportunity of recruiting new blood

- **Disadvantages include:**
  - A possibility of conflict arising from existing employees who feel jealous at being ignored for the position
  - High costs involved in the advertising, interviewing and induction programmes
  - Initial low productivity while the new employee finds his/her feet in the organisation
  - A very real possibility of having employed a person who does not fit into the culture of the organisation
2.2 Explain how to screen and select suitable staff according to a basic selection plan

• **What is selection?**
  – The process whereby the organisation decides whether to make a job offer based on a match of individual characteristics and competencies with the requirements of the job described in the job specification

• **What is screening?**
  – The elimination of applicants whose individual characteristics do not match the minimum requirements of the job
2.2.1 Factors affecting the screening and selection process

- Whether the screening and selection is done by the personnel department, or whether it is being done by another person (usually the manager of the department in which the vacancy exists), it is necessary that the person responsible is experienced enough to judge the personality and competencies of the candidate.

- Apart from the personal qualities that the selector needs to possess, he/she will need adequate and complete information on all the candidates.

- The screening and selection of candidates in a small organisation will be more informal and less structured than in a large organisation where procedures have to be followed.

- The product produced or service given by the organisation will decide which abilities have to be tested by the organisation. The use of equipment also has to be considered.
2.2.1 Factors affecting the screening and selection process

• If a large number of candidates apply for a vacancy, then the selection process will be more complicated, take longer and will require more people to do the screening and selection.

• If a highly specialised position is vacant, the person doing the screening and selection should possess the same skills as those required for the vacant position, to assess the candidates correctly.

• Trade unions can put pressure on behalf of their members to ensure employment of specific persons, or persons from certain groups.

• Favouritism (nepotism) can influence the selection

• With the high unemployment figures in South Africa, a situation could also arise where an interviewer is bribed by an applicant and so selected.
2.2.2 Screening and selection process

- The existence of an up-to-date and complete job specification is the first requirement for the screening process.
- Applications are sifted/screened by the personnel department on the basis of completed job applications.
- Applications must be compared with key criteria in the job specification.
- The applications will be sorted into three categories, which are: possible, marginal and unsuitable.
- All chosen applications are checked to ensure that they include the minimum requirements for the job as specified in the job description.
2.2.2 Screening and selection process

1. Comparisons between different applicants can be made, since an application form is a standardised document.

2. The “marginal” list should receive letters which indicate that they were not successful, but that their applications are being held in case a position does become vacant. A standard rejection letter is sent to the unsuccessful applicants.

3. A provisional/preliminary or initial screening interview is held, most often by an HR officer, lasting only 10 minutes, to decide whether the applicant really has the minimum competencies that the job requires.

4. Testing will now take place to measure the applicant’s job skills and the ability to learn on the job; to determine his / her ability, aptitude, interests and intelligence; where a specific health condition will require a medical test; to get a true picture of the candidate and to eliminate all incorrect and biased information already acquired.

5. Reference checks and background investigations are then conducted, to check the truthfulness of the applicant’s information.
2.2.2 Screening and selection process

- Checks are usually run on academic qualifications by contacting the educational institutions from where the qualifications were obtained.
- An in-depth interview is held next to find out more about the applicant as an individual in a face-to-face encounter. This is conducted by the manager to whom the applicant will report.
- A medical physical examination is done next, usually by the company doctor.
- Candidates for managerial positions are put through an additional stage. During this stage, the short-list applicants will be observed for a few days while the candidates are put through a variety of simulated tasks, tests and exercises. This type of selection method is called *assessment centres*. At the end of the sessions, a choice is made, and the most suitable candidate is appointed to the position.
- An offer of employment will then be made, which will include a salary plus all additional benefits. If the chosen candidate does not accept the offer, an additional interview can be held with other applicants on the final short-list.
2.2.3 The interview

• **Purposes/reasons for interviews:**
  – To gather information about the candidate since it is the main source of information
  – To judge whether the candidate is suitable for the position
  – Comparison of candidates
  – Exchange of information which enables both parties to make a decision
2.2.3 The interview

- **Guidelines for effective interviews**
  - Establish rapport, since the interview is an artificial situation and it is up to the interviewer to break down the barriers to win the confidence of the candidate.
  - An interviewer must try to eliminate the possibility of the interviewee being able to manipulate the situation by giving false and distorted information to the interviewer.
  - Interviewers must be trained and experienced. They must be able to judge whether the facts on the application form are the same as the facts given during the interview. They must be able to judge the applicant’s ability to communicate. The interviewer must also be able to use different interviewing techniques and to structure the interview for maximum effect.
  - The interviewer must have considerable knowledge of the organisation and its processes.
  - The applicant must be informed of the requirements of the job, the conditions of employment, benefits, etc.
2.2.3 The interview

- Be well prepared, by reading all applications through thoroughly ahead of time and by preparing the questions that will be asked. Reading of the application also enables the interviewer to identify areas where there is insufficient information.

- Be a good communicator. Put the applicant at ease by means of a personal introduction, small talk about the applicant’s trip, etc. The interviewer should use a conversational and natural tone of voice.

- The interviewer must not be prejudiced. He must be objective.

- The interview must be held in a private and comfortable area, free of interruptions.

- Open the interview with an opening question which is general in content e.g. “why would you like to work for this particular organisation?”
2.2.3 The interview

• Ask meaningful and structured questions
• Prepare a questionnaire beforehand. Should a panel be present, ensure that all members have a copy
• Ensure that communication does not break down for any reason
• Ask questions in a logical sequence to help interviewees order their thoughts and do not settle for vague answers
• Never ask leading questions or questions that imply bias or prejudice. Remember that it is unconstitutional to ask questions based on prejudice and bias
2.2.3 The interview

• The interviewer should guide the interview and still create an atmosphere of trust by allowing the interviewee the opportunity to talk. The applicant must not be interrupted and the interview should not be rushed.
• The interviewer must not repeat questions that have been answered on the application form. This is only done if further clarification is necessary.
• Do not allow an applicant to get off the subject. Use a suitable question/comment to bring him/her back to the objective of the interview.
• Do not dominate the conversation. Be a good listener. The interviewer must not prejudge the interviewee.
• Make notes of the important issues mentioned by the applicant and notes about your perception of the applicant. This type of information is necessary to compliment the information contained in the curriculum vitae and application form.
2.2.3 The interview

- The interviewer must show empathy and place himself in the shoes of the applicant. Beware to not “project”, however. This means that the interviewer might judge others according to his/her own values, ideas and feelings.
- The interviewer must beware of the “halo” effect, where one outstanding characteristic of an applicant overshadows all negative aspects.
- Enough time must be spent with every applicant. An applicant must not get the feeling that he has been given less of a chance than another applicant.
- Allow enough time for the interview. Do not rush and thereby only touch on, or even leave out important information. This leads to over simplification, where traits could be overlooked.
- Arrange a tour around the organisation, should a decision be made at the time of the interview.
2.2.3 The interview

• Indicate to the interviewee when the interview is reaching its conclusion. End the interview with a closing summary question. This will allow the interviewee the opportunity to ask questions which are still bothering him and give information that he has not yet given.

• Ask the applicant whether he/she has any questions and answer all questions truthfully.

• Explain to the applicant how he/she will be notified of his/her selection or unsuccessful application.

• Close the interview when there are no more questions to be asked from either the interviewer or the interviewee.

• An interview report must be completed as soon as possible and checks on validity of information should be done.
2.2.4 Screening and selection tests

- Performance/competency tests
- Aptitude tests
- Intelligence tests
- Interest tests
- Personality tests
- Psychological tests
- Trainability tests
- Assessment centre
Activity 2

• Collect a week’s worth of newspapers – local, provincial and Sunday newspapers. Use the “careers” section of the newspapers.
  – Select 5 advertisements for vacancies
  – Open a file for each position
  – Do a job analysis by listing the (1) tasks that the incumbent will have to perform; (2) the relationship of the job to other jobs; and (3) the qualifications and skills that the incumbent has to have
  – Do a job evaluation (the information ought to be in the advert, otherwise make a few phone calls to organisations and ask them what the going rate is for such a position)
Activity 2

- Do a job specification. Identify all the items in section 1.2.4
- Make a list of possible sources to advertise for the positions
- Choose one of the positions and let your classmates from other groups apply for the other positions
- Do the selection and screening process
- Invite those on the short-list for the interviews
- Each group should do at least one interview, the group role-playing the positions of chairperson, secretary, immediate supervisor and HR specialist
2.3 Explain the importance of employment contracts being in place in the new venture

- Both parties will know exactly what is expected of them
- Ensures that neither party acts illegally or unfairly towards the other party
2.4 Explain procedures for drawing up employment contracts

• Two conditions described in the contract of service:
  – Conditions of the workplace which must be safe and risk free
  – Conditions of remuneration and benefits which are negotiated before the employee accepts a position.
2.4.1 Applicable legislation

- *Labour relations act no. 66 of 1995 (as amended)*
  - Describe the labour relationship between employees and employers and to specifically draw the boundaries of what is allowed and what is not
  - Describe minimum regulations for conditions of employment
  - Protect both employees and employers from each other
  - Protect the health and safety of all employees and employers
  - To protect the right of employees to become involved in collective labour action
  - To promote labour peace within the workplace through dispute settlement procedures
  - To protect all parties from unfair labour practices
2.4.1 Applicable legislation

• Basic Conditions of Employment Act No 75 of 1997
  – Describes the minimum standards which will be accepted within the workplace
  – Aims to ensure that employees advance economically
  – Aims to ensure that employees receive social justice
  – Applies to all employees except:
    • Members of the SANDF; the SASS and the NIA
    • Unpaid volunteers
2.4.1 Applicable legislation

• The only time another law is additionally applicable to the BCEA is when:
  – Any other law provides a clause that is more favourable to the employee
  – The basic conditions of employment have been replaced, varied or excluded for a reason described in the BCEA
  – A part of the contract of employment is more favourable to the employee than the BCEA
2.5 Employment equity

• Governed by the Employment Equity Act
• Further enforced by the Broad-Based Black Economic Empowerment Scorecard
2.5.1 Reasons for equity in the employment process

- Equity processes are necessary to ensure proper representation of all groups in South Africa
- To prepare and implement an employment equity plan that will achieve reasonable progress towards employment equity in the workplace by setting annual objectives
- To identify barriers and take steps to eliminate them
- To implement positive measures
- To set a time-table and to decide on strategic and numerical goals to address under-representation
- To decide on the duration and the table for the plan
- To set up a procedure to monitor and evaluate the plans
2.5.2 Practical implications of the Act

• What are the advantages of the Employment Equity Act?
• What are the disadvantages of the Employment Equity Act?
2.5.3 Formulation and implementation of the plan

• **Purpose of the Equity Act:**
  – To achieve equality in the workplace by:
    • Promoting equal opportunity for employment and fair treatment through the elimination of unfair discrimination
    • Implementing positive measures to redress the disadvantages in employment experienced by black people, women and people with disabilities
    • In order to ensure their equitable representation in all occupational categories and levels in the workforce
    • Elimination of employment barriers
    • Further diversity on the basis of equal dignity and respect for all
    • Preferential treatment for the disadvantaged groups
    • Retraining, training and development of all people
2.5.3 Formulation and implementation of the plan

- **Prohibition of unfair discrimination**
  - To achieve equality in the workplace by:
    - Promoting equal opportunity for employment and fair treatment through the elimination of unfair discrimination
    - Implementing positive measures to redress the disadvantages in employment experienced by black people, women and people with disabilities
    - In order to ensure their equitable representation in all occupational categories and levels in the workforce
    - Elimination of employment barriers
    - Further diversity on the basis of equal dignity and respect for all
    - Preferential treatment for the disadvantaged groups
    - Retraining, training and development of all people
2.5.3 Formulation and implementation of the plan

- **Prohibition of unfair discrimination**
  - No person may unfairly discriminate, directly or indirectly against an employee, in any employment policy or practice, on one or more grounds, including race, gender, sex (pregnancy), marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, political opinion, culture, language and (birth)?
  - Discrimination is not unfair when:
    - Positive measures are taken consistent with the purposes of the act
    - When a person is distinguished, excluded or preferred on the basis of the inherent requirements of a job
2.5.3 Formulation and implementation of the plan

- **Prohibition of unfair discrimination**
  - Testing of an employee for any medical condition is prohibited unless:
    - Legislation permits or requires the testing
    - It is justifiable to do so in the light of medical facts, employment conditions, social policy, the fair distribution of employee benefits or the inherent requirements of a job
    - For the purposes of the act “employee” includes the applicant for employment
2.5.4 Content of an employment contract

• Regulation of working time
  – Ordinary hours of work e.g. from 07:00 to 16:00
  – Overtime
  – Flexi-time
  – Length of meal intervals
  – Daily and weekly rest periods
  – How overtime is remunerated
  – How night work is remunerated and what the arrangement is
2.5.4 Content of an employment contract

• Leave arrangements
  – How many days annual leave a person may take and how a person is paid during that time
  – How many days sick leave are allowed and when doctor’s letters are required
  – When and how a person may apply for payment in the case of accidents and disease as a result of working conditions and how much should be paid
  – How much leave is available for maternity leave, when it may be taken and all conditions regarding this
  – When leave may be taken for family emergencies, how many days and how to apply for it
2.5.4 Content of an employment contract

- **Particulars of employment and remuneration:**
  - Information to be recorded about the employee by the employer
  - How salaries are to be paid e.g. daily or monthly, in cash or by cheque, etc
  - What type of deductions are made and permitted amounts, e.g. for UIF (Unemployment Insurance Fund)
  - Calculation of remuneration and wages
2.5.4 Content of an employment contract

- **Termination of employment:**
  - What the notice period for termination of employment should be
  - If payment may be received instead of notice
  - Employees who are dismissed, but who live in accommodation provided by the employer
  - Severance packages
  - Certificate of service
Activity 3

• Draw up an employment contract for the person your group had interviewed previously
2.6 Explain how to inform new recruits / employees of their duties

- Placement is the final step in recruitment
- Sometimes an applicant is placed in a temporary position to:
  - See whether he really does fit the position. This time is called the probation period
  - Place him / her in a temporary position which will orientate him to the organisation, its rules and regulations. Later he / she could be moved to his / her actual position
  - Employ him / her in any available position temporarily until his / her position becomes available, to avoid losing a valuable employee
2.6.1 Induction

- **Aims and objectives of induction**
  - To make the first, strange days in an organisation easier and to inform employees about the basics of the organisation
  - To establish a positive attitude to the organisation, their situation and their responsibilities
  - To ensure that the employee becomes productive as soon as possible since a new employee will be unfamiliar with the way in which the work must be done and how the organisation functions
2.6.1 Induction

- **Aims and objectives of induction**
  - To help to create realistic employee expectations to save the time of supervisors and colleagues in the long run
  - To prevent accidents, wastage of materials, time and damage to machinery and equipment
  - To promote the culture of continuous training for the future
  - To save the time of the existing employees, who will inevitably be the ones that the new employee will request help from.
2.6.1 Induction

• **Process of induction**
  – The aim is for the employee to become productive as soon as possible
  – The employee should appoint a mentor
    • explain his tasks
    • the office routine
    • introduce to new colleagues
  – The HR department will provide
    • a general overview
    • an overview of the building
    • information on working conditions
    • a manual or guide
2.6.1 Induction

• **Guidelines for effective induction**
  – Introduce individually where possible.
  – A mentor must be appointed for the new employee.
  – Introduce the new employee to his new colleagues gradually.
  – Do not expect the new employee to be productive in the beginning.
  – Induction must always be systematic and gradual.
Activity 4

• Role play meeting the new employee on his/her first day of work by doing a basic induction with them. Take turns to be the new employee and the HR specialist or immediate supervisor.
2.7 Explain methods and procedures to manage employees on an ongoing basis
2.7.1 Compensation management

• Importance of compensation management for the employee
  – Compensation motivates an employee to be productive
  – It motivates employees to work towards personal goals and ultimately towards the goals of the organisation
2.7.1 Compensation management

- Importance of compensation management for the employer
  - Organisations attract high-quality staff who fit the culture of the organisation and will help it to be successful
  - Organisations keep and develop their workforce. This includes career development, promotion, salary increases and a comfortable working environment
  - Teamwork and quality will result from compensation
  - It stresses the values of the organisation by linking rewards to performance
  - It establishes clear objectives for employees
  - It gives clear messages to poor performers that they must improve or go
  - It ensures that the organisation is in line with the remuneration of similar employees in the same branch of industry or market
  - It ensures that the organisation will comply with legal requirements
  - It ensures that the organisation is administratively efficient
2.7.1 Compensation management

- **Factors which influence compensation management**
  - Current salary and wage structures in similar organisations
  - Trade unions
  - Legislation
  - Productivity, since organisations cannot compensate an employee for that which he does not produce
  - Wage and salary policy of the organisation
  - Financial position of the organisation
  - Demand and supply of manpower, since an oversupply of manpower will cause compensation to drop
  - Cost of living, since high inflation rates could have serious effects for the organisation
  - Worthiness of employees
  - Value of the job.
2.7.2 Additional maintenance activities

- Human resource utilisation
- Human resource development
- Ensuring a healthy and safe environment
2.7.2 Additional maintenance activities

- **Ensuring a healthy and safe environment**
  - Having the necessary medical facilities on the premises to monitor the health of all employees on an on-going basis
  - Implementing programmes to assist persons who are suffering from alcoholism, drug addiction (inclusive of nicotine addiction), mental disorders, AIDS or tuberculosis
  - Implementing safety and health awareness programmes in all areas of physical and mental health applicable to the workplace and home
  - Paying special attention to the cleanliness and hygiene of all facilities
  - Providing first-aid and paramedic facilities without delay when needed
  - Keeping of confidential and comprehensive medical records
2.7.2 Additional maintenance activities

• **Ensuring a healthy and safe environment**
  – Ensuring that the necessary laws are implemented and followed
  – Implementing a company policy inclusive of all health and safety measures
  – Developing safe and healthy processes and procedures
  – Including these processes and procedures in the disciplinary code of the organisation to stress the importance of safe and healthy working conditions and actions
  – Observing and inspecting working conditions regularly;
  – Investigating and reporting accidents;
  – Measuring safety;
  – Acknowledging safe and healthy working conditions and actions of employees.
2.8 Explain and demonstrate how to review performances

- Steps / procedures
- Aims / objectives
- Guidelines
2.8.1 Steps and procedures

- Define the job by drawing up job specifications and specific job descriptions. This step is undertaken by the HR department and departmental managers together.
- The employee and the immediate superior will discuss tasks and standards of performance together.
- Continuous informal appraisal should be undertaken on a daily basis by evaluating all work that is being done.
- Appraise the performance formally by also using input from customers, etc.
- Provide feedback formally to the employee in the form of a meeting.
- Calculate the complete performance level of the employee in terms of renumeration.
- Rewards for the high achieving employees.
2.8.2 Aims / objectives

- To control the performance of an employee against previously set performance criteria/standards and to identify how effectively an employee is performing.
- To identify job problems and to improve the performance of the employee.
- To assist with job evaluation and appraisals to design jobs appropriately for the organisation.
- To motivate employees to achieve personal goals and ultimately the goals of the organisation.
- Performance appraisals are usually linked to some sort of motivational scheme to reward employees fairly.
- To identify training needs if related to performance.
- To serve as a communication medium between management and the worker.
- Performance appraisals can also identify aspects external to the job context which are causing problems in a person’s performance.
2.8.3 Guidelines

• The appraisal system decides the future of the employee in the organisation and should therefore be accurate and fair.

• Feedback to the employee concerning his performance appraisal should be timely.

• Employees need to be praised for the positive aspects of their job performance, but must also be informed in a positive manner about where their performance falls short.
3. IDENTIFY AND COMPILE BASIC EMPLOYMENT POLICIES AND PROCEDURES

At the end of this outcome you will be able to explain:

• How to establish disciplinary procedures;
• How to establish grievance procedures;
• The implementing of downsizing procedures;
• How to compile and implement basic development plans to further develop skills of employees;
• How to understand the role of employees, trade unions, employers and the government in the workplace
3.1 Important of basic employment policies and procedures

• They ensure that all persons are treated fairly and in the same way
• Employees have the right to know how to approach the management of the organisation if they are unhappy about something
• Employees have the right to approach and challenge the employer
3.2 Explain how to establish disciplinary policy and procedures

- Aims and objectives of a disciplinary policy and procedure
- Requirements for a disciplinary policy and procedure
- Types of disciplinary actions
- Steps in the disciplinary procedure
- Guidelines for a disciplinary hearing
3.2.1 Aims and objectives of a disciplinary policy and procedure

- To identify and clearly describe the difference between unacceptable behaviour and acceptable behaviour and aim to prevent anybody from doing anything unacceptable
- To correct and adjust unacceptable behaviour
- To indicate to an individual correct and acceptable type of behaviour
- To prevent any type of loss e.g. production loss, staff loss, loss of life, etc.
3.2.2 Requirements for a disciplinary policy and procedures

- It should be flexible.
- It should be fair and treat ALL employees equally.
- It should be known to all employees.
- Regular communication and explanation is necessary to prevent punishment and dismissal.
- All relevant persons must participate in the drawing up and implementation of the system.
- It should be easy to understand, realistic to implement and where possible be in the languages of all employees.
- Wrongful actions and resulting disciplinary actions should be recorded.
- Action should be taken soon after a transgression.
- Mitigating circumstances must be taken into consideration in every case.
3.2.3 Types of disciplinary actions

<table>
<thead>
<tr>
<th>Types</th>
<th>When used</th>
<th>Purpose</th>
<th>Action description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal verbal warning</td>
<td>When a wrongdoing is not very serious</td>
<td>To prevent the action from being repeated</td>
<td>Takes place during an informal conversation</td>
</tr>
<tr>
<td>Formal verbal warning</td>
<td>When a wrongdoing is slightly serious</td>
<td>To prevent the action from being repeated</td>
<td>Formal conversation, recorded, valid for 6 months</td>
</tr>
<tr>
<td>Written warning</td>
<td>Serious</td>
<td>To warn the employee that a repeat could have serious consequences</td>
<td>Could be given for a 1\textsuperscript{st}, 2\textsuperscript{nd} or 3\textsuperscript{rd} repeat. Valid for 6 months</td>
</tr>
</tbody>
</table>
| Final written warning      | When a serious wrong doing has received a written warning before | To inform an employee that a repeat could lead to dismissal | Valid for 1 year
### 3.2.3 Types of disciplinary actions

<table>
<thead>
<tr>
<th>Types</th>
<th>When used</th>
<th>Purpose</th>
<th>Action description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demotion</td>
<td>Used as an alternative to dismissal</td>
<td>Used as punishment</td>
<td>Must be accepted by the employee</td>
</tr>
<tr>
<td>Suspension with pay</td>
<td>A serious wrongdoing has been committed and investigation is underway</td>
<td>To prevent the employee from entering the premises during the investigation</td>
<td>Can be for a period of 30 days</td>
</tr>
<tr>
<td>Suspension without pay</td>
<td>A serious wrongdoing has been committed and proved</td>
<td>To prevent the employee entering the premises</td>
<td>At the end of the investigation, sentencing will follow</td>
</tr>
</tbody>
</table>
### 3.2.3 Types of disciplinary actions

<table>
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<tr>
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<th>When used</th>
<th>Purpose</th>
<th>Action description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Termination of service</td>
<td>A serious wrongdoing has been committed and proved</td>
<td>To end the employer / employee relationship</td>
<td>Procedures described in code of practice and legislation is followed</td>
</tr>
<tr>
<td>Transfer</td>
<td>Personality clashes between employee and other employees</td>
<td>To apply valuable services elsewhere and to stop disruption</td>
<td>Consultation with trade union and employee</td>
</tr>
<tr>
<td>Penalties</td>
<td>Outdated and not allowed in current legislation unless specifically agreed to by trade unions and employees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.2.5 Guidelines for a disciplinary hearing

- Always ask open-ended questions
- Concentrate on facts and not on personal opinions
- Avoid emotional tones to prevent outbursts.
- Ask the employee for his suggestions to solutions and alternatives
- Further the self-image of the employee by concentrating on the positive
3.3 Explain how to establish a grievance policy and procedures

- **Types of grievances:**
  - Individual grievances
  - Collective grievances

- **Grievances can be over**
  - Remuneration
  - Working conditions
  - Unfair treatment
  - Training and development
  - Equipment and facilities
  - Disciplinary action
3.3.1 Requirements and objectives of a grievance policy and procedures

• A grievance policy should
  – Create positive opportunities for upward communication
  – Prevent disputes from taking hold and developing into serious industrial action
  – Listen to the complaints and deal with them purposefully and not ignore or forget about them
  – Encourage employees to talk about their problems so that it can be dealt with, and management must not victimise those who use the opportunity to come and talk
  – Take all complaints seriously, and be fully involved in the process of solving the problems
  – Management must deal with all complaints immediately without any delay
  – Be easy to use and easy to understand
3.3.2 Steps in a grievance procedure

• **Step one**
  – An employee or group of employees verbally raise a complaint with immediate superior
  – **Superior has two working days to get back to employee**

• **Step two**
  – The solution from the superior is unacceptable and the employee or group of employees go to the same superior with their trade union representative and verbally demand an answer
  – **Superior has two working days to get back to the employee or group of employees**
3.3.2 Steps in a grievance procedure

• Step 3

  – The solution is still unacceptable and the employee or group of employees hand in a written grievance letter
  – The superior hand the representative a standard form to fill in which has previously been drawn up after participation by management and employees
  – The letter or form is handed to the departmental head
  – The departmental head does a proper investigation
  – Discusses the matter with all relevant persons
  – Gives his answer in three working days in a formal written letter
3.3.2 Steps in a grievance procedure

• Step 4
  – The answer is still unacceptable and copies of all documentation is handed to the general manager
  – The authority forms a committee to discuss the matter
  – Has four working days to give a written answer
3.3.2 Steps in a grievance procedure

- **Step 5:**
  - The answer is still unacceptable
  - The representative writes a formal letter stating this within 5 working days and informs them that a dispute is to be lodged
  - **End of grievance procedure**
3.4 Explain the implantation of downsizing procedures

• Methods of downsizing
• Retrenchments
3.4.1 Methods of downsizing

- Retrenchments
- Redundancy
- Lay-offs
3.4.2 Retrenchments

• Guidelines for retrenchments
• The trade unions represented and the groups of employees who will be affected have to receive proper notice
• negotiations with the trade unions must take place before retrenchments can take place. Alternatives to retrenchment must be discussed with the trade unions. These alternatives can be to:
  – stop using contracting services
  – to reduce or totally stop shift work
  – to temporarily lay people off or
  – temporarily close down some parts of the organisation
  – to let all employees take their accumulated leave
  – to not take in temporary staff
  – convince persons close to retirement to go on early retirement
  – not recruit new employees
  – work shorter hours
  – not work any overtime
  – to encourage all employees to agree to salary cuts, etc
3.4.2 Retrenchments

• Guidelines for retrenchments
  – Trade unions must agree to the criteria or reasons that will be used to retrench employees
  – All retrenchments must be fair and equal
  – Severance pay must be negotiated and eventually paid. Severance pay is linked to the length of service of employees. The minimum is to pay two weeks’ salary per every year of service
  – The organisation must promise to re-employ retrenched workers into their old positions when it becomes economically healthy to do so again
  – Trade unions should insist on the principle of LIFO (last in first out) for retrenchments. That means that those employees with longer service records will be the last to be retrenched. The only exceptions will be for those with special skills and those who are breadwinners
  – The organisation must take special or personal circumstances into account before retrenching employees.
Activity 5

• Some of the class will act the part of employees that have been informed that they will be retrenched. Others act the role of the trade union representatives and others will be management. Role-play the grievance procedure until all students have had an opportunity to take part.
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

• **What is a career?**
  – A career includes all the successive jobs or positions that a person will hold in a lifetime, plus the training and preparation needed to qualify for a job

• **What is a career path?**
  – A career path will be formed by a series of separate but related experiences in the chosen occupation or profession
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

- **What is career development?**
  - A way for an organisation to sustain or increase its employees’ productivity, while also assisting them to meet the challenges in the world outside of the organisation

- **What is a career management?**
  - The individual's planning and controlling of their own career
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

- **What are career expectations?**
  - Refer to what the individual eventually wants to achieve with his own working efforts
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

• Importance of career development to the employer
  – Ensures that the right people are available to meet staffing requirements
  – Enables people to handle different types of work and keeps up with the skills needed by developing technology;
  – Necessary for employees to be flexible and adaptable in order to find alternative employment easily or fit in with the changes;
  – Effective use of the work-force will assist in reducing absenteeism, lower staff turnover, improved morale among employees, less wastage, better organisation image, improved performance, up to date skills and knowledge, solved organisation problems, preparation for promotion, increased job satisfaction, which ensures increased productivity
  – Ensures that the organisation recruits and retains talented and competent employees
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

- **Importance of career development to the employer**
  - Development of the individual to reach his full potential and be prepared for promotional possibilities within the organisation
  - Realistic job and career expectations which match the abilities and needs of the individual
  - It ensures that persons from previously disadvantaged groups are given the opportunities to develop and to move up the corporate ladder
  - It reduces employee frustration due to subjectively blocked promotional paths
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

- **Nine step strategy to contribute to a successful career**
  - To accept that there will be some conflicts between the employee and the organisation and that the responsibility for building a successful career lies with the individual
  - To accept the fact that superiors are essentially unconcerned with an individual’s career ambitions and more concerned with the success of the organisation
  - To analyse your own goals
  - To analyse your assets and liabilities
  - To analyse your opportunities
  - To learn the rules of company politics
  - To plan your career
  - To carry out your plan
  - To chart your progress
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

- **Responsibility of the employer with regard to career development**
  - The *organisation* should create career opportunities and advise employees about the various career paths that are available within the organisation.
  - The human resource department is usually responsible for controlling and co-coordinating career development programmes, by providing information, tools and guidance and informing employees about new positions that are being created.
  - The organisation needs to assess each employee individually and critically evaluate the age, experience, etc. levels at which the employee is at that moment and start the career planning process from that point.
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

- **Responsibility of the employer with regard to career development**
  - The employee’s immediate superior should help the subordinate with the planning of his / her career. The superior should act as advisor, counselor, performance appraiser, coach and mentor for the subordinate.
  - The following steps can be followed by the organisation to ensure effective career development:
    - Step 1: match the goals of the individual with those of the organisation
    - Step 2: ensure that career development is understood and accepted by all the parties concerned
    - Step 3: ensure that the career development of the individual is feasible in terms of future environmental trends and values
    - Step 4: ensure continuous support by the organisation by periodically reviewing the employee’s progress
  - The organization should provide opportunities for self-study inside and outside the organisation, by regular informal discussions and by counseling sessions, should problems arise.
  - The organisation should present challenging job assignments early in the person’s career
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

- **Methods of career development**
  - Training
    - On the job training
    - Off the job training
  - Development
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

• **Guidelines for successful training**
  – Training must be continuous
  – It must be applicable to the work situation of the employee
  – It must be continuously evaluated and adapted
3.5 Explain how to compile and implement basic development plans to further develop skills of employees

- Guidelines for successful development
  - Commitment of employers to career development
  - The individual must be involved in his own development
  - Superiors must be encouraged to delegate so that the subordinates can have an opportunity to do higher level work
  - All employees must be involved in career development planning sessions on a continuous basis
  - Identify the goals of the individual and match them with the goals of the organisation
  - Link career development to future trends and needs of the organisation
Activity 6

• Take a few moments to think about where you want to work one day or what you want as a career. Do this in silence and be serious about this activity. Then map your career through all the training and development stages required to reach your goal. When the class has finished, let each one present his map to the class and have a discussion.
Understand the role of employees, trade unions, employers and the government in the workplace.
4. EXPLAIN AND DEMONSTRATE PLANS RELATING TO LEGISLATIVE MATTERS TO STAFF AND STAKEHOLDERS

• At the end of this outcome you will be able to:
  • Explain and demonstrate how to communicate plans related to legislative matters to staff and relevant stakeholders
Explain and demonstrate plans relating to legislative matters to staff and stakeholders

• What are examples of employees organisations?
  – Plant level committees
  – Works councils
  – Shop steward committees
  – Health and safety committees
Explain and demonstrate plans relating to legislative matters to staff and stakeholders

- Why is it important for employees to be part of these committees?
  - Employees need to have information about their workplace and working conditions
  - These structures provide a channel for upward communication where questions can be asked and whereby complaints can be taken to higher levels
  - Employees can participate in decision-making. This greater involvement will lead to greater motivation and commitment
  - It empowers employees and therefore leads to labour peace
4.1 Plant level committees

- Briefing / information groups
- Workplace forums
- Productivity committees
- Technology committees
- Social responsibility committees
4.1.1 Briefing / information groups

• **What is a briefing group?**
  
  – A briefing group is where employees and employers can meet face-to-face and where groups of employees can be informed about aspects of the organisation and their workplace that directly affect them, whether they belong to a union or not.
4.1.1 Briefing / information groups

• Guidelines for briefing groups
  – It must take place verbally and face-to-face. It must not be a written document. A written document will however be the basis from which the superior will lead the discussions
  – Employees will have the opportunity to ask questions
  – Briefing groups must not be smaller than 3 or larger than 20 people
  – Meetings must be held regularly for approximately 30 minutes, and must take place during working hours
  – Departmental managers and supervisors must lead the meetings. They must be well prepared, use easy language and provide a translator if needed
  – Meetings must be meaningful
  – Feedback must be given to higher authority by the meeting leader, after a meeting
  – It is usually not a forum where participative decision-making takes place. It is merely a meeting where employees will be informed of new developments, etc
4.1.2 Workplace forums

• This is a forum or committee for discussion where all employees can take part, not only those that belong to trade unions. Joint decision-making and participation occurs within a workplace forum
4.1.3 Productivity committees

• This is a committee where employees are informed about the productivity level of the organisation and where employees can offer their ideas and solutions to this particular area.
4.1.4 Social responsibility committees

• This is a committee where participating employees will be informed of the introduction of new technology and new procedures within the organisation
4.1.5 Social responsibility committees

- This is a committee where employees can become involved in the social responsibility activities of the organisation. This refers to outside interests of the organisation e.g. a factory can become involved in the provision of a literacy course for the family members of their employees, or a mine can sponsor and assist with the training of a soccer team in the local community, etc.
4.2 Works council

- Consist of an equal number of management members and employee representatives
- The method followed will be a discussion
- No negotiation will take place
- Matters of common interest will be discussed.
- Items on the agenda normally include issues where there is dissatisfaction. These issues, once tabled, will be taken to a higher authority
4.3 Shop steward committees

- Where there are different trade unions represented in one industry or geographical area, the representatives of these unions will come together to discuss problems and strategies that are of mutual interest.
4.4 Health and safety committees

Functions of the health and safety committees:

– To ensure a safe workplace
– To review complaints and reports from employees and safety representatives
– To be involved in the training of employees in the area of health and safety
– To receive and deal with reports on health and safety
– To ask for participation and ideas for improved health and safety measures
– To deal with claims and complaints regarding unsafe and unhealthy situations and conditions
Activity 7

• Divide the class into groups and let each group do a health and safety inspection of the college. This activity should span over a few lessons, where the groups will have the opportunity to do a walkabout of the classrooms, administration areas, recreation areas, etc. Make a list of each area visited and list all unhealthy and unsafe conditions, conditions and actions. Afterwards let the groups compare notes and prepare a report to be presented to the management of your department.