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1) INTRODUCTION


The below questions are based on all the learning units of HRM3704, where the following topics were discussed (7):

- Expatriation cycle
- Third Country Nationals (TCN's)
- Traits of an unsuccessful leader
- Effective executive teams
- Corporate governance processes
- Ethical leadership
- Comparison between traditional and contemporary HRM activities

These topics will be address when answering eight questions based on two case studies.

2) DECLARATION

Please note that I have attempted to answer the questions to the best of my ability, and can confirm that this work is my own original work, with the exception of any particular quotes. All additional sources I have used in answering the questions will be acknowledged in the bibliography.



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QUESTION 1:

Question 1.1

Critically discuss the expatriation cycle used by Siphon Ngubeni to fill the administrative position in New Zealand. (The cycle involves selection, training, development and repatriation.)

According to the information provided in the case study (1), the company have been in operation for 16 years and have branches in various different countries. Judging from the age of the company, and the fact that they already had locations in other countries, it could reasonably be assumed that the existing managers had experience in managing a MNE. There is no evidence in the text of an IHRM policy being in place – by this I mean that a plan in place for staff who were international employees, and that they are treated the same as for those that are located locally.

Selection: The person selected (Joseph) was a friend of the executive vice-president. He was not a top performer or an expert in all systems and processes, and the rest of the board were against his selection. Two other alternatives were suggested instead of sending Joseph. There was a local top performing individual (Louis Ferreira), with 10-years' experience in all of the required systems or making use of a locally based person.

During the selection process, there is no mention of additional considerations of other possible requirements taken into account: i.e. assessments done on their emotional, personal characteristics to see if they would be suitable for the position. Items that would need to have been considered would be stress tolerance, change adaptability, cultural awareness i.e. moving from a country that was 80% African (black) to 74% European (white), the predominant language in New Zealand is English (96% of people speak English) (2) (3), SA has a 11 different languages, of which English is one. There is mention that Joseph had been to New Zealand before, but in all likelihood this was as a holiday trip and not work related for an extended period.

One of the benefits that would have been gained by hiring a local person would have been they would have been comfortable with the customs, culture, would have been cheaper to hire. Sending an expat would have been expensive, but may show the extent to which the company perceived the issues there. A last suggestion, not given, was to hire an ex-South African who had emigrated to New Zealand. They could potentially already understand the cultures of both countries and be able to negotiate the differences successfully.

Training: Again, it appears that despite having many branches that are located across the world, there is no training program in place for expats. In the case study, it states that Joseph was not given any training before he went and was told to read the internet. Items that would have been important would have been understanding of the culture, language to expect. In addition, it would have been important to prepare him before he went with training on change management, stress management. It would have been very useful for his preparation to have had the opportunity to meet with expatriates who had returned from overseas.

Development: Companies who have a specified IHRM policy in place know that it is important that the expense of sending a person overseas is justified. It is very important that

there are clear targets, goals and KPI's set in place to ensure that there is sufficient ROI. A company that uses the period out of the country to develop their staff, and has it as a portion of the staff development track, will be cognisant of the fact that they will eventually return back to the home country. In the case of Joseph, it would appear he was given unclear instructions on what was expected of him. There were no clear performance targets given – he was only told that he would get a bonus on the successful completion of his assignment, with no mention what “successful completion” was defined as. In addition, Joseph was also promoted just before he moved to New Zealand, and would not have been familiar with the machinations of his role

Repatriation: According to P Grobler et al., the repatriation of expatriates has been identified as a major problem which has only now started to be research in-depth. Some of the issues which have been experienced by MNE's are that when a person returns from assignment, there is no open position available for them to fill. The assignment package often comes with perks and expenses that the expat becomes accustomed to. The expat would have a reasonable expectation that they would have a position which would be open for them, that their international experience would be seen as a positive factor when roles and positions were being looked at (i.e. expected a promotion).

According to P Grobler et al. many multinational companies are perceived as being unsympathetic to their returning staff – especially if one considers that they have spent two years (as in Joseph's case) moving their entire world and that of their family (Joseph had children). Joseph would now need to readapt to living back in South Africa and would probably have felt like a foreigner in his homeland. In addition, because of the lack of opportunity to grow, his salary was dropped – and I question whether his children would still have been able to attend private schooling on an Administrators salary.

Lastly, according to P Grobler et al. (4) many expats 25-33% leave the employer of the company that they went overseas for within the first year after returning. This in turn prevents the home company learning from the experience gained by the returning expat – essentially, the investment would turn out to be a waste.

Judging from the lack of a clear IHRM plan of the organisation, questionable promotion and selection policies, insufficient training and monitoring processes it is easy to believe that Mandlenkosi could be perceived as an uncaring/ unsympathetic organisation for returning expats. There is also a strong case to believe that Joseph will leave the organisation soon because he feels that his international experience is not acknowledged, his standard of living has eroded and there is no permanent position available for him.



Question 1.2

One member of the executive team of Mandlenkosi suggested the use of a third-country national instead of sending someone from the organisation's home country. Do you support this choice? Substantiate your answer with reference to the advantages of using a third-country national.

According to Grobler, P, et al (4) there are significant advantages to be gained when making use of employees which are considered as third-country nationals (TCN'S) – the advantages being:

Their use reduces criticism of the organisation as ~~being~~ seen as ethnocentric, which is defined as "believing that the people, customs, and traditions of your own race or nationality are better than those of other races" (5).

Other ~~considerations~~ for using a TCN would be that the country would be making use of talent ~~wherever~~ wherever it may be, as opposed to importing the talent from the home country. Additionally, an expatriate staff package often includes many additional perks to of which some examples are "Hardship allowance" for living in a different culture/ environment, Housing, Utility and Furnishing Allowances which are to pay for the rent of a property, its utility costs and the leasing of furniture for the duration of the stay. Contrast this to a TCN or a local person who in all likelihood may not need these additional perks because they already have property, accommodation or are used to the prevailing and existing living standards.

Another possible benefit of using a TCN would be their possible skill of cultural awareness and the differences in cultures which are ~~experienced~~ experienced when living in a different country, which they would have obtained by living in a similar or a country which is not considered as their home country. With the company already having branches in other parts of the world, Mandlenkosi possibly would have people already in those branches that would have the skills required to turn the branch around.

If one contrasts this approach to one of sending an expatriate, where the organisation often wants to exert direct control over its operations, show the importance of the country to the local government, provide skills that are not already existing in that geographical location, give exposure to the home country management team to the international environment so that they can long term have a global view on the marketplace.

In light of the above, I believe that the sending of an expatriate is an ~~expensive~~ expensive option of which there exists the risk that the return on investment may not be realised. The organisation has already made use of local staff for a couple years which have been unsuccessful and "chaotic". The sending of a TCN, possibly from Australia, would be a viable option.

My recommendation of a person from the Australian branch is founded on that both countries share similar languages, cultures and religions. The impact on the TCN from a change perspective would be less because they would be closer to home, the change in time zones would be less and the possibility exists that the family of the TCN does not need to be uprooted and moved to the new country, and the TCN commutes on a weekly or fortnightly basis.

Question 1.3

Critically discuss the qualities of an unsuccessful leader. Substantiate your answer with examples as displayed by Sipho in the case study.

The qualities of leadership that one would consider as unsuccessful are many. According to Grobler, P et al. (4) there are six themes that would be used to contrast the difference between successful and unsuccessful leadership:

Theme 1: Balance concern for task efficiency, human relations and adaptive change:

In this theme one can see that Siphon can be considered unsuccessful because although he does consult with the executive team, he aggressively disregards their input and makes sure they know of his displeasure. In doing so, he would have cemented the view that he made decisions that were questionable. In addition, when making the appointment of Joseph, he appointed a friend to the role. Joseph was not ready for the assignment because his performance was not yet up to standard. By appointing a friend, he placed his personal need above that of the organisation. In addition, by sending Joseph who was not yet ready, he could have been setting him up for failure.

Theme 2: Develop intrapersonal and interpersonal competence:

A successful leader, when working in a group, is able to get things done by finding a common ground. Although Siphon attempted to get consensus, he disregarded the rest of the executive team when they did not agree with him. There was no attempt to try and justify why he wanted Joseph to be selected, just an autocratic approach with a comment of “his choice could not be questioned because he knew what he was doing” – in doing so, he would have damaged his relationships with his colleagues, and quite possibly have overestimated his own abilities. In addition, his colleagues had no trust in him or his leadership skills and they considered him to be volatile and emotionally unstable. This was confirmed by his reaction when they disagreed with him.

Theme 3: Engage in transformational and charismatic behaviours:

An unsuccessful leader orders people around, rather than working to get them on board. In the case of Siphon, he attempted to get consensus, but didn't like the opposing views of the leadership team and overrode their input – which would have discouraged his colleagues and made them feel like they were not part of the team or decision making process.

Theme 4: Think and act in more complex ways:

An unsuccessful manager is unable to deal with complex problems – and is overwhelmed by them. In addition, they do not focus on their core function of visionary and strategic focus, but get involved in day to day problems – and this is again evident by Siphon who got involved in a day to day and operational discussion and decision. This should have been a decision taken by his lower ranked management team, and he should have backed to them to make the right decision – which he did not.

Theme 5: Overcome deficiencies that limit success:

A successful leader does not become hostile when things are not going their way, they rather do not use the feedback to modify their behaviour. In the case of Sipho, he became hostile when he did not get his way, and also felt the need to justify his skills at decision making – even though there were no results to prove it.

Theme 6: Seek a wide variety of leadership experiences:

I suspect that due to Sipho's volatility, and insecurities – he would not have been able to learn from bad decisions. He was change resistant and uncomfortable in an unfamiliar situation – his default setting was to make decisions himself and not try something new – like collaborating with his peers. These are all examples of traits of an unsuccessful leader.

Question 1.4

Based on your knowledge of how an executive team should operate, would you say that the work of the executive team of Mandlenkosi was effective? Give good reasons to substantiate your answer.

According to Grobler, P et al. it states “there is a new approach in which the CEO shares power with the top-management team. The advantage of this approach is that team members can compensate for weaknesses in the skills of the CEO. Thus, leadership is becoming a team sport. A set of executives now takes on the responsibility of providing leadership to the whole organisation.”

In the case of Mandlenkosi, the board of executives do not operate as a team or unit which works together to provide leadership to the whole organisation. This is evident by the manner in which Siphso feels that he cannot be questioned on decisions he takes. The board members know that he is emotional and makes rash decisions, and they should be able to assist him in the areas of deficiency – but this is not happening.

Other clues that point towards this executive team being dysfunctional are that even though there is initially an attempt at collaboration by Siphso – the reaction he displays afterwards would have demotivated his fellow colleagues. Essentially he treated them merely as subordinates and not colleagues sharing the leadership burden. This would not be the first time it has happened, because Siphso has a reputation of being volatile and making poor decisions.

The executive team would know that even if they were to produce more ideas he would not take their input. Wide ranging views and ideas were not tolerated in the executive board. This is the reason why the executive team feel that he was known for producing questionable decisions – the decisions were his, not theirs (a reduction of collective ownership). There is a reduction in commitment and motivation, and they are not prepared to share the risks of these poor decisions which could taint them. One has to question whether the other members, especially the executive president, felt they could stand up to Siphso, who also comes across as a bully.

Other points worth mentioning are that the leadership of the executive team are supposed to model the behaviour which is expected of the rest of the business. The volatile behaviour of the executive vice-president is not a good reflection and poor example of how the remaining staff members should behave.

Lastly, Joseph was promoted because of his friendship with Siphso, and not because of high performance. The executive failed here because they are supposed to model and promote a culture of high performance. The promotion of friend vs an exceptional administrative assistant makes one feel that the board failed in their oversight role in good corporate governance. Joseph was given a role, perks and salary not because he deserved it, but because he was Siphso's friend. This would have sent the wrong message to the rest of the business.

Therefore, with the above facts in mind I do not believe that the executive team was effective in the manner in which they provided leadership to Mandlenkosi.



QUESTION 2

Question 2.1

Critically discuss the meaning of corporate governance in an organisation. Substantiate your answer with examples from the case study.

According to Investopedia.com (6), "Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure"

If we are to apply the above quote to the case study, it would imply that the FFB board would need to have in place a system of controls, rules, practices and processes by which the company is directed and controlled. It is the role of the board to ensure that the interests of all stakeholders (Joe Public, Government, Employees, Investors, and Suppliers etc.) are all met. This would mean that there are sufficient controls and processes in place which cover issues like recruitment, conflict of interest, supplier management, tender management etc. that hold all employees of the FFB, and the board to account, for any behaviour which has a direct or indirect impact on the business and its performance.

In the case of the FFB, if there had been strong corporate governance in place, recruitment processes would have prevented the hiring of staff that had lied on their CV's about qualifications and work experience. For the issuing of tenders, there should have been a clear process which was transparent, fair and applicable to all venders who applied to do business with the FFB. If there is a conflict, the person who is conflicted needs to declare their interests, and in certain circumstances recuse themselves when faced with certain decision making duties. This did not happen at the FFB – all board members had companies that were awarded illegal tenders.

Finally, the very person who could be considered as the Chief Governance Officer (i.e. the CEO) was herself conflicted had been dishonest and failed in her role to hold the rest of the board to account. Due to this, the company performance faltered and they were no longer returning a profit.

Question 2.2

What is the purpose of corporate governance in an organisation? Substantiate your answer with examples from the case study.

According to Grobler, P, et al. (4) Good governance is important because it is an enabler of an environment that is predictable, transparent, participation by all stakeholders, and documents who is accountable for specific outcomes and ultimately holds the board accountable for its enforcement.

Predictability is important because it refers to a method of interpretation or behaviour which is consistent, and the creation and enforcement of rules, procedures, and regulations. Transparency is also important because it allows all stake holders to understand what processes will be/ have been taken – and this allows for quality decision. Ultimately it will ensure that the board is held accountable by ensuring that all relevant information is available and disclosed to all relevant stakeholders, which promotes fairness and justice – and allows for all stakeholders to make decisions based upon information that is relevant, reliable and consistent.

In the case study, there are examples of gross negligence which have occurred. Examples of using company funds for personal gain (overseas holidays), and every member of the board were benefiting from tenders illegally awarded to them. This would have meant that no department or division was headed by a person who could be considered as honest, having integrity and making decisions that were for the best interest of all stakeholders in question.

When a board is questioned about any decision they have taken, they will need to show the legality, appropriateness and morality of any corporate decisions taken. Ultimately, the buck stops with them, and they should be able to explain clearly why a decision was taken. The CEO, Miss Nxasana, should have been the person to hold the board to account for their illegal behaviour. Regrettably, because she herself was also implicated she could not do so – and even went so far to cover for the board and lied. This is directly in contravention of transparency and accountability.

Corporate governance is something which is applicable to all employees of an organisation, and particularly to those who are higher up in the organisation because of their access to resources and participation in decision making forums. If there is no strong culture corporate governance, it will often lead to the failure of the organisation as per the case study example suggestions.

Question 2.3

Is the top management of FFB unethical in their decision-making? Substantiate your answer with reference to stakeholder theory, agency theory, and the definition and purpose of corporate governance.

If one does a comparison between the Agency and the Stakeholder theories the following is noted:

Agency theory and stakeholder theory are both used to understand and explain various types of relationships in business. Both theories provide a means to understand business challenges, often as a result of genuine misinformation or caused by clashing business interests. These theories are often used to outline the interests of all stakeholders i.e. shareholders, employees, customers, the public and suppliers etc. Many challenges that manifest within the business world are caused by incomplete information, miscommunication between stakeholders and conflict may be explained using these two theories.

Agency theory describes the problems that occur when one party represents another in business but holds different views on key business issues or different interests from the owner of the firm. The manager, who is professional and possess superior knowledge and expertise, acts on behalf of the firm, and may disagree about the best course of action to follow and allow personal beliefs to influence the outcome of a transaction. The professional manager may also choose to act in self-interest instead of the principal's interests, and this is done for their own personal gain, and not to the benefit of the firm or its stakeholders. This may result in conflict between the two parties and may be an agency problem.

In the context of the case study, there is clear evidence to show that the Agency theory is at play. Every single member of the board has a tender which was awarded to them illegally. Because those members of the board are able to know sensitive information about the firm, they are able to manipulate processes to be able to apply to be a vendor and win a tender. This is in direct contravention of good corporate governance, where a professional manager as an agent of the firm should be trying to maximise the interests of the shareholders instead in a manner that is transparent, ethical and consistent with general corporate governance practices. Considering that this is a government owned firm, the stakeholders who are affected will also include all members of society.

According to Grobler, P, et al. (4) Stakeholder theory, "corporations serve a broader social purpose than their responsibilities to shareholders". Stakeholder theory describes the composition of organisations as a collection of various individual stakeholders (internal and external, government, the natural environment etc.) with different interests. These interests, taken together, should represent the will of the organisation. As much as possible, business decisions should consider the interests of this collective group and advance overall cooperation.

Conflict represents erosion of these interests; however, bringing these distinct groups together to reach agreement may not always be possible, so business decisions must consider each point of view and optimise the decision making to include all voices. An excellent way to measure this would be the use of a balanced scorecard, which allows for an assessment of performance for each section of multiple impacted stakeholders.

In the case study there is evidence that the only stakeholders to benefit from the firms performance were the members of the board, who used it as a mechanism to milk the organisation for their own personal gain. When Miss Nxasana was summonsed to testify before the subcommittee, she was not transparent about management practices, nor did she disclose any possible conflict of interest.

The case study even goes as far to say that she had protected the FFB from their illicit deeds. This is directly in contrast of good corporate governance where the leadership of the board should be held directly responsible for all decisions taken and for the performance of the firm. In addition it must be noted, the staff (also stakeholders) realised that something was amiss and had been striking due to unclear, non-transparent, consistent management decisions.

Therefore with the above in mind, I believe there is sufficient evidence to show that the board of FFP acted unethically in their decision-making.



Question 2.4

Differentiate between traditional HRM activities and contemporary HRM activities.

Substantiate your answer with references to the development and maintenance of corporate governance HRM practices.

Traditional HRM practices:

The traditional HRM main activities are recruiting and selection of staff, training and development, organising, coordinating, controlling, forecasting future labour demand and planning to meet it, performance appraisal of staff, compensation and benefit management, processing of promotions etc. In the traditional HRM approach, all these activities focus on the development of potential human resources and the area of concentration is limited within the HR department. The focus of all these HRM activities are short term and do not focus on the long term organisational philosophy or vision and goals.

Contemporary HRM practices:

Contemporary HRM practices include all the activities found in the traditional practices, with a distinct difference in that they do all their work in line with the organisations visions, focus, goals in mind – their focus is on the long term. If every activity points to fulfilling the company philosophy, then it can be considered as non-traditional in nature.

It must be mentioned, that with the change in the employer/employee relationship and contract it is noted that an increasingly significant aspect of contemporary HRM is the attraction and retention of employees. There are two theoretical perspectives providing a framework for analysis of the long term strategic approach to development of the organisation's human resources.

Human capital theory which links investment in the organisation's key asset, its employees, to increased productivity and sustained competitive advantage. The strategic aspect is the long-term enhancement of the firm's resource base by linking employee skills development with retention through training and development, career management and progression. (7)

The second theory is the Resource-based view (RBV) of the firm its focus is on an organisation retaining and developing their human resources by implementing various human resource development (HRD) strategies. With this development, the organisation will ensure that their assets become valuable, rare and difficult to imitate, thereby further enhancing the organisation's competitive advantage. (7)

In short, these approaches interpret the essential elements in building competitive organisational advantage. The focus on the management and development of human resources can be linked to a deliberate promotion of directed HRD strategies. This should be seen as a mechanism to attract and retain talented employees.

There is now an increased focus on HRM as a platform for building a competitive advantage which seeks to implement strategic development of diverse ✓ strategies relating to staff skills enhancement and development as important attraction and retention tools. This could be seen as a long term approach, and a significant investment in human capital, and the maintenance thereof. Ultimately this involves the development of all staff in the organisation appropriate to their position and role in the company.

Learning and knowledge management in organisations is a complex task in relation to the creation of a competitive advantage. In a world of constant change, it means that the organisations must commit significant resources to develop a diverse and adaptive approach to learning in order that each area in the organisation has access to appropriate levels of training and development to meet the SHRM organisational objectives.

In terms of corporate governance processes, in order for an organisation to remain successful there needs to be strict guidelines that govern the screening, recruiting and development of ✓ staff. In order to ensure that the applicant is able to meet the requirements of the role, I would recommend conducting psychometric and skills testing to check for the required skills. In addition, the implementation of strict background checks should be enforced, which are rigorously and regularly audited for compliance by an independent compliance or audit team. The recruitment process needs to be transparent, and if applicants are declined, they should be given clear reasons. In terms of staff training and development, a training register should be kept so that there is proof of ongoing staff development.

In closing, the development of staff is a significant expense and investment by an employer. It would be in their best interests to safeguard institutional knowledge, and get a good return on investment by implementing mechanisms to train and retain their staff.



4) SUMMARY/CONCLUSION

In this assignment there were various important issues discussed in relation to contemporary human resource management.

A critical discussion was held regarding the expatriation cycle and benefits of making use of a TCN instead of sending an expatriate to an external (3rd) country.

There was also a discussion was also held around what was considered as examples of an unsuccessful leader, and also an assessment of whether the executive team of Mandlenkosi could be considered as effective

A discussion on corporate governance was had, what it is, it's purpose and a discussion of a case study where examples were highlighted where no effect corporate governance process had been in place, leading to unethical leadership.

Lastly, a comparison between traditional and contemporary HR management activities was done, taking into account the needs of good and sound corporate governance practices.

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REVIEWED

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