

HUMAN RESOURCES DEPARTMENT IN CRISIS: A CASE OF A UNIVERSITY IN SOUTH AFRICA

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Abstract

Human Resources (HR) departments in previously disadvantaged higher education institutions (HEI) in South Africa have contributed to the crisis that has led them to be governed by appointed Administrators assigned by the Ministry of Higher Education and Training. The malfunctioning of HR departments persists even in the post-Administrator's era, with a prevalence of personal, interpersonal and operational challenges. This study aimed at interrogating challenges faced by the HR Department of the university concerned post the appointed Administrator era and its negative effects. This study adopted a qualitative research approach whereby in-depth interviews were conducted with a sample of 10 HR Department staff members. Focus group discussions were also carried out with 20 academic and non-academic university leaders. Further data was also collected through ethnographic observation and secondary data was also used. The non-probability purposive sampling was used for qualitative analysis and NVivo was used for organizing and analyzing data gleaned from the in-depth interviews. The study findings consistently revealed unclear roles and responsibilities, outmoded recruitment and selection processes and poor interpersonal relations amongst the HR department staff members as some of the challenges that still persist post the Administrator's era, all of which have contributed to the paralysis of organizational culture. University leaders can use the study findings as a tool to devise and implement radical change management interventions aiming at re-engineering HR departments that are operating abnormally, as well as for designing a responsive HR Strategic Architect. This study will contribute to the body of knowledge in the HR fraternity as there is a dearth of published studies on the internal challenges faces by HR Departments (both interpersonal and operational), which have the potential to hamper smooth operations of higher education institutions.

Keywords: Human Resources Department; Administrator; Higher Education; Ethnographic Observation

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Introduction

Very successful higher education institutions (HEI) in South Africa are perceived to be those where the roles and responsibilities of the Human Resources (HR) departments are clearly defined, smooth recruitment and selection processes are in place and where the department is led by leaders who possess very strong personal, interpersonal and intellectual capabilities. Edgley-Pyshorn & Huisman (2011) argue that the HR departments at HEI may be faced with difficulties when attempting to implement change, due to the relatively "new" nature of the function. This results in first having to justify their position, worth and capabilities before attempting to gain the buy-in of academic departments, in order to implement a culture change in their departments. This is in line with Gordon & Whitchurch (2007, p. 136) position that human resources operations in institutions are constrained in scope, and many key areas (such as recruitment, reward and promotion) require external approval and authorization. This theoretical background necessitated this study to question the existence and impact of such internal HR Department impediments that may prevent them from performing their core functions at a required level. The primary objective of this study is to investigate the underlying factors that contribute to the dysfunctionality of the HR Department at the university concerned.

Service delivery in an HR environment at a higher education institution

Ulrich *et al.* (2012, p. 229) mention that the HR service delivery is the implementation arm of HR. It includes on-the-ground resources that are the face of HR for employees, geographic specialists, global specialists, and shared service centers. They have suggested that line managers are the owners of HR and that HR professionals are the architects. It is also noteworthy that the HR Department should be a role model for the rest of the organization (Ulrich *et al.*, 2012, p. 237). While this study is informed by the views of the latter researchers, it also focuses on whether the level of service delivery of the HR Department as a whole in this university hinders the realization of its mandate.

Staff Recruitment and selection in an HR Department: A higher education perspective

Inadequately applied recruitment and selection processes and incompetent recruitment and selection specialists in the HR departments in higher education institutions are regarded as being the cause of the high level of inept candidates who are attracted to these institutions. HR professionals have their own views on the necessary competencies they should possess, with these being skills in communication, problem-solving, leadership, recruiting and selection, an adherence to employment law, training and development, technology, forecasting, compensation design, benefits design and administration, and accounting or finance record keeping (Becker, Huselid & Ulrich, 2001). The study conducted by Dubosc, Kelov & Brussels (2012, p. 7) investigated to what extent some unfavourable conditions, such as inadequate recruitment procedures and lack of career progression schemes, may be hindering the development of proper HR in higher education in the Tempus Partner Countries. The researchers revealed several problems related to staff recruitment which were common in many of the countries investigated. For example, the high frequency of internal recruitments; lack of transparency of recruitment procedures and criteria; persisting corruption and political or personal appointments; as well as in some cases, the rigidity of the legal frameworks, were seen to prevent institutions from recruiting the best candidates available (Dubosc *et al.*, 2012, p. 32). The process of staff recruitment is one of the most crucial aspects in ensuring that an institution has good quality staff with appropriate skills, knowledge and attitudes that are in line with the needs of the institutions (Dubosc *et al.*, 2012, p. 9). Appropriate recruitment procedures that are transparent, fair and open, are likely to enable institutions to better select the best candidates from the available pool and increase the ability of institutions to set their own recruitment requirements, according to their specific needs whilst supporting the institutional level management of Human Resources (Dubosc *et al.*, 2012, p. 31). This study seeks to identify competency deficiencies amongst the HR Department staff members while it adheres to the above analogy on the competencies which they should possess.

Interpersonal skills amongst the HR Department staff members

Staff members of HR departments in previously disadvantaged South African higher education institutions seem to lack the necessary interpersonal and intellectual capabilities to respond to the needs of their internal customers and clients. The study conducted by Schultz (2010, p. 6) in the merged higher education institution environment concluded that the staff is not entirely satisfied with the fact that the HR Department does not have sufficient business knowledge, that HR practices are currently not satisfactory, and that there is a lack of personal skills and management skills in the HR Department. On the other hand, staff indicated that business knowledge, HR practices, personal skills and management skills are crucial to the HR Department, adding value to this institution. An emphasis should be placed on assisting the staff of the HR Department to gain the necessary personal skills (Schultz, 2010, p. 6). The HR Department should consider different perspectives to contribute to this positive effect. Meisinger (2003) suggests that HR resource-managers should determine what top management and non-HR managers expect from the HR Department and then act upon it. The HR Department should ensure that the different HR practices add value. The personal skills of the staff should be of such a nature that the staff can carry out their duties with professionalism (Schultz, 2010, p. 6). The impact of the poor personal skills of HR Department staff members, which have the potential to diminish the values of the HR Department, as shown by the researchers above, informs this study. It is further extended by interrogating whether poor service is caused by lack of interpersonal and intellectual incapability.

"The department is divided into camps, with the domination of those who are aligned to the consultant with higher salary scales as well as poor organizational culture characterized by gossips and conflicts."

The lowest total coverage was on structural challenges (5.40%); communication (0.86%); core values and principles (0.77%) and compensation (2.57%). Structural challenges were concurrent with following evidence:

"the HR Department organogram was crafted to suit certain camps and marginalized others and is emotional and illogical".

Junior staff members mentioned compensation challenges as supported below:

"Salary determination is false as certain employees are awarded notches between three and five without justification".

The respondents were asked to suggest recommendations emanating from the above-mentioned challenges. Their responses were categorized into three layers, which were institutional, departmental and individual. The departmental recommendations had the highest total coverage of 19.55%, as compared to other variables. Their recommendations ranged from appointment or the creation of new positions to supporting the existing staff members, including a Wellness Programme Officer, Recruitment and Selection Officer, Receptionist and Filing Specialist and improving reporting lines. The next highest total coverage was institutional (3.73%), based on the equity statistics being moved to the HR Department from the Legal Services Department and the need for strategic planning to involve all stakeholders. There were no recommendations mentioned regarding individual employees.

Ethnographic observation

As a member of the HR group over a period of three years, the researcher was able to observe the different pitfalls mostly confirmed by the research participants during the in-depth interviews. The researcher evidenced the exodus of the Senior Directors: HR, whereby within this three year period two individuals were employed in the position permanently, while one was in an acting capacity for a period of seven months. Both Senior Director and the Director positions had similar Key Performance Areas (KPAs) and Key Performance Indicators (KPIs) which created confusion regarding their roles and responsibilities. While middle and junior staff members had similar KPAs and KPIs, with all staff members having recruitment and selection as a KPA while there was a specialist dedicated to perform such functions. This created poor relations amongst staff members, exacerbated by the interference of external cabal, including the trade unions, on departmental operational issues.

Furthermore, those who were opportunistically aligned to new leaders of the department were remunerated better than those who were either neutral or resistant. Although the staff members were abundant in number, it did not appear that they were fully utilized. Human Resource Department staff members were input orientated, as evidenced by their systems (IT) which were dissimilar to that of finance, which aggravated the prevalent silo mentality. The culture of poor performance caused by a lack of skills motivated the university leadership to seek the services of an external consultant to be involved in operational issues, including recruitment and selection.

Focus group discussions with the university stakeholders:

Weaknesses

The researcher conducted focus group discussions with both academic and non-academic leaders, HR staff members and trade unions. During deliberations, the following matters were raised:

1. Inequity in workload distribution and remuneration.
2. Poor confidentiality in all areas of the Human Resources function.
3. Protocol and procedures in all Human Resources functional areas were not followed.
4. Poor Professionalism (failing to abide by the HR code of conduct and ethics).
5. Roles and responsibilities were not clearly defined and communicated.
6. Outmoded recruitment processes and procedures were in use.

members. The importance of this specific factor was also corroborated by the focus group discussions conducted with university leaders, where the duplication of HR activities was mentioned by almost all staff members. Furthermore, it was identified that operational challenges emanating from incompetency in the recruitment and selection processes, as well as the lack of knowledge related to labour related matters necessitated the university leaders to seek the services of the external HR Consultant. This lack of knowledge on labor related matters had been cited by the Independent Assessor's Report (2008) as a reason why essential HR functions had been moved to other departments - such as Industrial Relations (IR) and Employment Equity being moved to the Legal Services Department and Benefits and Administration to the Finance Department. This finding was corroborated by the HEQC Report (Council on Higher Education, 2011) that all staffing decisions and interviews of positions were directed through the office of the previous VC. The focus group discussions also supported this finding that departmental recruitment and selection processes were outmoded. The latter finding was also supported by the HEQC Report (Council on Higher Education, 2011) finding that the university experienced a serious challenge to attract and retain competent staff and it recommended that the university develop and implement a staff recruitment plan to address this gap. The HR Consultant role in the department had been confirmed by the focus group discussion participants; this included unlimited powers to take decisions and full involvement in daily operational activities. Another major highlight was on the challenges pertaining to poor interpersonal relations amongst staff members, perceived to be caused by divisive Organogram that is seen to promote unequal workloads and remuneration for similar positions and functions. This was confirmed through the focus group discussions, where unequal workload distribution was mentioned and those who were aligned to the HR Consultant were perceived to be remunerated better. The lowest responses advanced by the research participants pertained to structural issues, those of compensation, and those relating to core values and principles. Focus group discussion participants also highlighted that the department had poor confidentiality and professionalism and they were failing to abide by the HR code of conduct and ethics. Another finding of interest was the recommendations provided by the respondents, where departmental recommendations featured mostly, and suggestions were made regarding the creation of new positions within the department. This has been supported by the Independent Assessor's Report (2008) that the HR Department had reduced in staffing. Institutional recommendations were the least common, suggesting the relocation of certain labour related functions back to HR and there were no individual recommendations mentioned. Some major highlights gleaned from the focus group discussions were poor HR leadership, poor service delivery, mismatched staff numbers caused by the use of different systems in the HR (Unique) and Finance departments (ITS). It was also confirmed by the Independent Assessor that these unlinked systems made cross-referencing difficult and perpetuated a silo mentality. Lastly, the absence of the promotion policy for non-academic staff members and retention strategy was also mentioned.

Discussion of the findings

The highly evidenced finding from different reliable sources that the HR Department's employees had unclear roles and responsibilities is not in accordance within the views of Ulrich *et al.* (2012) who have spent years in a quest for the HR Department to have clear roles, responsibilities and rules of operation. Some researchers also mentioned that HR structures should clarify responsibilities for each role which was in line with the finding of this study. In contrast, Patton's (2007) argument was unaligned with the finding of this study regarding that by clarifying the role of the HR Department it should be both strategic and operational. The study reveals that there was no relationship between the Finance and HR departments, which is not consistent with the findings of Evans & Chun (2012) that in higher education institutions the reporting relationship of HR is through the Finance Department. While there were disagreements in the above arguments put forth by the plethora of researchers, their arguments were based on organizations in general without any reference to higher education institutions, with the exception of Evans & Chun (2012).

Whilst poor service delivery in this department was confirmed by the triangulated findings, it was inconsistent with the views of Ulrich *et al.* (2012) that HR service delivery is the implementation arm of HR. The lack of the recruitment and selection requisite skills amongst HR Department staff members which was found in this study is in contrast with Becker *et al.* (2001) who argue that HR professionals should have the necessary competencies, including recruitment and selection. This finding concurs with that of Dubosc *et al.* (2012) that inadequate recruitment procedures may hinder the development of proper human resources in higher education. While the above mentioned arguments may or may not be consistent with the latter finding, it cannot be clearly linked to this study as it was conducted in a

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researchers can coproduce knowledge with 'the Rest of the world' rather than about 'the Rest of the world' and disrupt the hegemony of Western epistemology in international research.

Thus, the research question is; what are the characteristics of an Islamic corporate governance (ICG) concept that is in-line with the Western corporate governance theories and compatible with the Islamic and Arabian Middle Eastern environment.

This paper attempts to develop an Islamic concept of corporate governance by integrating Western corporate governance theories with the Islamic principles.

2 Literature Review

Muslim countries are considered as transition economies, and many intent to cope with the western standards (Ali 2008; Davis 2005; Ghayad 2008; Siwar & Hossain 2009). However, the majority of the Muslim countries do not have the Anglo-American 'dispersed ownership structure', but rather a 'concentrated corporate ownership structure', as a result, many scholars recommended that the Muslim countries economies are better of following the corporate governance systems of Germany and Japan (Ali 2008; Davis 2005; Ghayad 2008; Siwar & Hossain 2009). The role of a corporation in social development in the Muslim countries does not overlap with the Anglo-American concept, because of the existing nexus of international relation with the legal development in corporate governance, recent advance technology in communications and available access to the international legislations (Ali 2008; Davis 2005; Ghayad 2008; Siwar & Hossain 2009). It is unfeasible for concentrated corporate ownership structure Muslim countries adopting the American shareholders' concept of maximising the shareholders' wealth, since this might lead to social-economic inequality that might negatively affect the market development, so socially responsible shareholders' concept is preferable (Ali 2008; Davis 2005; Ghayad 2008; Siwar & Hossain 2009).

The next two sections will try to better understand the Islamic principles and the Western corporate governance theories and finally from the developed understanding of these sections the last section will provide a proposed concept of Islamic corporate governance (ICG).

2.1 Islamic Principles & Corporate Governance

First of all, the basic foundation of Islam is the oneness of God that is *Tawhid* which means that all matters are under the superiority of God him self and everything is under his great good well, for example people are users of Gods creation, therefore complying with Islamic *Shari'ah* is a must (Abbasi 2009; Choudhury & Harahap 2007; Choudhury & Hoque 2006; El-Sheikh 2008; Ghayad 2008; Pamuk 2009; Walsh 2007; Williams & Zinkin 2010).

According to Williams and Zinkin (2010), Siwar and Hossain (2009), Islam introduces humans as the representative of God. The emphasis on individual choice and the balance between responsible behaviour and piety come from recognising that man has two missions to accomplish: first the mission as a servant of *Allah*, and second the mission as vicegerent or steward of *Allah*. In the first relationship man is responsible to God as his servant, while in the second, he is accountable for his relationship with creation. Both of these relationships co-exist and have equal weight in determining virtuous behaviour. Islam requires a balance and equilibrium (*'adl*), which means doing things in a proportionate manner and avoiding extremes.

In addition, Islam by nature is designed to be compatible with all times and places and the most explicit principle is the framework of *Masaleh Mursalah* or "unrestricted" public interest, since undefined issues by the traditional rules of *Shari'ah* can be discussed and dealt with under this unique framework. *Maslahah* includes considerations that meant to promote gains or avoid damages working in-line with *Shari'ah* traditional rules as avoiding forbidden usury (*Riba*), misleading (*Gharar*), and ignorance (*Jahal*). Any other unrestricted issues the regulator is free to achieve *Masaleh* by applying the framework of *Masaleh Mursalah* (Abbasi 2009; Choudhury & Harahap 2007; Choudhury & Hoque 2006; El-Sheikh 2008; Ghayad 2008; Pamuk 2009; Walsh 2007; Williams & Zinkin 2010).

More, Islamic *Shu'ra* principle is another version of democracy means that everyone have the right to delegate his voice through voting for someone trusted (Almoharby 2010).