

THE SIGNIFICANCE OF THE HUMAN RESOURCES FUNCTION IN THE ZIMBABWE IRON AND STEEL INDUSTRY

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Abstract

The research paper sought to find out the significance being given to the Human Resources function within the iron and steel industry in Zimbabwe. The study was guided by the positivism research philosophy. The study therefore sought find out if HRM is being considered as significant in the iron and steel industry. The period of focus was between January 2009 to December 2011. The study adopted the exploratory as well as the descriptive research designs. The study was exploratory in that it sought to find out adoption and implementation of HRM practices in accordance with literature guidelines. The research was descriptive in that after gathering the information, a descriptive write up of the significance being accorded to the HRM function within the Zimbabwe iron and steel industry was made. The study focused on the midlands area because this is where the country's largest iron and steel companies are located. The research was prompted by the developments in the Human Resources field and the economic problems that are affecting the country. Therefore the study sought to find out if HR issues according theoretical guidelines are a priority in an environment faced with various economic challenges. The population comprised of all the four iron and steel companies in the midlands province of Zimbabwe. The target respondents were the general managers, the human resources managers and the line managers. These were considered as the custodians of information that

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was being sought. Stratified purposive sampling method was adopted in selecting the respondents. A sample size of 100% was used for the general managers and human resources managers, and 67.35% for the line managers. Questionnaires as well as interviews were used to collect the data. Content analysis of relevant documents like job descriptions was also done. The major findings were that the HR function is being considered significant in some aspects, but not all aspects. The strategic partner role is being considered as significant. The most predominant HR practices being implemented are recruitment and selection, records management, HR planning, training and development, employee relations, and occupational safety and health. In some cases documented HR strategies and policies are in place, but they are not being implemented. Line managers are empowered to handle HR issues but conflict of interest with their other line functions was found to be common. In some cases it was found that they lack the appropriate HRM skills. The study recommends that the organizations should adopt HR policies and practices that are relevant and ensure their implementation. Line managers should receive adequate training in order to be able to handle HR issues, and this should be made part of the key performance indicators in their job descriptions.

Key terms

Human Resources Management, significance, strategic integration, strategic partner, HRM practices, horizontal integration, line managers

List of acronyms

HR – Human Resource

HRM – Human Resource Management

1. Introduction

The Human Resources of organizations has gradually emerged as the critical distinguishing source of competitive advantage; Pfeffer, (1994), Kamoche (1996) Lado & Wilson, (1994), Wright et al (1994). This is because product features can easily be imitated due to advances in technology, and therefore organizations have to compete based on their HR abilities. Various scholars agree that of all the resources in organizations, the human resource is the most important because it is this resource that sets all the other resources into motion, Md Habib-Uz-Zaman

Khan, Md Rashidozzaman Khan, (2010). The increasing pressure from the rapid changes occurring in Zimbabwe's business environment demands innovativeness from organizations. Organizations have responded in different ways to these challenges. For the iron and steel companies based midlands province of Zimbabwe to survive in an unstable economy, they need to exploit all the available resources as a means of achieving competitive advantage. The human resource function should be in the driving seat to achieve this. This means that the HR function has to be accorded its appropriate role across all levels. Zimbabwe Iron and Steel making company (Ziscosteel) collapsed in 2008 with hundreds of millions of dollars in debt after years of mismanagement. This background is of broader concern because the Human Resources Management (HRM) is part of the broader issues which contributes towards the downfall of organizations, the steel industry included. There are few or no studies that have been done on significance being accorded to the HRM function and practices in developing countries and particularly the Zimbabwe Iron and Steel producing industry. It is therefore vital that research be conducted in this area.

2. Literature Review

2.1 HR function as strategic business function

Human Resources Management has evolved from being the traditional function that got involved only in activities like clerical and administrative work to being a more responsive client – centred service which is proactive in developing the business, Kenton B. and Yarnall J, (2006). These scholars, citing Harung and Reiber (1995), argue that as much as organizations need to mature and ultimately achieve an array of characteristics that include being proactive and preventive, having a holistic overview, achieving collaboration and empowerment, long term in perspective, people oriented, welcoming feedback, innovative and entrepreneurial to ultimately being effective and achieving win-win outcomes, the same should become of the HR function if it is to contribute significantly to the business cause.

Greer C. R (2001) note that human resource strategy and the business strategy should be integrated in the organization planning process in order for the long range plans of the organization to be realized. This view is also shared by Mathis R.L and Jackson J.H (2011); Ivancevich J.M (2004); Armstrong M. (2009) and Reddy Y.R.K, as cited by Academy of Human Resources Development, (2000). Suri G.K, Ratnam C.S.V and Gupta N.K (2004) note that the scope of HR practices like performance measurement and management have to be done at the

corporate level. Marchington M. and Wilkinson (2004) note that approaching HRM activities from the business partner perspective entails pulling together all the aspects of people management and development under the term strategic human resources management. They note the term the *management of resourceful humans* as opposed to HRM as being a more recent concept, more strategic and more business focused activity. Kenton B. and Yarnall J (2006) consider the drivers of HR as a Business Partner as including i) coming up with people management practices that support the business goals, ii) being client focused in terms of service provision and iii) relating the best service with the most optimal costs. This means that line managers have a greater role to play in the planning process and should have a good understanding of human resources related issues. Greer C. R (2001) identifies four progressive stages in the evolution of the linkage between the business strategy and human resources strategy. These are: i) the administrative linkage in which senior management assume that the required human resources is always available in the market, in which case what is required is merely the administrative paperwork to acquire the human resources ii) the one way linkage whereby the HR function comes in during the implementation phase iii) the two way linkage where there is a reciprocal process in that the HR function has an input into the overall strategy formulation and then implements the strategy from the HR perspective and iv) the integrative linkage where there is an equal involvement by the HR function with other functional areas. Torrington and Hall (1998) discuss these approaches closely similar way. The Harvard framework by Beer *et al* (1984) alludes to a broader approach to integration where the organization should look at its stakeholder interests and its situational factors before determining its HRM policy choices. Beer *et al* (1984) argue that if the HRM policy choices are driven by the organization's situational factors and stakeholder interests, the HR outcomes to be achieved for the organization are commitment, competence, congruence and cost effectiveness which result in positive long term consequences for all the organization's stakeholders. In analyzing the concept of strategic HRM, Boxall P and Purcell J (2011) argue that it is broad in nature as it is how the organization's HRM strategy achieve a total fit to its environment should be analyzed taking cognizance of how it achieves societal fit, industry fit, and organizational fit. Price A (2011), citing Beer *et al* (1984) note that human resources policies should be evaluated at three levels, which are: i) individual company level, where the well being of employees is considered separately, ii) organizational in terms of the contribution of those policies to the business goals

and existence of the organizations and iii) societal where the wide range consequences of the policies to the society are considered. This therefore suggests that if HRM is practiced along these guidelines, it can have an impact on the organization's well being as a corporate citizen. The question is; are organizations (the Zimbabwe iron and steel industry not spared) adopting these guidelines?

2.2 HRM policies and Practices

DeCenzo D.A and Robbins S (2005) identify some of the HRM practices as including i) employment which involves the staffing and selection functions, ii) training and development for greater productivity, iii) compensation and benefits administration, iv) employee relations which ensures open communication exists for employees. According to Armstrong M (2009) the various HRM policies and procedures that are found in organizations are critical in determining how HR issues are dealt with which can help foster the business objectives of organizations. He notes that there should be a balance in making decisions in as far as they affect people and the business because at times there is a conflict in the desired outcomes. He notes that these policies include such areas as equity in the workplace, treating employees with consideration, organizational learning, performance through people, quality of working life and working conditions. Of the various HRM practices, Huselid M.A, Becker B.E and Beatty R.W (2005) note that in their research, selection and hiring practices, reward systems and development strategies affect employee turnover, productivity, profitability and shareholder value.

Ivancevich J.M (2004) notes that for effective HRM in a changing environment; i) employees should be matched with jobs, and job specifications become critical in the selection process ii) there should be training to enable employees to perform the work and iii) whatever financial rewards should be related to performance. This suggests that organizations should have effective performance management systems.

2.3 Implementing of business strategies by the HR practitioners

For human resources managers to successfully achieve integrated HR, Greer C. R (2001), notes that they need skills in the following aspects; a) information management, b) planning, c) management d) integration, and e) change management. Werner S, Schuler R.S and Jackson S.E (2012) discuss what they term the The HR Triad, which they note as featuring the roles and responsibilities for recruiting and retaining employees. They argue that HR professionals take the

lead in designing a systematic and integrated approach to recruiting and retaining employees, and they should fill the organization's staffing needs efficiently. They argue that HR professionals should come up objectives and plans that meet the strategic objectives of the organizations, such as addressing the employees concerns. Executing the HR function from a business perspective entails performing some of the activities prescribed by Werner S, Schuler R.S and Jackson S.E (2012) for the HR professionals that include evaluating recruitment outcomes, proving training to both line managers and employees, monitor retention patterns and identify the problems with a view of solving them, as well performing the HR activities in a manner that meets the legal requirements.

2.4 Horizontal Integration of the HR policies

According to Armstrong M (2009) citing Schuler (1992), there are three levels of integration of the HRM function to the business. These are identified as i) integrating HRM with the business strategy and its needs, ii) coming up with a set of HRM policies and activities that are coherent in as far as reinforcing each other and the overall business strategy and iii) embedding the HRM function into the line management function so that it becomes part of their daily tasks. Following up on this argument, it therefore means line managers are expected to perform some of the HRM activities like those identified by DeCenzo D.A and Robbins S (2005) which include; staffing and selection functions, training and development, compensation and benefits administration and employee relations activities. This view is shared by Dessler G (2000). If this noted to be taking place in an organization, it gives an indication that the HRM function is being considered as significant in the organization. Purcell J and Boxall P (2011) argue that if the gaps between rhetoric and reality in as far as HRM issues are concerned are to be closed, line managers have to be considered. They note that line managers play a critical role in achieving consistency in high HRM. Citing Wright and Nishii (2004) Purcell J and Boxall P (2011) note that there can be gaps between management's intention and management action that can affect the intended objectives. This therefore fosters the argument that there must be a bundle of HRM activities or strategies that are mutually supportive of each other that can help achieve the intended outcomes. Citing Wright and Nishii (2004) Purcell J and Boxall P (2011) note that this can be related to the concept of psychological contracting, where they highlight the four levels of psychological contract discussed by Grant (1999) as comprising of i) the congruent contract where management's HRM rhetoric coincides with the employees' perceptions of reality ii) the

mismatched contract where management's HRM rhetoric fails because it does not match with the employees' perception of reality iii) the partial contract where part of the rhetoric appeals to the employees iv) the trial contract where employees buy in to the rhetoric and adopt a wait and see to give a chance for the rhetoric to prove itself and become reality. Werner S, Schuler R.S and Jackson S.E (2012) talk about the development of an integrated, internally consistent HR system. Foote, D.A (2004), citing Delaney and Huselid, 1996; Dess and Shaw, 2001; Huselid, 1995; MacDuffie, 1995, notes that research has shown that there is a positive association between high performance HRM systems and organizational performance. This scholar argues that the high performance system should include extensive employee training, participation and empowerment, as well as job redesign and team based production systems and an appropriate incentive compensation system.

3. Methodology

This study adopted an exploratory survey design. This was considered suitable as the study sought to find out more about the significance that is given to the Human Resources function, which is an area that has not yet been well researched in developing countries. A qualitative approach to data collection was used. The study focused on the perceptions of General Managers, Human Resources managers and Line managers towards the HRM practices in the iron and steel industry. The target population consisted of the four iron and steel companies located in the midlands province, which are the largest players in the Zimbabwean iron and steel industry. These companies, according to their Human Resources records have three General managers, four Human Resources Managers and forty nine line managers as shown in table per Table 3.1 below. The sample was drawn from this target population.

Table 3.1

Company	General Managers	HR Managers	Line Managers
A	N/A	1	20
B	1	1	12
C	1	1	8
D	1	1	9

Total	3	4	49
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Stratified random sampling and purposeful sampling were applied. Thirty six participants from the four iron and steel manufacturing companies were involved in the research, as shown below:

Table 3.2. Sample size

Data collection tool	Targeted respondents	Sample
Questionnaires	General Managers	3
	HR Managers	4
	Line Managers	33
Sub Total	Questionnaires	40
Interviews	General Managers	1
	HR Managers	2
	Line Managers	5
Sub Total	Interviews	8
Grand Total	Respondents	48

The participants were divided into three different strata based on their role pertaining to HR activities in the iron and steel manufacturing companies, thus as General Managers, HR practitioners/ specialists or Line managers. Purposive sampling combined with stratified random sampling helped to obtain a true representation of each stratum and right calibre of participants. The study used multiple methods for collecting data qualitatively. The questionnaire survey was used as main data collection instrument in this study. Interviews were conducted to complement the questionnaires. The interviews were useful as follow-up to certain responses to questionnaires in checking consistency of responses. Content analysis was also used through getting copies of vision, mission statements, strategic plans and HR policy documents and assessing their contents to find out the significance being given to HRM practices in these organizations. Using this approach, this study analysed the presence, meanings and relationships of such words related to significance of HRM practices. This complimented the other methods through collecting and verifying data that could otherwise have not been captured by the questionnaires and interviews.

4. Results – 1 page and ¾ as a), b), etc

a) HR function as strategic business function

Of the three General Managers, two said they do have written business strategies which entail HR issues. Another General Manager said they do not have a written business strategy that entails HR issues. Four HR managers representing 100% of the targeted respondents said they do get involved in the development of the organisation's strategic plans. In an interview with two General Managers, the study found that their business objectives included skills retention with an average employee service of fifteen years. A content analysis of the respondents strategic plans were carried out which revealed that their business objectives revolved around teamwork, dedication, commitment and innovation of employees.

The study found that Human Resources in the four organisations is viewed as a strategic business partner.

b) HRM policies and Practices within the organizations

Out of 25 line managers who were asked about the HRM policies and practices which they handle in their organizations, 15 said they are involved in recruitment and selection, 8 in training and development, 12 do carry out performance appraisals for employees, 2 look after occupational safety and health, 1 is involved in employee counseling, 2 in remuneration and 12 do handle disciplinary issues.

The study found that the four iron and steel manufacturing organizations have ideal HRM practices although they differ from one organization to another.

c) Implementing of business strategies by the HR practitioners

According to the four HR managers, their companies did not succeed in implementing strategic plans for the period 2010 to 2011. The four HR Managers were asked to reveal the intervals at which they review their HR policies to assess relevance to the needs of the organization's business. One respondent said that the HR strategy is reviewed annually upon review of the business strategy. Two HR Managers concurred by saying the policies are reviewed on a need basis depending on changes taking place within the business environment.

Furthermore, the four HR Managers said HR policies and practices are given priority by their organizations.

d) Horizontal Integration of the HR policies that are being implemented

Responses from the three General Managers on whether their HR policies operate independently or holistically showed that two said they operate holistically while one said they operate independently. The four HR Managers` responses also show that the policies operate holistically. A content analysis was done to verify that a set of policies exist in the four organizations. The study found that HR policies were indeed available. Respondent 1 produced 22 HR policies, Respondent 2 produced 12 HR policies, Respondent 3 produced 17 and Respondent produced 9 HR policies. As revealed by the four respondents, HR policies are available in the four organizations. However the dates indicated in the policies revealed that more than 75% were outdated. One respondent produced 15 policies which were developed in year 2007.

e) HR devolution of the HRM function

Two General Manager said the line managers are involved in handling HRM activities very effectively in their organizations. They indicated that HRM duties were part of the line managers` job descriptions. Another General Manager said line managers are not involved in handling HRM activities in the organization. He revealed that HRM duties were not part of the line managers` duties.

50% of the Human Resources Managers said line management is responsible for implementation of HR polices. Another 50% of HR Managers said HR executives were responsible for implementation of HR policies. The HR managers were asked if the line managers do handle the HRM tasks effectively and 75% said Yes whilst 25% said No. The four HR Managers said the line managers` attitude towards the HR department was positive. Out of 25 line managers, 92% said they carry out HR responsibilities whilst 6% responded negatively. A content analysis of the line managers` job descriptions with two HR Managers was done. HRM duties including recruitment and selection, employee counseling, training and development, performance appraisals and handling of disciplinary and grievance issues were evident in 20 job descriptions. It also emerged that 48% of the line managers are not empowered to make decisions regarding HRM tasks or activities and also that 64% of the line managers do not have adequate skills to handle HRM duties.

The study found that line managers are involved in handling of HRM duties in some of the organizations whilst the responsibility of handling HRM duties in other organizations is still

limited to HR departments. The responses from line managers show that 80% have clear HRM roles and accountabilities whilst 76% of the responses indicate that there is conflict of interest between their line function and HRM duties.

5. Conclusions of the study

- a) HR is being accorded importance in the iron and steel industry. HR Managers are viewed as strategic business partners who are involved in formulation of business strategies at the top level.
- b) The HRM practices being implemented in the iron and steel industry vary from one organization to another. The set of practices that were found to be predominantly being implemented are recruitment and selection, records management, HR planning, training and development, employee relations and occupational safety and health.
- c) The strategic plans for the period 2009 to 2011 were not at all implemented. Although HR was involved in the Boardroom discussions, set strategies were not executed.
- d) The iron and steel industry does have sets of HR policies in place which the majority of the HR Managers said do operate holistically. However some of the policies are not being regularly updated.
- e) Line managers are indeed involved in handling HRM duties and responsibilities. However, devolution is being affected by conflict of interest between line and HRM duties, empowerment in making operational decisions and lack of adequate skills in handling of HRM duties.

6. Recommendations

The following recommendations are offered to improve the significance being given to HRM function in the iron and steel industry in Zimbabwe.

- a) HRM must be regarded as of great importance at the top level in all the iron and steel companies in order for the HR role to effectively cascade down to all the levels in the organizations.
- b) The organizations should identify HRM policies and practices pertinent to them and effectively implement them in an integrated fashion in order for them to have an impact on their business performance. These policies need not to exist for the mere purpose of having them on paper.

- c) HR departments must conduct relevant training programs to impart adequate knowledge to line managers on handling the HRM duties and responsibilities.
- d) All line managers must be given job descriptions which clearly define their HRM roles and responsibilities for accountability purposes.
- e) The effective handling of HRM duties must be entailed as one of the factors to be measured when performance appraisals are carried out for line managers.
- It can be anticipated that if this is done, these companies can gain sustainable competitive advantage through their employees.

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