

TRANSFORMING PRIVATE ENTERPRISE PRODUCTIVITY THROUGH HUMAN RESOURCE MANAGEMENT

Presentation by

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ORDER OF PRESENTATION

- ▶ Definition of terms
- ▶ Aspects of productivity and Human Resource Management
- ▶ The link between Enterprise Productivity and Human Resource Management: Empirical evidence
- ▶ Empirical Evidence
- ▶ The way forward: Transforming enterprise productivity through effective labour relations
- ▶ Conclusion

DEFINITION OF TERMS

► Enterprise Productivity

“the ratio of its output and input volumes” (Paul Krugman, 1994)

DEFINITION OF TERMS

- ▶ Human Resource Management
“Practices, Policies and Systems that influence employees’ behaviour, attitudes and performance”

DEFINITION OF TERMS

► Competitiveness

“the ability to gain, maintain and/or expand market share in a particular industry”

Competitiveness depends on the quality of the product and its ability to satisfy customer needs

DEFINITION OF TERMS

► Stakeholders

“Groups affected by entrepreneurial practices”.

They include Customers; Stock holders and Employees

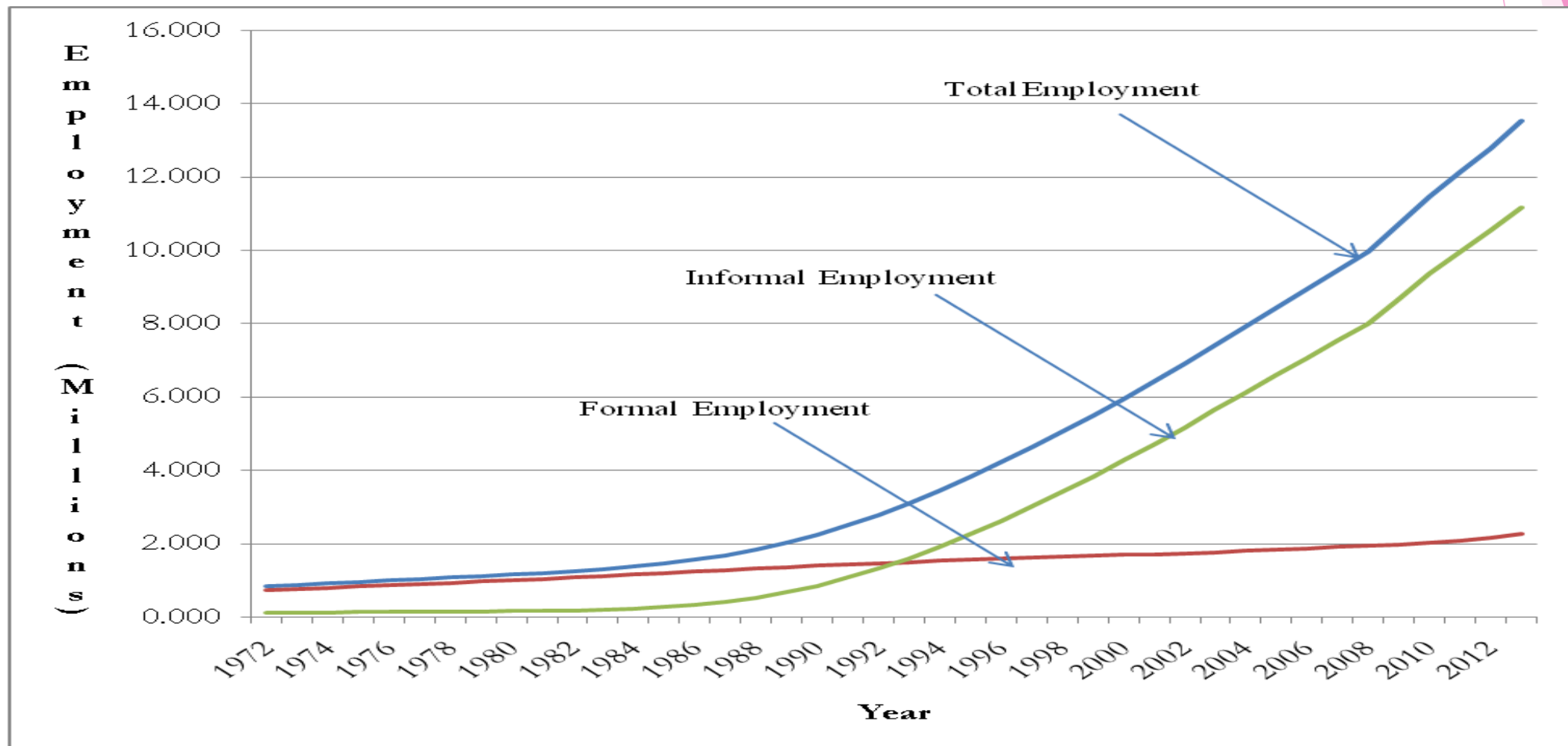
ICE BREAKER

Productivity is not everything, but in the long run it is almost everything. A Private Enterprises' ability to improve overtime depends on its ability to raise its output per worker (Adapted from Paul Krugman, 1994)

SOME ASPECTS OF PRODUCTIVITY IN KENYA

Aspect	2010	2011	2012	2013	2014
Bed Occupancy rate(Tourism)	38.8	40.3	36.4	36.1	31.6
%GDP Growth in trade	9.6	8.3	7.0	8.5	6.9
Local Private Cos. reg	24849	30000	27184	30400	27248
Foreign Private Cos. Reg	114	150	233	400	112
Waiting time (Airport; Hospital; Lead time)					

TRENDS IN EMPLOYMENT IN KENYA 1972-2013



STOPPAGES OF WORK CAUSED BY INDUSTRIAL DISPUTES IN THE PRIVATE SECTOR IN KENYA

Sector	2010	2011	2012	2013	2014
Agric & Forestry	42610	79511	5904	50088	512
Manufacturing	2047	32382	94	2400	1048
Construction	3851	12312	2667	3790	6445
Commerce	20	-	58	1,269,600	1152
Total strikes	32	21	16	20	16

IS THERE A LINK BETWEEN PRIVATE ENTERPRISE PRODUCTIVITY AND HRM?

Several empirical evidence clearly demonstrate that HRM (the key decent work focus) is the central and cornerstone of industrial/firm productivity. We provide such evidence.....

EMPIRICAL EVIDENCE 1

An empirical analysis of French firms (Gilbert Cette et al. 2012) shows that:

“Labour relations quality at branch or firm levels is key to productive performance”. And that “the evidence of such good relations lies in the existence of binding CBAs at firm levels”. In particular:

- ❖ Workforce or union opposition has a negative significant impact on Total Factor Productivity (TFP)
- ❖ Enforcement of regulatory constraints positively impacts on TFP

EMPIRICAL EVIDENCE 2

While linking Productivity, Fairness and Industrial Relations, David Peetz (2012) asserts that:

“In any specific workplace, industrial relations and the decisions the management makes have notable effects on firm productivity and that Government policies should promote trade unionism, widen the extent and scope of CBAs and abolish individual contracting”

EMPIRICAL EVIDENCE 3

While assessing the Impact of HRM Practices on Turnover, Productivity, and Corporate Financial Performance, Mark A. Huselid (1995) shows that:

“HRM Practices are **Economically and Statistically Significant Determinants of** Turnover, Productivity and Financial Performance of a firm”

EMPIRICAL EVIDENCE 4

While focusing on HRM, Planning and Strategies, Recruitment and Selection as a way of inducing productivity:

❖ Hambrick et al. (1989); Galbraith and Merrill (1991); Fisher & Govindarajan (1992); Gomez-Mejia (1992) and Marianne J. Koch & Rita G. McGath (1994) found out that

“the way a firm manages its HR/HC is central to the execution of its Strategies and Productivity”

EMPIRICAL EVIDENCE 5

While looking at Labour Management Relations and Productivity as a Framework for Success, Daniel F. Burton Jnr & Sylvia A. Hewlett (1983) found out that:

- ❖ “Worker participation programs fosters an environment that leads to productivity while enhancing employee job satisfaction”
- ❖ “Full engagement of employees through high level contacts provokes Higher Productivity; Better Customer Service and Lower Turnover”

THE PATH TOWARDS TRANSFORMATIVE PRIVATE ENTERPRISE PRODUCTIVITY

- ▶ The empirical evidence so far provided, clearly indicates that “Effective HRM practices enhance enterprise productivity.
- ▶ Private enterprises should therefore follow the path of decent work by ensuring that their Human Resources Access:
 1. Quality and Productive Employment Opportunities
 2. Basic fundamental rights and Obligations
 3. Social Protection
 4. Social Dialogue

THE WAY FORWARD.....

From the empirical evidence, Africa should induce industrial/firm/labour productivity through Proper HR/HC Management, Planning and Strategies (Labour relations). This involves:

- ❖ Promoting Workforce unionization and enforcement of labour laws through Binding and Unrestricted CBAs
- ❖ Promoting fair HRM practices such as: Development, Involvement; Rewards; Incentives; Compensations; Appraisals etc.
- ❖ Bringing to an end Outsourcing and All forms of Temporary employment

TAKE HOME 1: the Business Environment

- ▶ Understand how the business works: the design
- ▶ Understand the business culture
- ▶ Inculcate the business culture into your employees: Planning; Recruitment; Selection processes

TAKE HOME 2: Cultural Transformation

- ▶ Facilitate culture change among the stake holders
- ▶ Develop and value a productive culture
- ▶ Establish and promote effective productive culture navigation frameworks

TAKE HOME 3: Strategic Transformation

- ▶ Study and analyse the business trends
- ▶ Implement an evidence based HR system
- ▶ Develop an effective and result based HR and business strategy
- ▶ Observe rules versus discretionary government policies

TAKE HOME 4: Operational Transformation

- ▶ Implement the strategies so far advanced
- ▶ Effectively Implement workplace policies:
 - ✓ Training and Development
 - ✓ Workman Compensation
 - ✓ Employee Benefits
 - ✓ Employee Services
 - ✓ Employee and Community relations (CSR)
 - ✓ Health and Safety
 - ✓ Strategic Planning
- Enhance Productive HRM technology
- Initiate and Implement a stakeholder- centered management strategy

TAKE HOME 5:Service Delivery Transformation

- ▶ Deliver results with integrity
- ▶ Embrace information sharing and symmetry
- ▶ Build and promote trusting relationships
- ▶ Influence stakeholders towards productive engagements
- ▶ Take appropriate risks

TAKE HOME 6: transformative Evaluation

- ▶ Develop a productive value-based HR monitoring and evaluation system
- ▶ Design a productive based reward system
- ▶ Shape the enterprise towards a productive vision

CONCLUSION

- ▶ With the declining rate of public sector contribution to employment creation and overall economic growth and development, the private sector is the “Next Big Thing in the realisation of Africa’s Development Agenda 2063”
- ▶ Let us invest in Effective HRM practises in the Private Sector.
- ▶ Through this transformative path, the Private Sector in Africa will realise...
“Employee and Customer Satisfaction, Innovation, Productivity, and the Development of a higher competitive edge ”

THANK YOU IN SOLIDARITY
AND MAY WE ACHIEVE A
DECENT WORK PRODUCTIVE
PRIVATE SECTOR IN AFRICA!

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