Analysis of a Human Capital Plan for the Southern Region of Eskom Distribution

BY

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Submitted in complete fulfilment of the requirements for the degree

Magister Technologiae (Human Resources Management)

in the Faculty of Business Management and Economic Sciences

at the Nelson Mandela Metropolitan University

Promoter: Professor Paul Poisat
DECLARATION

I, the undersigned, hereby declare that this research dissertation titled:

Analysis of a Human Capital Plan for the Southern Region of Eskom Distribution

is my own work and that all sources and quotes have been reflected accurately and acknowledged through the use of American Psychological Association (APA) style system of referencing.

Name: Sarvam Iyapian-Moonsamy            Date: 18 September 2011
ACKNOWLEDGEMENTS

First and above all, I offer infinite gratitude to God for His Blessings, Grace, and Strength for enabling me to persevere with my study. The learning and growth acquired was phenomenal and life-changing.

I would also like to express my appreciation to the following people for their encouragement and support throughout my studies:

- I would like to thank my Promoter, Professor Paul Poisat for making this a meaningful learning experience for me. His insight, guidance, support and encouragement throughout the process of formulating and framing concepts was invaluable. His ability to view things pragmatically was critical and priceless to the completion of this study;
- Eternal gratitude to my husband Roy, and children Sharmlin and Kameshwhri for your unconditional love, support and sacrifices. You continue to be my source of strength and motivation.
- My late brothers Poobalan and Sagren and sisters Saratha and Ange for your love and our legacy;
- Professor Dennis Schaufer for editing my work; and
- Andrew Kabaale my Statistician, Colleagues, all the participants of the survey, and most importantly my employer, Eskom, for affording me this fantastic opportunity to further my study.

*This Study is dedicated to my late mom Mariamma Iyapian. Irrespective of the challenges You faced, your unconditional love, strength, courage and integrity carried us through. I am, because of everything You was. Your humility, wisdom, and grace continues to illuminate our lives, and I live each day in honour of You. I am blessed beyond measure to have had You as my Mom and Guardian Angel. Forever my inspiration. I salute Ma!*
ABSTRACT

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Degree: Master of Technology (Human Resources Management)

Title: Analysis of a Human Capital Plan for Southern Region of Eskom Distribution

Institution: Faculty of Business Management and Economic Sciences Nelson Mandela Metropolitan University

Promoter: Professor Paul Poisat

Date: 18 September 2011

Key words: Human Capital Planning (HCP); Workforce Planning; Human Resources Planning; Skills Planning; Human Resources (HR); Human Resources Professionals (HRP); Human Resources Practitioners (HRP); Key Performance Indicators (KPIs); Human Capital Measurements; Human Capital Planning Committee (HCPC); Strategic Planning; Leadership; Organisational Culture; Performance Management; Human Capital Measurements; Human Resources Sustainability Index (HRSI); People Management Matrix (PMM); Full Time Equivalent (FTE); The Balance Scorecard (BSC), Eskom Distribution the Southern Region

We are living in an era of inconceivable knowledge, skills and talent paucity as technology continue to revolutionise the world, creating new and diverse economic opportunities and changing the perception of work,
its environments and the skills and knowledge demanded in organisations. This phenomenon has resulted in global competition for skilled and knowledge workers as the new world of work morphs enigmatically, leaving organisations vulnerable, and unable to deal with this complex issue. Organisational leaders are cognisant of the changes, but are grappling with the problems of managing, retaining, and creating a resilient workforce. If talent is put onto the back burner and left unattended, it has the potential to create overwhelming turmoil in the South African economy and the economies throughout the world.

The global changes will impact directly on how we approach workforce challenges in the future. Today, human capital is regarded as the distinct wealth contributor and creator for economic and organisational prosperity (Meyer, 2004). Hence, Human Capital Planning is crucial for every organisation, including Eskom, to ensure that its strategic objectives are met through the effective management and utilisation of its human resources in order to maintain its competitive advantage and ensure its sustainability into the future.

Globally, as well as in South Africa, various contributing factors have resulted in skills shortages throughout the energy industry. Eskom has embarked on several growth initiatives requiring additional manpower, diverse specialist knowledge and skills-sets, and a more robust pipeline of technically qualified employees across all levels in the organisation firstly, to sustain itself, and secondly to embed the transition of a high performing organisation by attracting and acquiring the right skills and talent in the right jobs (Eskom Business Plan, 2010).

Human Capital Planning is therefore crucial especially for Eskom Distribution, Southern Region to ensure that its strategic objectives are met through the effective management and optimisation of its human resources, whilst simultaneously cognisant of the changing landscape both internally, viz. within the region and the broader Eskom, and externally in South Africa and the global markets.
The study was conducted within Eskom Distribution Southern Region through the use of a structured questionnaire focussing on three investigative themes: namely; **Best Practice Guidelines for developing a Strategic Human Capital Plan; The current state of Human Capital Planning in the Southern Region; and the Role of the HR function in Human Capital Planning in the Southern Region.**

Overall findings from the study reveal that the majority of the participant’s knowledge, insight and comprehension of Human Capital Planning, Human Capital Management, Best Practices and guidelines and HR roles in developing a Human Capital Plan for the Southern Region is vague, inconsistent, at times inaccurate (as stated below) and not at the desired level where the recognised benefits could be implemented and realised consistently.

- Firstly Eskom Distribution Southern Region does not have a Human Capital Plan, hence it is not aligned to the Region’s strategic business plan;
- Southern Region does not have a dedicated Human Capital Planning Committee;
- The Finance Department manages the manpower budget, and advises the region with regard to manpower growth as and when funds become available;
- HR’s role is to advise line management of the additional numbers and to consolidate the exercise for approval;
- The approved numbers will then be factored into a recruitment plan, to initiate the recruitment process;
- One of HR’s KPI is Vacancy days, hence the focus is filling vacancies as quickly as possible, and at times compromising on the quality and the suitability of the appointees. This push for meeting the Vacancy Days KPI is achieved in the short term, however, somewhat detrimental to the organisation in relation to its credo of embedding a high performing organisation; and
- ROI is never measured.
The findings from the survey support the researcher’s perspective in that:

- A significant number ie. (anything from 50 percent upward) of respondents disagreed that the Human Capital Plan of Southern Region responds effectively to continuous challenges in the new world of work;
- A small number ie. (anything from 1 percent to 30 percent) of the respondents are in agreement that the HR department monitors and reviews its recruitment plan quarterly to assess the progress made and to take corrective action;
- A small number of the respondents are in agreement that the Human Resources Department has an inventory of high and poor performers for the Southern Region;
- A significant number of the respondents are in disagreement that the Southern Region has a sustainable Human Capital Plan for the region for the next 5 years;
- A significant number of the respondents disagree that Southern Region has a clearly articulated human capital strategy and plan to direct the region towards achieving its strategic objectives; and
- A significant number of the respondents are undecided on the statement that human capital planning meetings are held quarterly and given priority in the Southern Region.

This study supports an integrated approach to Human Capital Planning. When the organisation’s strategic business plan and the human capital plan is aligned, it gives direction and creates common understanding when establishing business priorities. The integrated approach to planning helps to allocate the right resources into the right jobs, further ensuring that the organisation’s vision and objectives are achieved. Delivery against these objectives can then be monitored, measured and evaluated progressively to ensure actualisation of the organisation’s objectives. The intrinsic value of human capital has challenged organisational leaders to a new paradigm shift, and they are slowly beginning to realise and appreciate that the human capital plan is a
crucial tool that enables organisations to drive key programmes to achieve its objectives.

Human Capital is becoming the most distinguished force creating unparalleled strategic and financial value for organisations globally. Hence, in today’s rapidly varying markets and unstable economic environments, organisational leaders should attract, manage, develop and retain its critical resources to strive for more than merely being sustainable, but aspire to becoming world-renowned organisations. Therefore, Human Capital Planning is not only important in providing direction to an organisation, but essential in ensuring that the organisation has the right Human Capital to compete and thrive amidst fierce national and global competition.
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1. CHAPTER ONE : BACKGROUND TO RESEARCH DISSERTATION

1.1 INTRODUCTION

This dissertation deals with an analysis of a Human Capital Plan for Eskom Distribution focussed primarily on the Southern Region, in the Eastern Cape Province. The Southern Region of the Distribution Division of Eskom is guided both on a strategic and functional basis by the Distribution Head Office.

The Distribution Division (Dx) consists of a Corporate Head Office, situated in Sunning hill, Johannesburg, and the division is zoned into six geographical regions. The Distribution Division (Dx) comprises the Wires Business (Engineering Disciplines) and the Customer Network Business (CNB) supported by the Services Disciplines ie., Finance, HR, Commercial, Information Management and Communications Departments. The Distribution Divisions primary role is to distribute electricity to its customers, majority being the (LPU) large power users viz., municipalities and private industries. The six regions are led by General Managers who report directly to the Managing Director of Eskom Distribution who reports to the Chief Executive.

We are in an era of enormous talent and skills scarcity, as the world of work evolves rapidly, the bargaining power has altered from employer to employee, leaving many organisational leaders vulnerable, and unable to deal with this complex issue. It is clear that organisations are looking to the HR function for direction on all aspects of human capital management (Boninelli, 2004). If strategies and systems are not put in place to manage the skills and talent shortages, it will create substantial challenges in economies throughout the world. This phenomenon will impact directly on how we approach workforce challenges now and into the future.

The exacting reality is that globally we are facing severe talent and skills shortages as organisations struggle to manage and maintain their
competitive advantage.

The talent pools of yesteryear are inadequate and ineffective as technology advances at a phenomenal speed, triggering an avalanche of new market opportunities, and diverse skills and knowledge requirements which are transforming the very nature of work, and the work environments (Cheese, Thomas, Craig, 2008).

Meyer (2004) comments that the ever-increasing international competition and fluidity of the global labour markets, brings a host of diverse and complex challenges to organisations with regard to how, where and when the work is done. This transformation has brought about new and varied components dominating the talent mix with new attitudes and ambitions, making talent an ever-more serious and complex issue for every organisation today (Cheese et al, 2008).

Organisational leaders are now recognising that Human Capital or ‘intellectual capital’ is the only significant factor that creates economic prosperity, value and competitive advantage for organisations the world over (Cheese et al, 2008). Organisational leaders are also awakening to the fact that human capital planning must be aligned with the organisation’s strategic business plan to achieve the organisations objectives (Chapman and Walton, 2007).

The symbiotic relationships between strategic planning, human capital planning and organisational success is clearly evident today, as skills shortages threaten the short, medium and long term success of organisations and industries globally.

The success of any organisation is dependent on an adequate and continuous supply of appropriate skills. Over recent years various factors have led to skill shortages in the workforce, which include:

- Competition for skills locally due to increased economic growth;
Demand for skills internationally due to world economic recovery and globalization;

Underperforming Educational Institutions and lowering of matric pass rate to allow entry to tertiary institutions as part of readdressing the imbalance of the past;

The curriculum offered at tertiary educational institutions do not complement the new knowledge and skills required in organisations today;

Inadequate skills development in South Africa over the past 2 decades;

Attrition factors due to the awarding of separation packages;

A rapidly ageing workforce; and

Globally the demand for critical and scarce skills outweighs the supply due to new and emerging technologies and niche markets.

Scarcity of skilled and specialist resources especially in the engineering and technical environments with the appropriate qualification and related experience within Eskom is becoming a serious problem, and if not managed properly, could have dire consequences for this utility. Inadequate internal talent pipeline, lack of succession planning especially for core, critical and scarce category positions, and a lean labour market to attract suitably qualified candidates to fill vacancies are debilitating factors. These dynamics have created the following challenges for Eskom, inclusive of the Southern Region:

Inability to fill vacancies within the targeted period of 85 days, thereby impacting adversely on continuity and sustainability;

Loss in productivity and/or the work is passed on to other employees, severely constrained to carry the additional work load. The consequence of the above action had led to low staff morale, employee dissatisfaction, absenteeism, and conflict, clearly evident in the increase of disciplinary and grievance issues in the Southern Region; and
Due to the pressure and demand on delivery of outputs, the vacant posts are frequently filled with the wrong people for the wrong reason, for example if a post is advertised for an Engineer the (minimum requirement being a BSc Electrical Engineering with Professional Registration with ESCA) and if no suitable candidates are found, then the minimum requirements are lowered to accommodate a Senior Technician with a (National Diploma in Electrical Engineering) in some cases, to fulfil the outputs of an Engineer.

The resulting actions has brought about its own set of challenges, and the Southern Region is now experiencing some of the impact of appointing the wrong people, in the wrong jobs, for the wrong reasons. This has also contributed to increased training and development costs to move the employees to the desired level of competence and performance levels expected in each job.

The trend is further evident in the Further Study Programme, with an increase in applications from employees to acquire the minimum qualification required for their current positions. This is to some extent attributed directly to the recruitment process in that people are being appointed below the minimum qualification required for the job.

Other crucial aspects impacting on the Southern Region are the rapidly ageing workforce, compounded by an emerging young and inexperienced workforce, an escalating manpower budget, perceived leadership malaise, poor performance management and lack of organisational discipline, all of which create substantial challenges for the Southern Region to sustain its competitive advantage.

According to Cheese et al (2008), as markets shift and evolve, so too will the knowledge, skills and competencies of employees, thereby creating continuous skills and knowledge gaps within the organisation. Employees will be expected to continually learn and to adapt to varying conditions allowing mutual opportunities for growth and innovation, but most importantly to
remain competitive amidst changing market conditions and diverse customer needs in the new world of work (Boninelli, 2004).

Cheese et al (2008) elaborates further that the key aspect of achieving organisational prosperity is a resilient and adaptable workforce who can learn, unlearn and relearn quickly and effectively in a fast-changing environment.

Human Capital Planning is therefore crucial especially for Eskom Distribution, Southern Region to ensure that its objectives are met through effective management and utilisation of its human resources, and acutely aware of the changing dynamics locally and globally.

When the winds of change blow, some people build walls and others build windmills… Chinese proverb

Innovative and diverse markets are springing forth incessantly, as the world changes at an exponential pace, competing for skilled resources to take advantage of new market opportunities and new avenues of growth (Bluen, 2002). Rapid technological advancement continues to demand new workforce types, new work environments and the way work is carried out (Ulrich, 1998). Today organisations are faced with the reality of competing in a multi polar world, and it is evident that we are in a new era of globalisation where talent and intellectual power are regarded as an organisation’s prime currency (Cheese et al, 2008).

According to Swanepoel, Erasmus and Schenk (2009), globalisation is prevalent as we observe how international trade, information and communication technology, the free flow of money and even people and their cultures continues to create an interconnected and virtually synergistic world.

Swanepoel et al (2009) captures succinctly the era we are in by affirming that a new age has dawned for the increasing recognition and acceptance of more democratic systems from a viewpoint of world politics and global power.
relations as the world continues to experience phenomenal, innovative and multidimensional changes as never seen before.

In 1994 South Africa found itself at a crucial juncture of its political, economic and social history after the first ever democratic election. Much of the debate was about policies and programmes to facilitate job creation, to narrow income differentials and to redress inequalities and to grant the previously disadvantaged majority access to wealth (Bendix, 1997).


The framework illustrated below (Figure 1.1) encapsulates the vision for a unified South Africa:

| A prosperous & Equitable Society  
| (The Constitution Act 108 of 1996)  
| achieved through:  
| Economic Growth and Social Development  
| (The reconstruction & development program & the national macroeconomic plan)  
| contributed to by:  
| Affirmative Action and Social Redress  
| (Employment Equity Act No. of 1998)  
| And  
| Improving the skills levels of the workforce  
| (National Skills Development Strategy)  
| incentivised by:  
| A Skills Development Levy-Grant System  
| (Skills Development Act 9 of 1999)  
| governed by:  
| Sector Education and Training Authorities (SETAs)  
| (Skills Development Act 97 of 1998)  
| and guided by  
| A National Framework for all learning achievements  
| (SA Qualifications Authority Act 58 of 1995 & the National Qualifications Framework) |

Figure 1.1: Vision for a United South Africa Framework
Source: Department of Labour (2000)
The framework depicts the thinking behind national policies and legislation instituted since 1994. These aims were enshrined in the Constitution viz. prosperity and equity for all.

As South Africa enters into the second decade of democracy, there is no doubt that significant progress has been made in several areas including the social, political, legislative and economic sectors (Meyer, 2004). The author comments further by highlighting that a considerable number of the policies and legislation that has been promulgated are measured amongst the best in the world, however as South Africa moves into the future, many challenges still remain.

Du Plessis (2008) lists the following characteristics that are prevalent in the South African labour market:

- Reduced employment opportunities;
- Low skills base;
- Growing dependence on the informal sector;
- Rising levels of unemployment;
- Inadequate levels of education and training;
- South Africa has become vulnerable in the areas of electricity supply, deteriorating health care, deteriorating education, crime and macroeconomic stability;
- South Africa has the world’s highest brain drain and worst skills shortages of 55 countries according to Productivity Institute South Africa; and
- South Africa has one of the world’s most severe shortages of financial and senior management skills.

Researchers Boninelli (2004), Behara (2005) and Stockley (2005) support the notion that Human Capital is an organisation’s key resource that adds most significantly to its bottom line competitiveness. In an era of enormous talent and skills scarcity, and the battle for global talent, it is fundamental that organisations possess a deep understanding of their current skills and
capabilities to plan for their human capital needs into the future. The question that organisations need to ask is not whether planning should happen, but how human capital planning should be approached?

For organisations to cope with the existing challenges of weakening and inadequate labour markets, it is vital that organisations plan and develop practical strategies in partnership with the South African Government, International Authorities for Best Practice and Guidelines, Academia, and Educational institutions to ensure a robust and constant supply of human resources for the South African Labour Markets into the future. As the literature study revealed, an organisation’s competitive advantage lies in its human capital and it is therefore imperative that human capital management, planning and development is placed high on the agenda for the South African Government and entrenched in every organisation as a key element in their survival and future sustainability.

The above discussion provided the rationale for the main problem of the study.

1.2 THE MAIN PROBLEM

Globally, as well as in South Africa, various contributing factors resulted in skills shortages, throughout the energy industry. Eskom has embarked on several growth initiatives requiring additional manpower, diverse skills-sets and a stronger pipeline of suitably qualified people across all levels in the organisation.

Technology is continuously advancing at an unparalleled pace and workplace practices have been redesigned, to reflect a transformed socio-political and economical structure (Bendix, 1997). These changes require a different organisational culture and mindset.

While it is understood that knowledge transfer between the more experienced employees and the younger, less experienced employees is crucial for an
organisation’s sustainability, unfortunately this paradigm is not embedded in the minds of leaders and managers to create a culture of knowledge management, and often the impact is only realised when an experienced individual has exited the organisation, and the department or section is left vulnerable.

The challenges have been further exacerbated, in the short to medium term by major projects initiated in partnership with government and industry, in up-skilling the large number of unemployed and semi-skilled people in the country to eradicate poverty. This programme is fundamental for the long term prosperity of the South African economy, however, it has come with its own set of challenges in that the Southern Region has limited training infrastructure and resources to contribute effectively to this programme.

Cognisance must also be taken of the redesigned vocational training system in South Africa, which has not yet been fully implemented in the workplace, hence the inability to reap real benefits from its strategic intent. South Africa has an inheritance of valuing “whole qualifications” versus “fit for purpose” qualifications, often resulting in individuals either being over or under qualified for the job.

Recent developments pertaining specifically to the Global Economic Crisis resulted in Eskom being faced with the following challenges:

- Stringent financial management procedures and policies were adopted to manage the business optimally;
- A strong demand for scarce technical skills both nationally and globally;
- Major capital expansion projects taking place simultaneously in South Africa that are competing for additional manpower and specific skills;
- A decline in the number of learners qualifying from universities especially in engineering;
- Ageing profile of employees: an ageing workforce nearing retirement, employees who have the appropriate skills sets and will exit the
organisation in the next 2-5 years without transferring their knowledge and skills;

➢ Ageing workforce that do not have the relevant skills sets, and cannot fulfil their contractual obligation as the organisation evolves;
➢ A maturing workforce with skills sets that are no longer appropriate and must be ‘reskilled’ or redeployed;
➢ Loss of local talent to national and international markets; and
➢ Lack of implementation of the redesigned South African vocational training system in the workplace.

These demands provide a distinctive challenge to the management of human capital, amidst a planned restructuring of the electricity supply and distribution industries. This shift has resulted in an outcry for effective workforce and manpower planning, skills and talent management strategies to build capacity and a robust retention strategy to stem the outflow of core, critical and scarce skills from the business (Eskom Business Plan, 2010).

The above discussion gave rise to the main problem of this study viz.

How should human capital planning be done for the Southern Region of Eskom Distribution?

1.3 SUB-PROBLEMS AND OBJECTIVES

The following sub-problems were developed from a closer examination of the main problem.

1.3.1 Sub-Problem 1

What is Human Capital Planning?

This sub-problem was addressed in a literature review of human capital planning theory.
1.3.2 Sub-Problem 2

What are the theoretical best practice guidelines for the development of a strategic human capital plan?

To address this sub-problem a literature study was conducted to gain insight into the best practice guidelines for the development of a strategic human capital plan.

1.3.3 Sub-Problem 3

What is the role of Human Resources in developing a strategic human capital plan?

To address this sub-problem a literature study was undertaken to understand the role Human Resources plays in developing a strategic human capital plan.

1.3.4 Sub-Problem 4

What is the current state of human capital planning for the Southern Region of Eskom Distribution?

This sub-problem was addressed by means of an empirical study using a survey that utilised a questionnaire as a data collection instrument to establish the current state of human capital planning in the Southern Region.

1.3.5 Sub-Problem 5

To what extent is the Human Resources Department of Eskom fulfilling its role in human capital planning in the Southern Region of Eskom Distribution?
This sub-problem was addressed by means of an empirical study using a survey that utilised a questionnaire as a data collection instrument to establish HR’s role in human capital planning in the Southern Region.

1.3.6 Sub Problem 6

To develop a model for Human Capital Planning for the Southern Region of Eskom Distribution

This sub-problem was the logical conclusion to the responses to Sub-problems 1 to 5.

Sub-problem 6 provided a model for human capital planning for the Southern Region that took into account (Sub-Problems 1, 2 and 3) What is Human Capital Planning, what are the Best Practice Guidelines for the development of the Strategic Human Capital Plan and what is the role of Human Resources in developing a Strategic Human Capital Plan. (Sub-Problem 4) What is the current state of Human Capital Planning for the Southern Region of Eskom Distribution? (Sub-Problem 5) To what extent is the Human Resources Department of Eskom fulfilling its role in Human Capital Planning in the Southern Region of Eskom Distribution?

The literature study and responses from the survey questionnaire provided the researcher with a basis from which to design a workable human capital planning model for the Southern Region of Eskom Distribution.

Therefore the aim of the research was to:

- To determine from the literature the best practice and guidelines for the development of a human capital planning model to assist Eskom Distribution Southern Region to improve the current human capital planning process;
- To conduct an empirical study to identify the underlying factors that could provide practical guidelines for human capital planning; and
To conceptualise and develop a human capital planning model for the Southern Region of Eskom Distribution and to make recommendation garnered from the empirical study to the Regional Executive Committee for implementation.

1.4 DEMARCATION OF THE RESEARCH

Demarcation of the research enabled the researcher to focus on a manageable research structure. The fact that certain aspects are excluded from the research does not mean that they are not important. The problem statement gives an articulate indication of what will be included in the research.

1.4.1 Geographical Demarcation

The empirical component of the research was conducted at the Regional Head Office of the Southern Region, situated in East London.

Southern Region is confined to the Eastern Cape Province of South Africa and comprises four demarcated areas viz, Mthatha, Queenstown, East London and Port Elizabeth. The Regional Head Office is situated in East London, where all the Senior Regional Executive Committee (REC) members reside.

Eskom Southern Regions workforce comprises of a total complement of:

- 2219 permanent staff;
- 83 bursars;
- 213 learners;
- 53 temporary staff; and
- 30 third party contract workers.

The total Manpower Budget represents between 56 percent to 60 percent of Eskom Distribution Southern Regions annual operating costs.
1.4.2 Demarcation of Job Category and Level

The empirical study was limited to the following target population, employed in the Southern Region on a full-time basis and based at the regional head office in East London viz:

- The Regional Executive Committee Members (REC) (N x 10);
- Line Managers and Supervisors with Task Grading T13 and M14 to M18 (N x 65); and
- HR Practitioners with Task Grading T12 (N x 25).

The following employee categories for the purpose of the research was excluded:

- Eskom Staff with Task Grading T5 to T11; and
- Temporary staff, Contractors, and Learners.

The rationale for the exclusion was that the categories mentioned above are not familiar with, nor involved in the Southern Regions Business Planning Process.

1.4.3 Organisational Disciplines

The study included employees in all the disciplines within the Southern Region. These disciplines are: Engineering, Customer Network Business (CNB), Commercial Services, Strategy & Business Planning, Communications, Risk Management, Information Management, Finance and Human Resources.

1.4.4 Subject Demarcation

The study focused on Human Capital Planning, Best Practice Guidelines and HR’s involvement in Human Capital Planning.
Related aspects such as Talent Management, Succession Planning, Career Planning, Retention Management, Remuneration Management, Employee Value Proposition (EVP) and Training and Development approaches were excluded for the purpose of the research.

1.5 DEFINITION OF CONCEPTS

The following concepts viz., Work Force Planning, Human Resources Planning, Manpower Planning, Talent Management and Human Capital Planning that appear in the title, main problem and sub-problems will briefly be explained to prevent different interpretations.

The following terminologies viz. Work Force Planning, Human Resources Planning, Manpower Planning, Talent Management and Human Capital Planning have over time undergone an evolutionary process and Human Capital Planning is the more accepted terminology in the 21st century.

These concepts are used interchangeably. Manpower Planning is the terminology predominantly used throughout Eskom Distribution and in the Southern Region.

1.5.1 Work Force Planning

The State Auditor’s Office (SAO) (2006) defines the workforce planning process as a structured process for identifying the number and types of employees an organisation will require to achieve its strategic goals and objectives.

The author further adds that the planned goals must be developed simultaneously with the work force plan to demonstrate how, when and where the resources will be available to meet the organisation’s strategic objectives (SAO, 2006).
Personnel Cabinet Governmental Services Centre (PCGSC) (2007) summarises workforce planning as a logical process in understanding what skills the organisation currently has, what skills will be required in the future and how the organisation will address the gaps.

PCGSC (2007) further highlights that workforce planning is crucial, as it creates a foundation for strategic decision-making and should systematically address the following issues driving change:

- Linking the human resources plan with the organisation’s strategic business plan will give leadership the assurance that their human capital are linked to the organisation’s strategic objectives;

- Understanding how the organisation’s mission could evolve and change over time;

- Understanding how changes in the mission could possibly affect the skills and knowledge requirements;

- Understanding the changing dynamics in the new world of work, particularly with regard to demographics, new skills sets, individual interests and performance;

- Understanding the current skills and capability gaps of the workforce, and how flexible and adaptable they are to meet future skills requirements as the organisation grows and evolves; and

- Continuously reviewing and addressing its recruitment, retention, training and development, and performance management practices and strategies to address staffing needs, and to close the gaps.

According to PCGSC (2007), workforce planning is driven by leadership and supported strongly by management, where HR facilitates the process by
providing the necessary tools for identifying the skills and competencies required for building the workforce of the future.

Hercus (1993) maintains that workforce planning is a management process compromising:

- Forecasting workforce requirements to achieve the organisation’s overall objectives;
- Predicting skills and capabilities available to meet organisational needs in the short, medium and long term;
- Analysing the skills gaps between the supply and demand;
- Developing the necessary action plans to mitigate any potential risks; and
- Implementing, monitoring and evaluating the activities highlighted in the plan.

According to O’Doherty (1995), workforce planning is a systematic process that address the following typical issues:

- Total number of employees the organisation employs;
- Market sources from where employees can be sourced from;
- Age profile of employees per department;
- Skills and capabilities of employees;
- Qualification and experience of employees per skills category;
- What the core, critical and scarce skills are; and
- The number of employees leaving the organisation per job category.

Dolan and Schuler (1987) observe that Workforce Planning is a process of analysing the workforce, identifying potential gaps, developing suitable strategies and then implementing the plan to ensure that the organisation has the right number of skills and competencies to perform the work in order to achieve the organisation’s objectives.
Dolan and Schuler (1987) outline some of the objectives below:

- To reduce labour costs by assisting management to anticipate shortages or surpluses of skills and to address these anomalies proactively;
- To help managers make better-informed decisions on employee training and development;
- To ensure continuous learning and improvement in the business planning process;
- To provide more opportunities for equity and diversity;
- To provide an effective tool for evaluating the human resources planning practices and policies;
- To employ proactive planning to assist with budgetary requirements; and
- To help create a shared vision amongst management and the employees.

1.5.2 Human Resource Planning

According to Fayana (2002), Human Resource Planning is a systematic and ongoing process of analysing an organisation’s human capital needs under changing landscapes and developing workforce policies and procedures appropriate for the long-term success of the organisation. Human resources planning is a crucial element in an organisation’s business planning and budgeting process, since human capital costs and projections both influence and are influenced by long-term business plans (Fayana, 2002).

According to Nankervis, Compton and Baird (2002), the purpose of Human Resources Planning (HRP) is to ensure that an organisation’s goals and objectives are accomplished through the effective utilisation of their human resources. The authors further assert that human resources planning is an ongoing process of matching the demand and supply of skills, whilst, at the same time, remaining fully mindful of the changing markets both internal and external to the organisation.
1.5.3 Manpower Planning

According to Mani (2007), Manpower Planning is a methodical process where an organisation does an inventory of its human capital with regard to the knowledge, skills and competencies the organisation possesses. The author further claims that manpower planning provides management with a credible framework, that can assist management with the following:

- Guiding management towards future planning, with regard to its human capital requirements;
- Guiding the organisation in the effective maximisation and utilisation of its resources;
- Guiding management in a structured and focussed planning of the organisation’s exact requirements; and
- Ensuring that the framework is adaptable to unexpected changes such as new market opportunities, technological advancements, political and economic pressures etc.

According to the Management Study Guide (2011), Manpower Planning is a systematic process of ensuring that the right people are in the right jobs, performing the right outputs to achieve the objectives of the organisation which essentially are:

- Analysing the organisations skills and capabilities;
- Conducting future manpower projections;
- Developing suitable employment strategies and programmes; and
- Instituting training and development programmes.

Furthermore, the Management Study Guide (2011) comments that Manpower Planning is beneficial to organisations and provide insight into:

- The skills and talent gaps and surpluses that are identified proactively in order to mitigate potential risks;
Skills and talent acquisition as it is aligned to the organisation’s strategy;
Management and reduction of labour cost, through the redeployment of surplus employees elsewhere to prevent over-staffing; and
The current skills and competencies available in the organisation and what actions are needed to ensure an adequate talent pool for the future.

Research discussion with senior managers in Eskom revealed that the first manpower planning exercise was done in the late 1970’s, and aptly named the ‘Manplan’, which could have been attributed to the fact that the Eskom was predominantly an employer of males due to the technical and physical nature of the jobs. The ‘Manplan’ encompassed Eskom’s structures, the \( (xn) \) = number of jobs per designation per grade.

This data was stored on the main-frame, and each month this voluminous data was printed, verified and captured in each region and the information sent to head office for consolidation. This was a tedious exercise. However, with the advancement in technology and the acquisition of computers and new software, the humble ‘Manplan’ evolved to ‘Manpower Planning’ in 1985, and has since been firmly embedded in Eskom’s culture and legacy.

In the recent past, there has been several debates and requests to change the ‘Manpower Planning’ terminology, as some deemed it to be sexist, and also to relook at the philosophy, its relevance and the process associated with manpower planning. Attempts were made to discuss the name change, however to date nothing has come out of this initiative.

In summary Eskom’s Manpower planning exercise entails the following:

At the Executive Committee (EXCO) level a number of strategic decisions are made with regard to Eskom, its financial position, customer service, niche markets etc., including decisions on the overall manpower growth and targets for each Eskom Division;
Once the decision has been made with regard to Eko’s overall manpower targets, the number is then carved up per Division to accommodate all their resource needs;

- The Divisions will further segment the numbers based on their regional inputs, alternatively, manpower numbers will be allocated based on the funds available, which at times is ineffective and does not serve the region’s requirements adequately; and

- The additional numbers with the budget is then allocated to the regions to manage and to split further between the Departments.

Eskom’s current Manpower Planning process continues to present the following challenges:

- Year on year, the timing and allocation of the additional manpower numbers is questionable, and ineffective, due to the tight time frames ie. from the time the budget is approved to the time the recruitment process is initiated, it literally becomes impossible to fill the vacancies, and furthermore, if the vacancies are not filled within a certain period of time, the budget and post is taken away;

- One of HR’s mandates is to fill the vacancies within 85 days and as a result the process of advertising, short-listing, interviewing, screening and appointing becomes a production unit, where quality is often compromised. The focus is on the urgency of the activity to fill the vacancies to avoid the risk of relinquishing the posts. This is a huge risk at present, potentially creating mismatches between people and jobs, which will ultimately impact on the organisation’s performance and culture; and

- Hence, the focus is not on measuring the quality or ROI of the appointments.

Leadership must inculcate the desired behaviour of creating a high performance organisation to change the behaviour of management and staff to align with Eskom’s Vision, and it starts with appointing the right people in the right jobs for the right reasons.
1.5.4 Talent Management

Sullivan (2004) describes talent management as an integrated process that is continually evolving, and advocates that the system should ensure that organisations have a consistent supply of competent employees in the right jobs, at the right time. Talent management is perceived as being preferable to other terminologies, because it implies a capacity for future planning to provide the desired talent to build the organisation’s capabilities (Sullivan, 2004).

1.5.5 Human Capital Planning

According to Stockley (2005), human capital encompasses knowledge, skills, and competencies, and when collectively utilised to its maximum potential, it contributes significantly to an organisation’s bottom-line profitability and competitive advantage. The author further makes the point that human capital of today, is associated with prestige and it is unlike physical assets eg. machinery which depreciates with time. The opposite is true for human capital, in that, with the right investment in training and development, human capital grows and generates organisational value (Stockley, 2005).

Behara (2005) supports the theory that Human Capital Planning is a methodical process for identifying the right skills and capabilities required to meet an organisation’s objectives and then to develop relevant strategies to deliver on these objectives.

Organisations failing to invest in their human capital now and in the future will lose their competitive advantage, and encounter several problems viz., loss of products, markets and services, as well as the inability to compete internationally due to employee malaise and discontentment (Behara, 2005).
According to Mercer (2010), Human Capital Planning is a process intended to:

- Undertake a diagnostic assessment of the existing workforce;
- Determine the resource requirements for the short, medium and long term to align with the overall business objectives;
- Develop a practical plan and to assign accountability with milestones on how to address skills gaps and all other issues pertaining to resources;
- Implement, monitor and evaluate the plan against the targeted strategic objectives; and
- Highlight successes, and to measure and manage outcomes.

1.6 THE SIGNIFICANCE OF THE RESEARCH

You got to be careful if you don't know where you're going, you might not get there... Yogi Berra

Absence of a Human Capital plan in an era of economic uncertainty, rapid technological advancements, global changes and talent scarcity will quickly erode the existing competitive advantage of an organisation, leaving it vulnerable and misplaced. The reality is that employment is offered primarily to implement an organisation’s strategy, and it is therefore crucial that every employee understand their organisation’s vision, strategic objectives and performance levels in order to achieve the organisation’s desired goals.

According to Boninelli (2004), organisational leaders are looking more and more to HR for strategic support in an environment of uncertainty as organisations continue to experience some of the following challenges:

- Organisations must align to transforming Government Legislation;
- Scarcity of talent, aggravated by demographic pressures and educational shortcomings especially in South Africa;
- Absence of employee psychological contract with organisations;
Knowledge workers in the 21st century are the key to organisational success to complement the exponential advancement in technology;

Higher mobility of the younger workforce seeking shorter term contracts;

Today’s workforce expect more flexibility to pursue personal goals and interests;

Employees want to work virtual but organisations are not yet equipped nor ready to deal with this new concept of working;

Ageing workforce close to retirement and inadequate tools and mechanisms to transfer knowledge and skills to the lesser experienced employees;

Culture, language and diversity issues between different generations working together; and

Organisations are continuously facing an ever increasing demand for new skills, knowledge and competencies as customer needs evolve.

HR more than ever must now transcend their proverbial administrative role to become change agents and strategic partners (Ulrich, 1997). The new paradigm shift will entail HR partnering with line managers to create a customer-centric function aligned to the organisation’s strategy (Renton, 2000). This essentially means that HR must assist the business in creating value through its human capital, its policies, practices and processes.

It is evident that we face a looming challenge with regard to the complexity of attracting, retaining, developing and managing human capital now and into the future. Taking cognisance of all of challenges listed above, it is vital that human capital planning be placed high on Eskom’s strategic agenda, to ensure sustainability and continued success.

The challenge however, is integrating its human capital and aligning its resources in the right jobs, for the right reasons, to achieve Eskom’s strategic objectives.
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<td>- Demand Analysis, Demand Side Management &amp; Pricing Officers</td>
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<td>16</td>
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<td></td>
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<td>19</td>
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<td></td>
<td>- Business Investment Officers and Senior Business Architecture Analysts</td>
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<td>20</td>
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<td>- Assistant Technical Fleet Officers</td>
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<tr>
<td></td>
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**Total Southern Region Core Critical and Scarce Skills** | **1481**

*Table 1.1: Southern Regions Core, Critical and Scarce Skills Categories*
The Southern Region like the rest of the Eskom business is faced with a multitude of skills and talent issues, however, the biggest challenge is the chronic skills shortages as depicted in Table 1.1. The skills shortages, due to a number of reasons, is not unique to the Southern region but also permeate the global industries and the South African Labour Market conspicuously.

Table 1.1 reflects a snapshot of the Southern Regions Core, Critical and Scarce Skills (CCS) categories. 1481 or (67%) of the 2219 permanent employees falls under the CCS skills categories. Table 1.1 shows that more than two thirds of the Southern Regions workforce are fundamental for the region’s sustainability and competitive advantage. It is therefore crucial that proper long-term workforce planning is undertaken to mitigate potential risks. In an era of skills and talent scarcity, the region must create sustainable long-term plans and form alliances with Government, the private sector and educational institutions to ensure a continuous and robust pipeline of talent and skills into organisations.

The findings from this study will be used by:

- Eskom Distribution, the Southern Region to understand the Human Capital Planning Process, the benefits of proper human capital planning, the role of leadership in human capital planning and the role of the HR function in developing a human capital plan in changing landscapes;
- Eskom’s Divisions for Distribution, Generation and Transmission can enhance their learning, and utilise the proposed model to craft longer-term strategies to create the desired resource pool for their respective divisions;
- Scholars, academics and organisations who study Human Capital; and
- The study will also add to the existing body of knowledge on human capital planning.
The results of this study may also be used to evaluate Eskom’s existing Human Capital Policies and Procedures.

1.7 ASSUMPTIONS

The following assumptions apply to this study:

- That the human capital plan will be aligned to the region’s business plan to enhance the current planning which will have a positive impact on the Southern Region;
- That Southern Region leadership and management understand the importance of human capital planning and the benefits thereof;
- That Southern Region has some form of a human capital plan in place called the manpower plan or workforce plan;
- That Southern Region realises that human capital planning is inadequate and ineffective at present;
- The Regional Executive Committee (REC) members will support and assign an accountable committee to focus on the human capital planning in the Southern Region; and
- The creation and implementation of the human capital planning model will provide direction for the region with respect to human capital planning.

1.8 OVERVIEW OF RELATED LITERATURE

The skills and talent scarcity in an era of increasing global competition, rapid technological advancement, diverse customer demands, and the speed of delivery means that organisations must turn around its people strategy in order to compete in today’s shifting economies and climate uncertainty (Bluen, 2002).

Human Capital Planning existed for decades, under the guise of different terminologies viz., Workforce Planning, Manpower Planning, Skills Planning, etc. and recently there has been an overwhelming interest in Human
Resources Management and Best Practice as organisations globally are realising the need for proper strategic planning.

According to Boninelli (2004), highly skilled, superior performance knowledge workers are crucial for an organisation’s survival in the 21st century. The author further affirms that due to the severe skills shortages, and intense competition in the market place for talent, organisations globally will leverage their company brand, as part of their strategic objective to attract employees to their organisation by:

- Improving their people process across all HR’s value chains viz. Change Management, Leadership, Diversity, Communication, Recruitment, Remuneration and Recognition;
- By continuously benchmarking their management and HR practices against other companies, to remain the preferred employer of choice;
- By creating opportunities for flexibility with regard to hours worked, location, virtual office and technological job aids to pursue life interests; and
- Ensuring effective and transparent HR responses.

The scarcity of skilled resources continues to shift the market power from employer to employee, further exacerbating the ability of organisations to attract skilled and knowledge workers (Bluen, 2002).

The above elements continue to bring diverse challenges to organisational leaders and HR practitioners alike and if not managed properly, could have dire consequences for global economies.

Landers (2010) comments that proactive human resources planning anticipates and forecasts optimal resource needs and solutions for the long term, and is cognisant of the ever changing environments and how these elements can impact on an organisation.
Researchers Veldsman (1997), Walters (2006) and Landers (2010) support the theory that an organisation’s competitive advantage lies in the alignment of the human resources policies, systems, and processes to the organisation’s business strategy.

Boninelli (2004) supports the notion that for HR to be customer-centric, it must shift its people management practices and develop a strategic partnership with line management to mutually deliver against the overall business objectives. The new model for HR will also require changing the emphasis from efficiency to effectiveness (Ulrich, 2002).

It is crucial that the human capital plan is linked to the organisation's strategic business plan. When these plans are aligned, the exercise addresses the key objectives and deliverables for the whole organisation.

1.9 RESEARCH DESIGN AND METHODOLOGY

This section described the specific strategies or methodologies that was used for data collection and analysis in order to address the main problem of the study.

1.9.1 Research Methodology

The study was intended to gain a clear and objective understanding of the current state of human capital planning in Eskom Distribution Southern Region, to determine HR’s role in human capital planning, and to develop a strategic human capital plan in relation to best practice guidelines.

1.9.2 Literature Study

A systematic survey was conducted to explore what the literature study revealed about human capital planning.
The literature study addressed sub-problems 1, 2 and 3. In particular, the literature study focused on:

- What is Human Capital Planning?
- Theoretical Best Practice and Guidelines on Human Capital Planning;
- The Role of Human Resources in developing a strategic Human Capital Plan;
- The Benefits of Human Capital Planning;
- The Prime Drivers of Human Capital Planning;
- The relationship between Strategic Planning and Human Capital Planning;
- The Influence of Leadership, Organisational Culture and Performance Management in relation to Human Capital Planning; and
- The design of a conceptual model.

1.9.3 Empirical Study

A quantitative research design was used. The quantitative approach required that the data be expressed in numbers (Struwig and Stead, 2001).

This design is suitable when large amounts of data are collected from a large target group. For the empirical study, a self-administered questionnaire was used as the data collection method. A self-administered questionnaire was easier to administer and allowed for greater anonymity than interviews.

The development of the questionnaire was based on best practice guidelines for the development of a strategic human capital plan, as explored and identified in the literature study, the current state of human capital planning in the region as well as the role of Human Resources in human capital planning in the Southern Region. The questionnaire was used to explore the following: Section 1 made provision for restricted responses, while Sections 2.1, 2.2 and 2.3 was based on a Likert-type scale and Section 2.4 was an open ended question.
The questionnaire was structured in the following manner, encompassing several questions under the following sections:

- **Section 1**: Biographical Data;
- **Section 2.1**: Best Practice Guidelines for Developing a Human Capital Plan;
- **Section 2.2**: The Current State of Human Capital Planning in the Southern Region;
- **Section 2.3**: The Role of Human Resources in Human Capital Planning; and
- **Section 2.4**: Describe your Thoughts, Views, Opinions and Experience on Human Capital Planning.

The questionnaire was administered to a minimum of 100 participants and a maximum of 120 participants. Of these, 10 are members of the Regional Executive Committee (REC), 65 full-time line Managers and Supervisory staff and 25 Human Resources Practitioners, employed in the region. The stratified random sampling method was used to select participants for the study.

The results of the survey was analysed to determine the perceptions of the Regional Executive Committee Members (REC), Line Managers and Supervisory staff and HR Practitioners on Best Practice and Guidelines in developing a human capital plan, the state of human capital planning in the Southern Region, and HR’s role in Human Capital Planning in the Southern Region.

The results were presented in tables, and a cross-tabular analysis was made. In addition, a reliability and correlation analysis was conducted of the responses obtained from the Regional Executive Committee, Managers and Supervisors and HR Practitioners. Based on the literature study and the survey results of the empirical survey, recommendations were provided to implement an effective Human Capital Model for Southern Region.
1.10 CLASSIFICATION OF THE CHAPTERS FOR THIS STUDY

- **Chapter One** focused on the problem statement, demarcation of the study and significance of the study;
- **Chapter Two** focused on the best practice guidelines for the development of a Strategic Human Capital Plan;
- **Chapter Three** focused on the role of Human Resources in developing a Strategic Human Capital Plan;
- **Chapter Four** covered the research methodology used for this study.
- **Chapter Five** provided an exposition and analysis of the results of this study; and
- **Chapter Six** provided final conclusions as well as recommendations.

1.11 CONCLUSION

In chapter one, the background to the research, problem statement and research aims were discussed. The general aim of the research was to analyse the effectiveness of the Human Capital Plan for Eskom Distribution Southern Region. The research methodology which encompasses two phases viz., a literature study and an empirical study were discussed in detail.

Chapter two focuses on the best practice guidelines for the development of a Strategic Human Capital Plan.
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2. CHAPTER TWO : BEST PRACTICE GUIDELINES FOR THE DEVELOPMENT OF A HUMAN CAPITAL PLAN

2.1 INTRODUCTION

Chapter one highlighted the resurgence of interest in the discipline of Human Capital Planning, Talent Management, Workforce Planning, Human Resources Planning and Skills Planning, and why organisations must transform and adapt to the phenomenal changes taking place within the world of work.

Organisations globally are recognising that human capital is their primary source of competitive advantage. It is in this context that organisations demand that the HR Department transcend their traditional, staid administrative roles of reporting on the past, and embrace a new class of analytics and modelling with the emphasis on envisioning future events and shaping these outcomes (Boninelli, 2004). The role of HR in managing its human capital is crucial to organisational sustainability and long term success (Ulrich, 1997).

2.2 CLARIFICATION OF CONCEPTS

The following terminologies viz., Workforce Planning, Human Resource Planning, Manpower Planning, Skills Planning, and Talent Management have over time undergone an evolutionary process and Human Capital Planning is now the more accepted terminology in the 21st century. However, for the purpose of the literature study, these terminologies will be used interchangeably to capture the finer nuances of what research illustrates by various authors.

According to Jackson and Schuler (1990), Human Resources Planning (HRP) in the past focused primarily on the short term needs under a reasonably stable environment influenced mainly by line management. The authors further affirm that the traditional approach of yester year is no longer
relevant in today’s rapidly evolving economies, environmental uncertainties, international competition and shifting demographics. Organisation leaders and HR professionals of today face a daunting task of increased human capital challenges and responsibilities like never experienced before (Jackson and Schuler, 1990).

The American Public Power Association (2005) maintains that strategic human resources planning is a methodical process of analysing and evaluating changing market conditions against the organisation’s business plan. Additionally, the human capital planning process is considered an inclusive process of forecasting, strategy development, implementing the strategy, monitoring and effecting changes where necessary, and ensuring that the organisation has the right skills and talent in the right jobs to achieve its overall business objectives (American Public Power Association, 2005).

Nankervis et al (2002) contends that Human Resources Planning (HRP) is a sequential and continuous process, highlighting the critical strategies that must be developed and implemented for the organisation to achieve its objectives. The authors further recommend that a SWOT analysis be carried out during the planning phase to determine the impact of the changes in the environments in which these organisations operate.

Nankervis et al (2002) claims that Human Resources Planning (HRP) ensures:

- the organisation’s goals and objectives are achieved;
- the employees are effectively utilised and managed; and
- the organisation is adaptable to the fluctuating external environment.

The specific aim of Chapter two is to analyse the current trends and best practice guidelines for the development of a strategic human capital plan and to conceptualise a human capital planning model from the related literature with specific reference to the following:
What is Human Capital Planning?

Theoretical best practice and guidelines on Human Capital Planning;

The benefits of human capital planning;

The prime Drivers for human capital planning;

The relationship between strategic planning and human capital planning;

The influence of leadership on human capital planning;

The influence of Performance management on human capital planning; and

The influence of organisational culture on human capital planning.

2.3 THE SIGNIFICANCE OF HUMAN CAPITAL THEORY

According to Cheese et al (2008), human capital theory is about the value that employees contribute to an organisation, which essentially means the total sum of all the knowledge, experience, abilities and behaviour that individuals possess and bring to work.

Armstrong (2009) supports the notion that human capital theory is about the added value that people collectively contribute to an organisation that helps to:

- Determine the impact of employees on the organisation and their combined contribution to shareholder value;
- Demonstrate that HR practices produce value for money for example, (ROI) return on investment;
- Provide guidance and direction on future HR and business strategies; and
- Provide data that will inform strategies and practices designed to improve the overall effectiveness of people management in organisation.
According to Barney (1991), competitive advantage is attained when an organisation’s human resources cannot be imitated or replaced by its competitors.

However, Boxall (1996) makes a clear distinction between **human capital advantage** and **human process advantage**. **Human capital advantage** is when an organisation employs people with superior tactical knowledge and expertise, and **human process advantage** is when an organisation possesses highly evolved processes within the organisation, complemented by mutual interdepartmental dependencies and strong leadership to drive the organisation’s strategic objectives.

Zulfiqar (2006) affirms the rationale for a strategic approach to human capital planning and supports the notion that human resource management should be an equal partner in the formulation and the implementation of the organisation’s human capital plan. Zulfiqar (2006) suggests some of the key components that must be considered when developing a human capital plan:

- Recruitment and development of staff must be in line with the organisation’s strategy with regard to specific skills requirements;
- Human resources should be positioned in the right jobs to support the business strategy;
- A systematic analysis must be undertaken to ensure that the employees are utilised to their maximum potential for the benefit of both the organisation and the employee;
- The organisational culture should be performance oriented;
- Merit principles are well translated and communicated to all employees;
- Improving work, quality of life and providing fair pay and compensation are influential approaches that organisations can adopt in the planning phase; and
- Pay for performance plans should be focused and communicated to employees.
Lastly, Zulfiqar (2006) proposes that human capital planning should be integrated with business planning, in order to improve the business performance, and also to develop an organisational culture that promotes high performance, innovation and flexibility.

2.4 HUMAN CAPITAL DEFINED

Schultz (1961) first coined the term ‘human capital’ in 1961. The author stated that human capital encompasses knowledge, skills and abilities of people employed in an organisation and further refined his concept of human capital in 1981 to include an appreciation for the valuable, intrinsic and acquired abilities, which can be enhanced by training and development.

According to Bontis (1999), human capital is the mutual knowledge, skills and expertise that defines an organisation’s uniqueness. The author supports the theory that if employees are adequately motivated, they are capable of learning, developing, transforming, innovating and creating a high performance driven organisation.

Armstrong (2009) maintains that human capital is the combination of the knowledge, skills and abilities, which jointly create value for an organisation.

Davenport (1999) supports this definition and affirms that individuals have intrinsic characteristics and capabilities that make up the collective human capital of an organisation, and proposes that work is a mutual exchange of values.

Davenport (1999) further refined the definition of human capital by segmenting it into ability, behaviour, effort and time.

Figure 2.1 reflects a snapshot of Calculating Human Investment.
Davenport (1999) suggests that ability encompasses three attributes viz. knowledge, skills and talent and that the total human capital investment is equal to \((\text{Ability} + \text{Behaviour}) \times \text{Effort} \times \text{Time}\) as depicted in Figure 2.1.

Davenport (1999) demonstrates the crucial integration between human capital investment, organisational knowledge and financial resources in Figure 2.2. (below).
2.4.1 Elements of Human Capital

Various literature reviews supported the theory that human capital encompasses intellectual, social and organisational capital:

2.4.2 Intellectual Capital

Bontis (1998) defines intellectual capital as an imperceptible resource that mutually matures and increases in value over time.

2.4.3 Social Capital

Armstrong (2009) views social capital as an additional element of intellectual capital, comprising knowledge acquired from relationships both internally and externally to the organisation.

According to Putnam (1996), social capital is an interrelated element of social life, allowing individuals to form mutual relationship based on norms and trust and to pursue shared goals. The author further elaborates that social capital considerations must be taken into consideration since knowledge is acquired and developed through interaction between people.

2.4.4 Organisational Capital

According to Youndt (2000), organisational capital is the knowledge owned by an organisation, stored in the organisation’s databases, and process control manuals (PCM), which can be easily retrieved for learning and transfer of knowledge and skills to new or existing employees.

2.5 HUMAN CAPITAL MEASUREMENT (HCM)

The primary aim of (HCM) human capital management is to measure the effectiveness of the human resources management practices and the
contribution made by employees in relation to organisational performance (Kaplan and Norton, 2004).

Becker, Huselid and Ulrich (2001) stated that, in order to understand the intricacies of human capital measurement, HR leaders must first analyse what the key elements and performance drivers are that create value and generate profits for an organisation. Secondly, it is crucial to develop a credible measuring tool that illustrates HR’s contribution and value added to the organisation (Becker et al, 2001).

2.5.1 What is the rationale for measuring Human Capital?

Organisations globally are recognising the intrinsic value of their human capital, and acknowledge that its distinct brand and competitive advantage is attributed to its people and its ability to manage, measure and continually benchmark themselves against potential competitors (Boninelli, 2004). As organisations continue to shift and change, the same can be said for the knowledge and skills within an organisation (Cheese et al, 2008).

Human Capital measurements are crucial in ensuring that organisations have the right skills and talent for long term sustainability, and for the organisation to maintain its competitive advantage (Becker, Huselid and Ulrich, 2002).

According to Huselid and Barnes (2003), HR Measurement is utilised to define HR’s contribution in the organisation. Characteristically, this process begins with measuring and evaluating all the activities associated with HR including, recruitment costs, days to fill vacancies, turnover of core staff, employment equity, succession management etc. (Huselid and Barnes, 2003). The authors further suggest that enhanced performance indicators may not reflect organisational success since these types of measurements focus primarily on the activities of the HR function, and not on the actual employee behaviour that is needed to drive an organisation’s strategy.
Measuring human capital enforces discipline in the organisation and contributes towards a high performing organisation. It also assists in objective and transparent performance appraisal reviews between managers and their employees. Ultimately, by measuring human capital, the organisation is able to distinguish between high and poor performers, and remunerate its employees accordingly.

The researcher supports Huselid and Barnes (2003) findings with regard to some organisations measuring the activities instead of the actual behaviour. In the case of Eskom Distribution, it utilises two scorecards to ‘measure’ organisational performance. The majority of the key performance indicators in these two scorecards ie. Eskom Distribution Southern Region HR Sustainability Index HRSI (Table 2.1) and the Eskom Distribution Southern Region People Management Matrix PMM (Table 2.2) are focused on HR’s activities as opposed to actual employee behaviour that is required to drive the Eskom business. The researcher’s view is that some elements in both the HR Scorecards mentioned above are flawed in many aspects and these will be highlighted in some of the key findings.

Table 2.3 reflects a Colour Classification Measurement Key that can be utilised to easily interpret Table 2.1 and Table 2.2. The Colour Classification Measurement Key and Graph is similar to a car instrument panel, with different alarms and performance indicators. Each measure can be classified as being in one of the following states that are based on whether the performance of an indicator is better or worse than a set standard and alarm.

<table>
<thead>
<tr>
<th>Performance Category</th>
<th>Symbol</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better than the Alarm</td>
<td>G – Green</td>
</tr>
<tr>
<td>Worse than the Alarm No score loss up to partial score loss</td>
<td>Y – Yellow</td>
</tr>
<tr>
<td>Worse than the partial score loss</td>
<td>R – Red</td>
</tr>
</tbody>
</table>

Table 2.3: Colour Classification Measurement Key
Source: Human Resources Sustainability Index User Manual 2010/11
Figure 2.3 illustrates the Colour Classification Score Measurement Key Graph as follows: ‘Green’ epitomises when the performance is 100%, ‘Red’ typifies poor performance ie. when the score is between 0% - 33%. Scores are lost for performance worse than Standard. The HRSI target for Eskom’s Distribution Division is 80%.

Figure 2.3: Colour Classification Score Measurement Key Graph
Source: Human Resources Sustainability Index User Manual 2010/11

➢ 360 Leadership Assessment on the HRSI (Table 2.1)

Eskom’s six Distribution regions are compacted for this KPI, yet there was little direction and guidance over the last 24 months on how this KPI will get measured and evaluated. This KPI was not effective nor achievable because there was no measurement tool and it should have been removed from the scorecard. However, to compensate for this oversight, a standard rating of 3.0 is given to all managers, which is meaningless and demotivating. This behaviour leads to low morale and apathy within the organisation, hence the organisation cannot differentiate between high and poor performance.
- **Training days per employee (HRSI - Table 2.1)**

  This is a meaningless measurement – the focus should be on structured training and development to build core skills and competence to enhance individual and organisational performance and shareholder value. The measurement here should be ROI and not on the number of Training Days.

- **Recruitment Efficiency Days (PMM – Table 2.2)**

  This measure does not measure the quality of people being appointed, rather the focus is on how quickly the organisation can recruit people. This has been detrimental to the organisation at large, because the process is compromised by the ‘Ticking Clock’, which has contributed to appointing the wrong people for the wrong reasons.

- **Vacancy Rate (PMM – Table 2.2)**

  Once again this measure is not meaningful. Spread sheets are used to document movements with regard to vacancies, which is open for manipulation and self-advancement.

Eskom’s performance management philosophy is admirable, however the application and management of this crucial process leaves a lot to be desired. The drive from leadership is to ensure that all the KPI.s are green, which equates to a bigger slice in the bonus pool. The question that begs to be asked is, who is monitoring, measuring and evaluating the value added and is Eskom reaping the benefit of a high performing organisation by relentlessly driving the desired employee behaviour?

As alluded to by Armstrong (2009), Kaplan & Norton (1996) and Cheese et al (2008) that an organisation’s decision to measure is insignificant in itself, rather the focus should be on the process that measures the elements that drive organisational performance.
### Human Resources Sustainability Index - Monthly Movement

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>Std</th>
<th>Alarm</th>
<th>South</th>
<th>Actual</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMPLOYEE SATISFACTION (ES)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Staff Resignations</td>
<td>5.57</td>
<td>4.55</td>
<td></td>
<td>1.58</td>
<td>100</td>
</tr>
<tr>
<td>1.2 Absenteeism Frequency Rate (Sick Leave)</td>
<td>2.040</td>
<td>1.979</td>
<td></td>
<td>2.006</td>
<td>100</td>
</tr>
<tr>
<td>1.3 360° Leadership Assessment</td>
<td>3.00</td>
<td>3.30</td>
<td></td>
<td>3.38</td>
<td>100</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMPETENCE (C)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Training and Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.1 Training days per employee</td>
<td>5.50</td>
<td>6.00</td>
<td></td>
<td>8.72</td>
<td>100</td>
</tr>
<tr>
<td>2.2 Core Competency Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2.1 Turnover of core staff</td>
<td>3.20</td>
<td>3.18</td>
<td></td>
<td>4.26</td>
<td>0</td>
</tr>
<tr>
<td>2.2.2 Avg related experience of core staff</td>
<td>6.00</td>
<td>6.50</td>
<td></td>
<td>8.86</td>
<td>100</td>
</tr>
<tr>
<td>2.2.3 Eng/Tech learner pipeline</td>
<td>77.00</td>
<td>80.00</td>
<td></td>
<td>88.65</td>
<td>100</td>
</tr>
<tr>
<td>2.2.4 Staff retention - % of employees with &gt; 24 months service</td>
<td>70.00</td>
<td>75.00</td>
<td></td>
<td>74.25</td>
<td>100</td>
</tr>
<tr>
<td><strong>2.3</strong> Resource Replacement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3.1 Hiring of Core Staff</td>
<td>3.77</td>
<td>4.00</td>
<td></td>
<td>0.17</td>
<td>0</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMPLOYEE HEALTH AND WELLNESS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.1 GSAR</td>
<td>3.50</td>
<td>3.00</td>
<td></td>
<td>2.26</td>
<td>100</td>
</tr>
<tr>
<td>3.1.2 Ill Health Retirement approvals</td>
<td>5.00</td>
<td>4.80</td>
<td></td>
<td>1.59</td>
<td>100</td>
</tr>
<tr>
<td>3.2.1 Deaths in service per 1000 employees</td>
<td>10.10</td>
<td>9.80</td>
<td></td>
<td>4.92</td>
<td>100</td>
</tr>
<tr>
<td>3.2.2 Eskom work related fatalities (Excl labour brokers)</td>
<td>0.00</td>
<td>1.00</td>
<td></td>
<td>0.00</td>
<td>100</td>
</tr>
<tr>
<td>3.3 Medical surveillance</td>
<td>450</td>
<td>457</td>
<td></td>
<td>474.95</td>
<td>100</td>
</tr>
<tr>
<td>3.4 Lifestyle screening</td>
<td>30.00</td>
<td>35.00</td>
<td></td>
<td>0.00</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total Score</strong></td>
<td></td>
<td></td>
<td></td>
<td>80.00</td>
<td></td>
</tr>
</tbody>
</table>

Table 2.1: Eskom Distribution Southern Region HR Sustainability Index HRSI

Source: Eskom HRSI (Human Resources Sustainability Index)
<table>
<thead>
<tr>
<th>Measure</th>
<th>Weight</th>
<th>Sub-Weight</th>
<th>Floor</th>
<th>Target</th>
<th>Ceiling</th>
<th>Actual Perf</th>
<th>Score</th>
<th>Weight Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leadership</strong></td>
<td>5%</td>
<td></td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>3.00</td>
<td>0.15</td>
</tr>
<tr>
<td>* 360° Leadership assessment</td>
<td>5.0%</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>3.00</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td><strong>Employee satisfaction and retention</strong></td>
<td>6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Employee relations index (%)</td>
<td>6.0%</td>
<td>70.0%</td>
<td>80.0%</td>
<td>90.0%</td>
<td>81.95%</td>
<td>4.07</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td><strong>Employee skills &amp; talent management</strong></td>
<td>40%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Staff retention:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Voluntary terminations (resignations) (%)</td>
<td>2.5%</td>
<td>6.69%</td>
<td>5.69%</td>
<td>4.69%</td>
<td>0.27%</td>
<td>5.00</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>* Staff turnover (including transfers) (%)</td>
<td>2.5%</td>
<td>10.6%</td>
<td>9.60%</td>
<td>8.6%</td>
<td>0.84%</td>
<td>5.00</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>* External losses (%)</td>
<td>3.0%</td>
<td>4.64%</td>
<td>3.64%</td>
<td>2.64%</td>
<td>0.67%</td>
<td>5.00</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>* External losses - employees with less than 24mths service (%)</td>
<td>2.5%</td>
<td>4.64%</td>
<td>3.64%</td>
<td>2.64%</td>
<td>0.40%</td>
<td>5.00</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td>* Staff turnover - core, critical positions (incl. transfers) (%)</td>
<td>2.5%</td>
<td>7.84%</td>
<td>6.84%</td>
<td>5.84%</td>
<td>0.87%</td>
<td>5.00</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td>* Core &amp; critical staff external losses (%)</td>
<td>2.5%</td>
<td>4.20%</td>
<td>3.20%</td>
<td>2.20%</td>
<td>0.87%</td>
<td>5.00</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td>* Turnover of staff from designated groups (Task 11 - F Band) (%)</td>
<td>2.5%</td>
<td>6.94%</td>
<td>5.94%</td>
<td>4.94%</td>
<td>1.16%</td>
<td>5.00</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td><strong>Staff acquisition:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* External hires(%)</td>
<td>2.5%</td>
<td>3.0%</td>
<td>4.0%</td>
<td>6.0%</td>
<td>0.90%</td>
<td>1.00</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>* Core, critical offers of employment accepted (%)</td>
<td>2.5%</td>
<td>70.0%</td>
<td>80.0%</td>
<td>85.0%</td>
<td>100.00%</td>
<td>5.00</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>* Recruitment efficiency (days)</td>
<td>2.5%</td>
<td>75</td>
<td>65</td>
<td>55</td>
<td>106.1%</td>
<td>1.00</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>* Core, critical vacancies (rate)</td>
<td>2.5%</td>
<td>9.0%</td>
<td>7.0%</td>
<td>5.0%</td>
<td>0.40%</td>
<td>5.00</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td>* Core, critical hires as percentage of total hires (%)</td>
<td>2.5%</td>
<td>2.77%</td>
<td>3.77%</td>
<td>4.77%</td>
<td>0.00%</td>
<td>1.00</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>* Vacancies (rate)</td>
<td>2.5%</td>
<td>9.0%</td>
<td>7.0%</td>
<td>5.0%</td>
<td>5.10%</td>
<td>4.90</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td><strong>Pipeline</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Learner pipeline - total (%)</td>
<td>3.5%</td>
<td>11.00%</td>
<td>12.00%</td>
<td>13.00%</td>
<td>13.70%</td>
<td>5.00</td>
<td>0.16</td>
<td></td>
</tr>
<tr>
<td>* Learner pipeline (Eng/Tech) as percentage of total pipeline (%)</td>
<td>3.5%</td>
<td>90.50%</td>
<td>91.50%</td>
<td>92.50%</td>
<td>93.44%</td>
<td>5.00</td>
<td>0.16</td>
<td></td>
</tr>
<tr>
<td><strong>Employment equity</strong></td>
<td>5.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Disability equity (%)</td>
<td>5.0%</td>
<td>2.90%</td>
<td>3.00%</td>
<td>3.10%</td>
<td>3.06%</td>
<td>4.20</td>
<td>0.21</td>
<td></td>
</tr>
<tr>
<td><strong>Employee Health &amp; Wellness</strong></td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Gross absenteeism rate (%)</td>
<td>3.0%</td>
<td>3.1%</td>
<td>2.6%</td>
<td>2.1%</td>
<td>1.67%</td>
<td>5.00</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>* Absenteeism frequency rate (No. Ratio) (12MMI)</td>
<td>3.0%</td>
<td>2.042</td>
<td>2.04</td>
<td>2.038</td>
<td>2.006</td>
<td>5.00</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>* Average days sick leave per employee (No. of days)</td>
<td>3.0%</td>
<td>7.8</td>
<td>6.8</td>
<td>5.8</td>
<td>0.73</td>
<td>5.00</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>* Pre-employment medicals</td>
<td>2.5%</td>
<td>90%</td>
<td>95%</td>
<td>100%</td>
<td>100%</td>
<td>5.00</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>* Exit medicals</td>
<td>2.5%</td>
<td>80%</td>
<td>90%</td>
<td>100%</td>
<td>100.00%</td>
<td>5.00</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td><strong>Human resource Sustainability</strong></td>
<td>20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Human Resource Sustainability index (%)</td>
<td>10.0%</td>
<td>75.0%</td>
<td>80.0%</td>
<td>90.0%</td>
<td>80.00%</td>
<td>3.00</td>
<td>0.30</td>
<td></td>
</tr>
<tr>
<td>* Turnover of core staff</td>
<td>10.0%</td>
<td>10.54%</td>
<td>10.45%</td>
<td>10.37%</td>
<td>4.26%</td>
<td>5.00</td>
<td>0.50</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.76</td>
</tr>
</tbody>
</table>

Table 2.2: Eskom Distribution, Southern Region People Management Matrix
Source: Eskom HRPMM (Human Resources People Management Matrix)
2.5.2 What Are The Reasons and Interest In Measurements?

Kaplan & Norton (2004) devised the powerful idiom ie “You can’t manage what you can’t measure” and organisations globally are awakening to the realisation that their human capital is their primary source of competitive advantage. This new understanding has led to an overwhelming interest and revival in the development of different methods of measuring the value and impact of human capital in organisations.

According to Cheese et al (2008), organisational leaders must possess in-depth knowledge and understanding of key investments that generate value and enhances the overall performance of the organisation. The authors further state that in order to measure employees’ outputs and manage their performance, line managers must ensure that their employees compact is aligned to the organisation’s objectives.

Armstrong (2009) supports the notion that human capital is the key contributor to the market worth of an organisation and lists some salient points with regard to his findings on human capital measurement:

- CFO Research studies estimated that the value of human capital represented over 36 % of total revenue for an organisation;
- Employees add value to organisations, which presents a legitimate basis for HR planning to take place;
- Planning is crucial, however the next step is to assess this value by frequently monitoring the effectiveness of its HR policies and practices;
- By frequently analysing information, risks are identified proactively, and management will be able to assess and address issues as and when they arise;
- This pro-activeness could result in better utilisation of its human capital; and
- Ultimately, measurements are essential to monitor and track the progress of the organisation’s objectives.
It is interesting to glean from the literature study the two schools of thoughts on Human Capital Measurement. Majority of the authors agree that measurement is crucial, however some authors do air caution about measurement for example:

- Firstly, Leadbeater (2000) postulated that measurements often result in vast indecipherable records of data that produces opportunities for managers to influence and manipulate the data, to the detriment of the organisation. This author further cautions that only a few of these measures are directed at the way organisations create value that is profit generating;
- Secondly, Hartley (2005) suggests that measures resulting from reporting on human capital are inadequate and does not amount to measurement in itself. For effective measurements to be adopted, the key performance indicators must clearly be defined and linked to the organisation’s performance strategy (Hartley, 2005);
- Thirdly, research conducted by Scarbourough and Elias (2002) supports the notion that the decision to measure is insignificant in itself, in comparison to the process of measuring the core elements which drive performance;
- Fourthly, Mayo (2001) suggests that management should focus on a critical few organisation wide measures that generate shareholder value that are vital in achieving the organisation’s current and future objectives; and
- Lastly, Donkin (2005) confirms this view by reiterating that the key to successful human capital management lies in the intent behind the measuring, and development of new practices.

Having been enlightened by the different views with regard to why measurement is crucial and the caution raised against measurement, the researcher’s view is that organisational leaders must first understand the need and purpose of measurement. Secondly, they need to understand what key performance indicators are being measured and why, and thirdly, understand if the measurements are directly aligned to the organisation’s
strategic objectives to drive the desired employee behaviour towards a high performing organisation, in order to achieve the organisation’s overall objectives.

2.5.3 Approaches to Measurement?

In an era of bewildering global competition, technological advancements, new and diverse market opportunities, and compounded by the scarcity of talent, organisations the world over, are re-evaluating their human capital planning process to develop measurement systems to assist them to manage their resources better (Huselid and Barnes, 2003).

Universally recognised as the new currency of the 21st century, organisations have now woken up to the reality that in order to stay ahead of the game, organisations have to manage, develop and measure their human capital (Cheese et al, 2008).

According to Emslie Analytics (2006), organisations must choose the appropriate human capital metrics or KPI.s (key performance indicators), which contributes to achieving the overall business objectives and has produced a list of possible measures, which in the author’s view, is applicable to most organisations employing a large workforce:

1. Highest level organisational effectiveness measures:

This category is further divided into sub-categories that are defined as follows:

- Human capital investment - measuring human capital value added;
- Revenue per Full Time Equivalent (FTE) - measuring employee contribution to sales revenue;
- Cost per FTE - measuring employee contribution to total costs;
- Profit income per FTE - measuring employee contribution to profit / income; and
Remuneration as percentage of a revenue or total costs - measuring the labour cost contribution to organisational performance.

2. People Process Measure:

This category is further divided as follows:

- Absenteeism rate - all absenteeism is described as a percentage of time that is available;
- Resignation rate - a measurement of a high cost element which is unplanned;
- Cost per hire - measuring the costs of appointing new employees; and
- Acceptance rate - measuring the success of the resourcing process.

According to Emslie Analytics (2006), the above mentioned metrics are important individually, and collectively they provide an in-depth analysis for retention and succession management.

3. Performance Measures of HR:

It is important that HR is not viewed in isolation, but rather in relation to human capital performance measures as discussed in 1 above (Emslie Analytics, 2006). This category is further divided as follows:

- HR Departmental costs per FTE - measuring the cost effectiveness of the HR function; and
- FTE per HR Department - measuring the effectiveness of the HR’s performance.

Emslie Analytics (2006) points out that the measures defined above is a scant list of possible human capital reporting measures, and recommends that organisations clearly define their (KPI.s) key performance indicators. Finally, accurate measurement is largely dependent on the credibility and relevance of the organisation’s data (Emslie Analytics, 2006).
Howes (2007) undertook a survey on the future of Human Capital Measurements in 51 organisations across Europe and lists the key findings from the 60 responses received:

- HR leaders are particularly concerned with the capability of current measurement systems to meet the growing demands of HR reporting and analytics;
- Fewer than 25 percent of the organisations surveyed had progressed from measuring *efficiency* to measuring *effectiveness* ie. utilising workforce data to making informed business decisions;
- Although *process-based* metrics are common, the human capital *impact* measure is not widely utilised;
- There is a strong consensus that human capital measurement will surge forward over the next few years; and
- The survey reveals 3 crucial areas for measuring ROI as illustrated in Figure 2.4. The High-Leverage Opportunities for Human Capital Measurement that offers the potential for immediate impact, are Training & Development, Workforce Planning and Employee Engagement and Employee Satisfaction.

![Figure 2.4: Three High-Leverage Opportunities for Human Capital Measurement Offer the Potential for Immediate Impact](source: Howes (2007))
<table>
<thead>
<tr>
<th>Measures</th>
<th>Possible use - analysis leading to action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-force composition – sex, race, age, full-time, part-time</td>
<td>Analyse the extent of diversity</td>
</tr>
<tr>
<td></td>
<td>Assess the implications of preponderance of employees in different age groups, examples - extent of losses through retirement</td>
</tr>
<tr>
<td></td>
<td>Assess the extent to which the organisation is relying on part-time staff</td>
</tr>
<tr>
<td>Length of service distribution</td>
<td>Indicate level of success in retaining employees</td>
</tr>
<tr>
<td></td>
<td>Indicate preponderance of long or short serving employees</td>
</tr>
<tr>
<td></td>
<td>Enable analyses of performance of more experienced employees to be assessed</td>
</tr>
<tr>
<td>Skills analysis/assessment - graduates, professionally/technically qualified, skilled workers</td>
<td>Assess skill levels against requirements</td>
</tr>
<tr>
<td></td>
<td>Indicate where steps have to be taken to deal with shortfalls</td>
</tr>
<tr>
<td>Attrition - employee turnover rates for different categories of management and employees</td>
<td>Indicate areas where steps have to be taken to increase retention rates</td>
</tr>
<tr>
<td></td>
<td>Provide a basis for assessing levels of commitment</td>
</tr>
<tr>
<td>Attrition</td>
<td>Support business case for taking steps to reduce attrition</td>
</tr>
<tr>
<td>Absenteeism/sickness rates</td>
<td>Identify problems and need for more effective attendance management policies</td>
</tr>
<tr>
<td>Average number of vacancies as a percentage of total workforce</td>
<td>Identify potential shortfall problem areas</td>
</tr>
<tr>
<td>Total pay roll costs (pay and benefits)</td>
<td>Provide data for productivity analysis</td>
</tr>
<tr>
<td>Compare - ratio - actual rates of pay as a percentage of policy rates</td>
<td>Enable control to be exercised over management of pay structure</td>
</tr>
<tr>
<td>Percentage of employees in different categories of contingent pay or payment – by - result schemes</td>
<td>Demonstrate the extent to which the organisation believes that pay should be related to contribution</td>
</tr>
<tr>
<td>Total pay review increases for different categories of employees as a percentage of pay</td>
<td>Compare actual with budgeted payroll increase in cost</td>
</tr>
<tr>
<td></td>
<td>Benchmark pay increases</td>
</tr>
<tr>
<td>Average bonuses or contingent pay awards as a % of base pay for different categories of managers and employees</td>
<td>Analyse cost of contingent pay</td>
</tr>
<tr>
<td></td>
<td>Compare actual and budgeted increases</td>
</tr>
<tr>
<td></td>
<td>Benchmark increases</td>
</tr>
<tr>
<td>Outcome of equal pay reviews</td>
<td>Reveal pay gap between male and female employees</td>
</tr>
<tr>
<td>Personal development plans completed as a percentage of employees</td>
<td>Indicate level of learning and development activity</td>
</tr>
<tr>
<td>Training hours per employee</td>
<td>Indicate actual amount of training activity (note that this does not reveal the quality of training achieved or its impact)</td>
</tr>
<tr>
<td>Percentage of managers taking part in formal management development programmes</td>
<td>Indicate level of learning and development activity</td>
</tr>
<tr>
<td>Internal promotion rate (% of promotions filled from within)</td>
<td>Indicate extent to which talent management programmes are successful</td>
</tr>
<tr>
<td>Succession planning coverage( % of managerial jobs for which successors have been identified)</td>
<td>Indicate extent to which talent management programmes are successful</td>
</tr>
<tr>
<td>Percentage of employees taking part in formal performance reviews</td>
<td>Indicate level of performance management activity</td>
</tr>
<tr>
<td>Distribution of performance ratings by category of staff and departments</td>
<td>Indicate inconsistencies, questionable distributions and trends in assessments</td>
</tr>
<tr>
<td>Accident severity and frequency rates</td>
<td>Assess health and safety programmes</td>
</tr>
<tr>
<td>Cost saving/revenue increases resulting from employee suggestion schemes</td>
<td>Measure the value created by employees</td>
</tr>
</tbody>
</table>

Table 2.4: Summary of human capital measures and their possible uses

Source: Armstrong (2009)
The Table 2.4 above is a summary of human capital measures and their possible uses (Armstrong, 2009).

According to Huselid and Barnes (2003), in order for an organisation to be differentiated from its competitors, and become inimitable, its measurements must be aligned to the organisation’s business strategy implementation process, that drives the desired results and employee behaviour.

IDS (2004) defines human capital measurement as using statistical methods to analyse and discover cohesions, correlations, and interconnections between different sets of HR data.

Research supported by numerous authors Armstrong (2009), Kaplan and Norton’s (2004) and Chapman and Walton (2007) confirm that the finer nuances of human capital management and human capital measurement systems is not widely understood, as organisations continue to grapple with the problem of managing their human capital assets.

As garnered from the literature study, individually, human capital measures have little or no value. However, when measuring and optimising human capital performance, any changes made to enhance one performance indicator will affect all the other measures. In essence, what is required is a simple yet intelligent framework in the form of a scorecard that will equip organisational leaders with relevant and up-to-date information. This will give leadership the latitude to track and monitor the link and progress between all the KPI.s, and effect changes proactively. Many HR ‘scorecards’ have been developed that enable measurement and the following three approaches have been selected for analysis:

1. The Human Capital Index;
2. The Balance Scorecard; and
3. The Human Capital Monitor.
1. The Human Capital Index

Watson Wyatt Worldwide (2002) spearheaded the first ever study in North America to validate the connection between the creation of shareholder value and the human resources practices by conducting a survey of 405 public companies. The survey entailed identifying thirty practices associated with explaining the increase of up to 30 percent of the shareholder value of a specific company. A matrix was established to measure how well organisations compared with the five key indicators listed in Table 2.4: The Human Capital Index.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total rewards and accountability</td>
<td>16.50%</td>
</tr>
<tr>
<td>2. Collegial, flexible workforce</td>
<td>9.00%</td>
</tr>
<tr>
<td>3. Recruiting and Retention excellence</td>
<td>7.90%</td>
</tr>
<tr>
<td>4. Communication integrity</td>
<td>7.10%</td>
</tr>
<tr>
<td>5. Focused HR Service Technology</td>
<td>6.50%</td>
</tr>
</tbody>
</table>

Table 2.5: The Human Capital Index


The findings from the survey revealed that:

- HR practices drive economic performance;
- There is a definite link between an organisation’s financial outcomes and its human resource practices;
- Enhanced human capital management drives higher shareholder returns; and
- Physical assets account for 30 percent of market capitalisation and 30 percent is related to human capital practices.

The survey also revealed that; should an organisation show an improvement in all five areas as illustrated in (Table 2.5: The Human Capital Index) the organisation could look forward to a substantial increase in the market value of up to 47% (Watson Wyatt Worldwide, 2002).
2. The Balance Scorecard

Kaplan and Norton’s (2004) maxim, ‘You cannot manage what you cannot measure’ still seems to hold true and organisations all over the world are struggling to understand the concept of human capital measurement and how to manage and measure this intangible resource responsible for generating more than 75 percent their market value.

Kaplan and Norton (2004) developed the Balance Score Card (BSC), together with the strategy map, deemed crucial in articulating the business strategy. The authors further support the view that by linking both tangible goals with intangible assets in ‘cause and effect relationships’, the strategy map creates a sustainable competitive advantage by providing a framework for management to make more informed decisions on their resources. The strategy map seeks to clarify:

- How to create value from employees’ learning and development;
- How to maximise the organisation’s strategy and key processes to create human capital value; and
- How to create value by aligning its human capital, organisational capital and information systems.

Every organisation must have a strategy for how it intends to create value for its stakeholders, customers and shareholders (Kaplan and Norton, 2004). Several approaches have been developed on how to align the strategy to augment value creation. The BSC methodology proposes that an organisation’s ability to create value in the long term is dependent on four key drivers as represented in Figure 2.5.
According to Kaplan and Norton (2004), the ‘Balanced Scorecard’ approach is a holistic management system, supporting both the financial and nonfinancial measures and categorised into the following key perspectives:

1. **The financial perspective** – financial results ie (Return of Capital Employed, Economic value added, Sales growth, Cash flow etc.) must appear to be successful to its shareholders. Balance must be created between investing for the future, or optimising costs for bigger short-term results.

2. **The customer perspective** – defines the organisations specific and distinct value proposal directed to its customers in terms of:

   - Lowest total cost of ownership;
   - Superior products or services;
   - One stop customer service and solutions; and
   - System lock-in making switching difficult.
The sustainability indicators here will be customer satisfaction, retention, acquisition, profitability and market share.

3. **The internal perspective** – includes measurements of the different internal processes along the value chain of how products and services are prepared, rendered and delivered to customers which are categorised into the following four groups:

- Operations management – production and delivery (measures quality, monitors cycle time, and costs);
- Customer Care – relationship building (measures for warranty, repair and treatment of defects and returns and after sales service);
- Innovation – future products or services (measures how well the organisation is in touch with the customers future needs); and
- Regulatory and social – (measures compliance with the law).

4. **The learning and growth perspective** – measures how intangible assets (people, information systems, technology, organisational culture) are continuously enhanced to generate more value in the future.

Kaplan and Norton (2004), points out that the Balance Scorecard methodology differs from the traditional financial target setting approach, in that it ensures that strategic objectives are established and that the progress is measured in each of the four aforementioned categories. By leveraging its intangible assets strategically, the organisation generates and embeds sustainable value creation (Kaplan and Norton, 2004).

3. **The Human Capital Monitor**

Mayo (2001) developed the Human Capital Monitor (HCM) to assess the human value or net worth of an organisation by using the following formula:

\[
\text{employment cost} \times \text{individual asset multiplier}
\]
According to Mayo (2001), the ‘individual asset multiplier’ is a subjective archetypal assessment of an individual’s competence, performance, contribution, growth potential, and orientation to the organisations values and culture. Mayo (2001) supports the principles of measurement, however cautions that true measurement starts with understanding what to measure and how to measure the human capital contribution.

Mayo (2001) comments that a good measure for evaluating the effectiveness of human capital is to assess the value added per employee, especially when making interdepartmental comparisons. Lastly, Mayo (2001) advocates that the most significant indicator for the real worth of human capital is the level of expertise an organisation possesses.

In summary, it can be concluded that line managers and HR professionals require a whole new paradigm shift and new competencies to manage and measure human capital performance effectively (Becker et al, 2002). Once organisational leaders have mastered the art of measurement, organisations will be able to transform their human capital potential into substantial financial performance enablers (Becker et al, 2002).

2.6 THE RELATIONSHIP BETWEEN STRATEGIC PLANNING AND HUMAN CAPITAL PLANNING

Numerous articles have been written by eg. Hill, Jones, Galvin & Haidan (2007), Cascio and Aguinis (2005), about the importance of strategic planning and human capital planning, however, at no time as in the 21st century, has the human element in organisations been key to its existence Boninelli (2004). With the recent intensification of interest in human capital planning, organisations globally are realising the need and benefits for proper planning, and are expecting HR leaders to guide organisational leaders in this process (Ulrich, 1998).

*If You fail to plan then You plan to fail*

*Norman Vincent Peale*
Human Capital Planning is however one core dimension of organisational planning that affects and is affected by all other forms of planning. It is in essence an element of Strategic Planning.

2.7 WHAT IS STRATEGIC PLANNING?

According to Hill, Jones, Galvin & Haidan (2007), strategic planning is a methodical process of analysing the internal and external environments, articulating the strengths, weakness, opportunities and threat, and developing relevant strategies to achieve the organisation's objectives. It is crucial that the objectives of the human capital plan is communicated to all employees prior to implementing the plan, and once implemented, leadership must frequently review, evaluate and adjust the plan as the organisation evolves to achieve its desired objectives (Hill et al, 2007).

Nankervis et al (2002) asserts that Strategic planning is a comprehensive process of setting organisational goals and developing practical strategies to achieve these goals. Strategic planning involves decision making on the organisation’s policies, structures and financial position as these elements are crucial when planning for the various resources required by the organisation in the future (Nankervis et al, 2002).

Cascio and Aguinis (2005) support the concept that strategic planning is a sequential process which involves:

- Defining the philosophy of the organisation;
- Articulating the organisation’s strategic intent;
- Conducting a SWOT (Strengths, Weakness, Opportunities and Threats) analysis, to detect potential elements that augment or restricts the choice of future actions;
- Influencing the organisational design with regard to organisational structures, jobs, policies and practices, and the establishment of relationships for managing the organisation; and
Identifying and crafting suitable strategies and programmes to achieve the organisation’s objectives.

It is evident from the literature study that a mutually inclusive relationship exists between strategic planning and human capital planning and alignment of both will realise the following benefits:

- Making better informed decisions on the organisation’s human capital;
- Leveraging data for effective strategic planning and decision making;
- Securing buy-in from all stakeholders to align human capital needs with business needs;
- Prioritising the human capital agenda; and
- Creating an opportunity for HR to claim its rightful place as a strategic business partner.

The researcher supports the view that HR planning is crucial and cannot be done in isolation. Alignment of the human capital plan with the strategic business plan will ensure structured, coordinated and effective delivery of the organisation’s strategic objectives. The outcomes of these objectives can then be monitored, measured and evaluated holistically against the organisation’s strategic business plan.

2.8 THE PRIME DRIVERS FOR HUMAN CAPITAL PLANNING

According to Hirschowitz (2003), an organisation’s fiscal balance sheet typifies its financial state, similarly, the human capital balance sheet must reflect the organisation’s human capital strength.

According to Bluen (2002), the human capital balance sheet is a dynamic document with crucial employee information that organisational leaders and line managers could use to assess the current situation and also make key human capital decisions for the future.
Researchers Boninelli (2004), Behara (2005) and Stockley (2005) indicate that Human Capital is an organisation’s key resource that adds most significantly to its bottom line. In an era of excessive talent scarcity, organisations must closely monitor their human capital balance sheet, to ensure they have the right skills and talent to stay ahead of their competitors and changing market conditions to ensure their existence (Stockley, 2005).

According to Behara (2005), some of the key elements that can transform an organisation’s human capital requirements include:

- Demographic representation;
- Ageing employees close to retirement;
- Unpredictability of global and economic markets;
- Political instability;
- Government Legislation;
- Restructuring of organisations;
- Divisional initiatives, quality improvement initiatives;
- Cyclical workforce factors;
- Evaluation of jobs to create Centres of Excellence (CoE);
- Intensive global competition has swung the position of power to the customer as they demand quicker delivery, high quality of service, and cheaper prices;
- Demand for flexible working hours; and
- Capitalising return on investment.

The three crucial enablers or drivers of human capital management and planning not mentioned above will be discussed in more detail below:

2.8.1 The Influence of Leadership in Relation to Human Capital Planning

According to Meyer (2004), organisations are operating in an era of incomparable change and one of the core characteristic of superior leadership is their ability to assist their employees to understand how the
organisation was positioned in the past, where the organisation is at present and what its future position will look like.

Meyer (2004) points out that senior leadership is responsible for setting the direction for human capital planning, and should influence the following:

- Owning the human capital planning process;
- Developing and communicating the future strategy focus;
- Leading and overseeing human capital development panels;
- Ensuring the performance of all role players in the process;
- Enabling decision making on employee and organisational development;
- Continually monitoring and evaluating performance of the HR systems;
- Managing and handling the politics associated with the human capital planning process;
- Modelling the leadership behaviour expected of others; and
- Ensuring the provision of a budget for human capital planning.

It is essential that senior leaders continuously promote and embed the organisation’s vision, mission, culture, core values, and strategic objectives. Organisational leaders must also communicate the desired level of performance to all their employees, and it is the researcher’s view that it is through this level of transparency, that management will ultimately earn the employees’ trust to influence the principles of high performing organisations.

It is evident from employee satisfaction surveys conducted in Eskom Distribution Southern Region that, where sound relationships existed between management and their employees, the ratings were higher for employee satisfaction, motivation, learning and development, work ethic and performance levels, in comparison to employees who have a poor working relationships with their managers.
2.8.2 The Influence of Performance Management in Relation to Human Capital Planning

Armstrong (1994) comments that the purpose of performance management is to turn the organisational strategy into action and to improve the individual's and organisation's performance. According to Bacal (2000), performance management is a daily ritual of management to manage their employees to generate the desired outputs in order to achieve the organisation's objectives.

Leaders must create a strong vision for the organisation, and communicate this message consistently and clearly by engaging with their employees face-to-face to influence their thoughts and behaviour on performance management (All in a Day's Work, 2001). Schein (1983) comments that leaders who keep in touch with their people, sharing a common vision, embed a shared understanding on the organisation’s culture and performance.

Kinicki & Kreitner (2003) maintains that the fundamental condition for performance management is a supportive and empowering organisation.

According to Viedge (2003), performance expectations sets the tone for performance management.

It is the researcher’s view that performance management is a philosophy that leadership and management use to create a shared understanding amongst the employees, ie., what are the goals of the organisation, who is responsible for the deliverables, how will they be achieved, when will they be achieved and what the consequences will be if the objectives are met or not met. Performance management also encompasses rewarding and recognising employees for their contribution to the organisation. The superior performers are employees that create distinct value for themselves and for their organisation, and should be rewarded and remunerated accordingly.
Similarly, management must deal with poor or non-performers effectively, and lead by example.

In conclusion, managing human capital is the responsibility of organisational leaders if they want to create a high performing organisation. Leadership must emulate the high performance culture and “walk the talk” by creating common understanding across all levels in the organisation on the significance of performance management. It is crucial that line managers mutually establish and agree on the outputs desired, within specific time frames, set performance standards, have tangible measurements in place, and outline the performance parameters, including the behaviour that is expected. Lastly, it is crucial that employees understand their roles and responsibilities and what is expected of them to achieve the organisation’s vision and objectives.

The researcher is also of the view that the consequential benefits of performance management are mutually inclusive, ie. the organisation positions and embeds its brand, it generates profits, it creates market value and is recognised as an employer of choice. The employees on the other hand benefit from the rewards both tangible and intangible as a result of working for a high performing organisation.

2.8.3 The Influence of Culture in Relation to Human Capital Planning

Furnham and Gunter (1993) claim that organisational culture offers a shared system of meaning which is the basis for communications and mutual understanding. If these roles are not fulfilled in an acceptable manner, the consequence would be a significant reduction in the effectiveness and efficiency of an organisation (Furnham and Gunter, 1993).

Deal and Kennedy (1982) assert that organisational culture is a system of familiar rules that defines how people should behave.
Eldridge and Crombie (1974) define organisational culture as the distinctive formation of styles, norms, values, attitudes and beliefs that collectively work towards achieving the organisation’s objectives.

Armstrong (2009) declares that when the values are more pronounced, it creates an opportunity for management to influence employee behaviour, resulting in inherent values that are deeply embedded in the culture of an organisation. These are:

- Competence;
- Competitiveness;
- Customer service;
- Innovation;
- Performance;
- Quality; and
- Teamwork.

According to Schein (1985), culture acts as a supporting mechanism to reinforce programmes that are aimed at preserving what is good and effective and imply that human capital is the core of this. This author further suggests that the most influential mechanisms for embedding and strengthening organisational culture can be derived by asking the following questions:

- What core activities do leaders pay attention to?
- What are the key performance indicators that are measured and controlled?
- What is the leader’s reaction to critical incidents and organisational crisis?
- Is role modelling, coaching and mentoring by organisational leaders measured and evaluated?
- What is the criteria for allocation of reward, and recognition? and
- What is the criteria for recruitment, selection, promotion and training and development?
Ultimately, organisational culture can be reinforced by continually creating awareness of existing values and supporting these actions for example, by executing customer care and total quality programmes, to provide recognition for the desired behaviour in both financial and nonfinancial rewards, to enhance productivity and to develop a learning organisation (Schein, 1985).

Research conducted by various authors confirm that the values articulated by organisational leaders is crucial in creating and embedding the organisation’s culture. Furthermore, both leadership and the employees must be held accountable for adherence to these values. The researcher understands organisation culture as a fusion of the values, beliefs traditions, management styles, attitudes and behaviour, normally set by management and instilled in the employees. Ultimately, employees are central to an organisation’s culture and it is therefore crucial that the right people with the right attitudes are appointed to continue with the organisation’s legacy.

2.9 APPROACHES TO HUMAN CAPITAL PLANNING (MODELS USED FOR HUMAN CAPITAL PLANNING)

The literature study reveal human capital planning is a comprehensive process, inclusive of determining the organisation’s vision, mission, core values, and strategic objectives. According to Behara (2005), human capital planning is about critical decision making with regard to its strategy, its resources, both tangible and intangible, its HR policies, organisational structure, financial position, and most importantly it is about developing practical strategies to achieve its goals.

A plan without a framework will lead to organisational chaos. In essence, a human capital planning framework is a crucial tool that assists management and its employees towards a common understanding of the business objectives (Armstrong, 2009). The framework helps determine what work needs to be done, why it must be done, by when it must be done, by whom it must be done by, and how it must be done.
Armstrong (2009) comments that the human capital planning framework, assists management to manage and measure its workforce, monitor and evaluate its planned objectives, and advocates the necessary changes to achieve the overall organisational objectives.

It is therefore crucial that the workforce plan is aligned to the strategic business plan to ensure congruency with, and credibility in the planning process. The human capital planning framework further assists management to make better informed decisions with regard to future investment and training and development of its employees.

According to Cascio and Aguinis (2005), HR is accountable for the development and maintenance of a credible framework, to ensure the right talent is recruited, trained and developed and to maximise the organisation’s profits through the effective utilisation of its people.

Analysing the different approaches to human capital planning will assist the researcher gain valuable insight in developing a human capital planning model for Eskom Distribution Southern region. It will also enhance the learning and understanding of the researcher with regard to the different approaches adopted in designing a human capital framework.

The following three Workforce Planning models will be reviewed because they highlight best practices and guidelines on human capital planning, different perspectives, possible strengths, weakness, benefits and similarities that will assist the researcher to conceptualise and develop a Human Capital Planning model for Eskom Distribution, the Southern Region. The three models are:

1. The State of Texas Workforce Planning Model;
2. The CPS Workforce Planning Model; and
3. The Aruspex Workforce Model.
2.9.1 The State of Texas Workforce Planning Model

According to the State Auditor’s Office (2006), many organisations across the world have developed workforce planning models. In examining these models, it is evident that they all exhibit major similarities. In most cases, the only difference is the order of the processes and the terminologies used in the models.

The State of Texas workforce planning model discussed in this section was developed by the State Auditor’s Office as a planning guide for their organisation. This model was adapted from several other models and designed to accommodate each of their unique business units.

The State of Texas Workforce Planning Model depicted in Figure 2.5 has four crucial phases viz.:

- Phase 1: Determining the strategic direction of the organisation;
- Phase 2: Conducting Workforce Analysis;
- Phase 3: Implementing the Workforce Plan; and
- Phase 4: Monitoring, Evaluating, and Revising the Workforce Plan.

Figure 2.6: The State of Texas Workforce Planning Model
Phase 1: Determining the Strategic Direction of the Organisation

Strategic planning sets the direction, goals and the measurable objectives of the organisation. These objectives determine the basis of what the organisation’s financial resources and workforce needs will be. The Workforce plan must be aligned to the strategic plan to achieve the organisation’s overall objectives. The organisation’s strategy assist in determining what the organisation’s workforce staffing and training requirements will be.

The following crucial decisions are made in this phase:

- The types of jobs and skills required to meet the organisation’s strategic goals;
- Determining the exact number of jobs and skills required to execute the organisation’s strategy; and
- Determining the strategies the organisation should utilise to recruit, train and develop these skills.

Provision is also made for any anticipated changes to the organisation’s mission and strategic objectives over the next 5 years. These changes are analysed and documented, to ensure sustainability and continuity.

Phase 2: Conduct Workforce Analysis

Conducting a Workforce analysis involves analysing and interpreting workforce data. This step is considered the most critical element in the workforce planning process. It is crucial that the data is relevant, credible, reliable and accurate. Some of the core data used in workforce planning are: education levels, related experience, race, gender, age, disability, designations, number of resignations, transfers, number of dismissals, number of retirements, gross sickness and absenteeism Rate (GSAR), employee satisfaction, training and development, further studies, and rate of
turnover are the most frequently data used for analysing an organisation’s workforce profile.

This phase encompasses four key steps as illustrated in Figure 2.7: The Workforce Analysis Steps.

- Step 1: Supply Analysis;
- Step 2: Demand Analysis;
- Step 3: GAP Analysis; and
- Step 4: Strategic Development.

Figure 2.7: The Workforce Analysis steps
Step 1: Supply Analysis

This step involves an analysis of the organisation’s current and future workforce supply by interrogating responses to the following pertinent questions:

- What is the current skills profile of the workforce? and
- What must the organisation’s workforce profile look like in future to be able to achieve its goals and objectives?

The following factors are taken into consideration when conducting the Supply Analysis:

- Staffing Levels;
- Workforce skills;
- Workforce Demographics; and
- Employment trends.

Step 2: Demand Analysis

Demand analysis involves identifying the workforce of the future i.e. (knowledge, skills and competencies) by determining what work needs to be done and how many employees will be required to do the work. Additionally, information can be acquired by scanning the environment and analysing both internal and external trends in the environment in which the organisation operates. Organisational analysis and environmental scans can be done through the use of:

- Structured or semi-structured Questionnaires;
- Literature Reviews; and
- Focus Groups.
Step 3: GAP Analysis

In this step, a comparative analysis is done between the supply projections and the forecasted demand to identify key gaps. Some of the crucial questions asked during this phase are:

- What are the new skills sets that are required to achieve the organisation’s goals and objectives?
- Does the anticipated skills sets exist in the organisation’s current workforce? and
- What skills or job functions will become obsolete in the future?

In this step workforce strategies are formulated after analysing the Gap analysis which will either reflect a workforce gap or a workforce surplus ie.

- A **workforce gap** occurs when projected supply is less than forecasted demand. This reflects the future skills shortages that will exist in the organisation. It is important to identify which critical skills will experience gaps so that training interventions or proactive recruitment strategies can be put in place to mitigate the future shortages.

- A **workforce surplus** occurs when the projected supply is greater than the forecasted demand. This reflects a future oversupply of skills in certain categories that may no longer be required by the organisation. An action plan may be required to address the excess supply.

Step 4: Strategy development

Strategy development or formulation is the final step which involves developing practical strategies that will address future workforce gaps and surplus: Listed are some possible strategies that organisation’s can adopt:
Position reclassification: may involve job titles being redefined, new job classification being added, or job profiles being rewritten to reflect the functional requirements of the future;

Salary: may involve adjusting equity, promotions, offering employees discretionary increases etc.;

Recruitment / Selection: focus is on specific recruitment strategies targeted at a specific audience;

Retention: develop Employee Value Proposition (EVP) strategies that encourages employees to remain with the organisation;

Succession planning: employees are trained and developed to be appointed to specific positions as and when positions become available; and

Knowledge transfer: knowledge is documented and stored for ease of transfer of knowledge and skills to new employees.

It is also essential that the formulated strategies are prioritised as per the business requirements as this will assist organisations to focus on the most important strategies first and allocate the resources effectively.

Phase 3: Implementing the Workforce Plan

In this phase the organisation may opt for individual action plans for each strategy. Listed below are some key aspects that organisations should consider before implementing the plan:

- Leadership support and commitment to the workforce strategies;
- Resources are allocated adequately to ensure the successful execution of the workforce plan;
- Clarification of roles and responsibilities to avoid confusion;
- Specific time frames must be established to communicate the plan to all employees;
- Clear understanding of the expected deliverables and performance measures;
Alignment between the workforce plan and the organisation’s strategic plan;

Provision for unanticipated changes with regard to customers, leadership or legislation; and

Lastly the plan must be flexible and easy to adapt.

**Phase 4: Monitoring, Evaluating and Revising**

This phase is the last phase entailing, monitoring, evaluating, and effecting the necessary changes by:

- Frequently reviewing the information on performance measurement;
- Determining what is working and what is not;
- Documenting the necessary changes; and
- Revision of the plan.

The workforce planning committee should ask the following questions to determine if the plan needs to be revised:

- Has there been a change in the organisation’s strategies?
- Do the assumptions in the demand and supply planning models still apply? and
- What changes have occurred and what impact did these have on the organisation’s planned objectives.

Lastly, it is recommended that organisations wanting to assess the effectiveness of their workforce plan can utilise the following instruments to test if their organisation is achieving the desired results:

- Conduct customer satisfaction surveys;
- Review progress made on programmes; and
- Utilise standardised questionnaires.
Conclusion

The State of Texas workforce model is a simple and straight-forward model encompassing four main phases viz.:

- Phase 1: Determines the strategic direction of the organisation;
- Phase 2: Conducting Workforce Analysis;
- Phase 3: Implementing the Workforce Plan; and
- Phase 4: Monitoring, Evaluating, and Revising the Workforce Plan.

The above workforce planning model supports the theory that the workforce plan must be aligned to the organisation’s strategic plan as the alignment assists management to make better informed decision on its resources.

The State of Texas workforce planning model is easy to interpret, logical and sequential. Accurate data is crucial in developing the framework.

The researcher’s finding is that the State of Texas workforce planning model could easily be adapted to suit any organisation.

2.9.2 CPS Human Resource Services Workforce Planning Model

The CPS Human Resource Services Workforce Planning Model was developed by CPS Human Resource Services. The authors also support the notion that workforce planning is a crucial tool that enables management to make better informed decisions with regard to their employees. Furthermore, the workforce plan also ensures that the organisation can achieve its objectives by employing the right people with the right skills in the right jobs (CPS Human Resource Services, 2006).

The CPS Model also supports the notion that there is no one workforce planning model that fits all organisations. The Literature study reveals that a vast number of organisations have developed their own workforce planning models and have adapted them for their specific use.
The CPS Model highlights the seven key sequential steps followed in their Workforce planning process:

1. Analyse the current workforce and competencies required;
2. Assess and determine the workforce of the future;
3. Compare the organisation’s current (‘as is’) state with its future (‘to be’) state to determine the gaps in the workforce requirements;
4. Develop a plan to eliminate the gaps;
5. Develop strategies to build the desired workforce required;
6. Integrate the workforce plan to cover all aspects of the human resources strategies (recruitment, training and development, succession planning, redeployment, rewards and recognition, health and wellness and compensation); and
7. Monitor and evaluate to ensure achievement of the organisational objectives.

It is also implicitly clear that Workforce planning cannot be done in a vacuum, it requires support and commitment from organisational leadership, with a clear and articulated mission, vision and strategy (CPS Human Resource Services, 2006). Figure 2.8 outlines the key steps in the CPS Human Resource Services workforce planning process.

Figure 2.8: CPS Human Resource Services workforce planning process
Source: CPS Human Resources Services (2006)
Conclusion

The CPS model once again revealed that the human resources plan must be aligned to the organisation’s strategic plan. Furthermore, the alignment will ensure understanding of how the organisation’s mission will evolve over time that could potentially impact on the organisation’s culture, job requirements, knowledge, skills, competencies, interests, and people performance. It is further noted that the alignment will assist managers in making calculated decisions regarding their resources and their future employability.

According to CPS Human Resource Services (2006), some of the steps mentioned above can be undertaken concurrently to expedite the process. Lastly, accurate and relevant data is crucial for planning and forecasting.

The CPS Workforce Planning Model is simple, user-friendly and easily adaptable to any organisation.

2.9.3 ARUSPEX Workforce Planning Model

According to Chapman and Walton (2007), Workforce Planning is a critical element in the organisation’s business strategy, where its employees are considered of comparable importance to the organisation’s financial plan. The authors also support the view that workforce planning or human capital planning proactively allows an organisation to identify potential opportunities and risks and to position itself firmly against mutating conditions. Ultimately, workforce planning ensures that the right people, with the right skills and competencies are in place to execute the organisation’s strategy (Chapman and Walton, 2007).

The Aruspex workforce planning framework was developed by Chapman and Walton (2007) as depicted in Figure 2.10. The authors assert that as with any initiative, the crucial aspect is the buy-in from all employees and the manner in which the plan is executed to achieve the organisation’s desired objectives.
It is evident from the literature that there are some standard elements to workforce Planning, however each organisation, has the flexibility to adapt the plan to their specific needs.

Chapman and Walton (2007) highlights the following key elements to effective workforce planning:

- *Creating a sense of urgency* to get the desired attention;
- *Sponsorship* – obtaining the support from senior management to gain credibility, and integration across departments to elevate the planning process;
- *Scope* – determining the key drivers for the organisation’s decision to conduct workforce planning will provide insight into what activities will be involved, and the people assigned to this project; and
- *Role clarity* with regard to roles and responsibilities must be established upfront. The most effective workforce plan is usually developed by the people who best understand the work that needs to be done.

**Workforce Planning Fundamentals**

According to Chapman and Walton (2007), workforce planning is not a rigid, chronological or a linear process, and they propose seven fundamental steps that every workforce plan should have:

1. Context;
2. Current workforce profile;
3. Quantitative Future : Workforce projections;
4. Qualitative Future : Scenario plans;
5. Analysis to define the targeted future;
6. Action planning to achieve your goals; and
7. Progress monitoring
Chapman and Walton (2007), emphasise that the organisation’s projects scope, purpose and accountabilities will determine the order and approach of the workforce planning process.

The seven steps, highlighted above, will be examined in detail:

1. **Context**

Context is defined as “the set of facts or circumstances that surround a situation or event” (Chapman and Walton, 2007). It is also pointed out that understanding the context in which the organisation operates both internally and externally is important in workforce planning. Furthermore, the reliability and validity of the information used will determine the effectiveness of the workforce plan. Chapman and Walton (2007) comment that data collection is not the most important step, rather, the critical step is determining what data should be collected and for what purpose. The authors also emphasise that importance of accurate and reliable data for workforce planning.

The primary contextual framework depicted in Figure 2.9 can be used to classify the data collected into the respective quadrants viz. workforce supply or workforce demand or the internal or external quadrant.

![Figure 2.9: Primary contextual framework for the data collection](image)

Source: Aruspex (2006)
For workforce planning to be effective, it is important to engage the business when gathering, filtering and prioritising important data. An effective way to gather important information is by holding workshops with managers and employees who are knowledgeable and possess business ‘savvy’.

2. Current Workforce Profile

This step entails analysing the inventory of their people ie knowledge, skills and abilities. Some of the key questions clarified at this stage are:

- What is the expectation of their workforce?
- What is important to the organisation?
- How is the work aligned to the business strategy?
- What is the workforce capability and what will they do?

The first three questions establishes the organisation’s demands or needs. The last question determines the workforce capabilities and abilities. Collectively, the answers from these questions will assist organisational leaders in determining ways to ensure that the organisation achieves its objectives.

3. Future View

Predicting future requirements is complex hence preparation is crucial to minimise the risks and to maximise the opportunities when planning for the future. The future view has three phases viz.:

- Quantitative futuring: Encompasses understanding of where the organisation is moving to;
- Qualitative futuring: Involves scenarios planning of potential future alternatives for the organisation including its capabilities and demographics to achieve its business objectives; and
Analysing and defining the targeted future. Both the quantitative and qualitative futuring content must be analysed and modified to determine the targeted future.

**Actions Plans to achieve organisational goals**

The workforce planning efforts will amount to nothing, unless time is invested in determining the appropriate actions needed to address the issues identified during the Analysis phase. This process is about closing the gaps between the present and the future. An holistic approach is needed when conducting action planning which takes into consideration each of the elements listed below and the relationship between them:

- **Resourcing**: Determine if flexibility exists and what percentage of work is to be done by permanent or contracted resources;
- **Development**: Determine the current skills and capability gaps and how these issues will be addressed;
- **Recruitment**: Determine what strategies will be used to attract, select and employ the right people to fill the gaps. Determine what skills are scarce and what technique the organisation will use to attract these scarce resources?
- **Performance Management**: Determine what the organisation will do to ensure its employees are managed and developed effectively;
- **Reward & Recognition**: Determine what motivates the employees and how rewards and recognition impact on their contribution to the organisation;
- **Knowledge**: Investigate innovative solutions to minimise the impact of turnover on the organisation’s capability; and
- **Work Design**: Determine if the work design supports the employee’s profile.

According to Chapman and Walton (2007), organisations focusing on just one component as a solution to closing the gaps will lessen the effect and success of the workforce plan.
Lastly, workforce planning is a comprehensive process and it provides the organisation with a holistic picture of its current workforce profile, its future resource requirements and offers practical strategies to close the skills and competencies gaps. This detailed planning gives rise to a human talent ‘dashboard; thereby supporting effective talent management strategies as illustrated in Figure 2.10.

Figure 2.10: Strategic Workforce Planning Model Process
Source: Chapman and Walton (2007)

Conclusion

Chapman and Walton (2007) emphatically acknowledge that the human resources plan must be aligned to the organisation’s strategic plan and state that the Aruspex Model provides organisational leaders with a tool to proactively identify opportunities and risks to protect the organisation against mutating conditions. The Aruspex Model also makes provision for engagement with the business leaders when gathering, filtering and prioritising important data.
It is also interesting to note that the Aruspex workforce planning approach is not a rigid, chronological or a linear process. Instead the organisation’s projects scope, purpose and accountabilities determine the order and approach of the workforce planning process (Chapman and Walton, 2007).

2.9.4 Insights gleaned from the three Models

The State of Texas workforce planning model and CPS Model are simple, straight-forward, user-friendly and easily adaptable to most organisations. The Aruspex Model is more elaborate in that it caters for future scenario planning. Scenario planning requires leaders who can envision the future, and make decisions on where they see the organisation is likely to be in 5, 10 and 20 years from now. All three models highlighted the importance of accurate data from a credible source for the plan to be authentic and meaningful.

The authors of the three aforementioned models unanimously support the concept that the workforce plan must be aligned to the organisation’s strategic plan. It was also interesting to note the different schools of thought on the issue of planning. The State of Texas workforce planning model provides for sequential planning, whilst the CPS model demonstrated that some of the steps can be done concurrently to expedite the process. The Aruspex Model suggests that workforce planning is not a rigid, chronological or a linear process, instead the organisation’s projects scope, purpose and accountabilities will determine the order and approach of the workforce planning process. The different perspectives of the authors, will assist in conceptualising a human capital planning model for Eskom Distribution Southern Region.

In today’s fast-paced economies and workforce instability, strategic human capital planning is regarded as a fundamental process for organisations all over the world (Cheese et al, 2008). Proper workforce planning will ensure that an organisation has the right capability to ensure long-term sustainability and success.
Chapman and Walton (2007) support the notion that workforce planning ensures that the organisation has the right skills in the right jobs to achieve their strategic goals and objectives. Leaders entrenching workforce planning in their organisation’s business strategy planning process will empower employees to distinguish their unique skills and competencies required to deliver on the strategy. This will result in understanding the critical roles and responsibilities required to achieve the organisation’s objectives, but most importantly to have an effective action plan in place to deliver on its strategy (Chapman and Walton, 2007).

So often you hear the cliché that human capital is the primary contributor of any successful organisation, however, very little is done about it. The inherent value of human capital has awoken organisational leaders to a new paradigm shift and they have only now begun to appreciate that the human capital plan is a crucial tool that enables organisations to drive key programmes to achieve its objectives (Meyer, 2004). Human capital planning also enables organisations to keep abreast of changing market conditions and to plan proactively to mitigate potential risks (Behara, 2005).

Having reviewed best practice guidelines on human capital planning, and the different approaches to human capital planning, the researcher concludes this chapter by listing TriNet’s (2010) Best Practices to building an effective human capital plan.

2.10 10 PRINCIPLES FOR BUILDING AN EFFECTIVE HUMAN CAPITAL PLAN TRINET (2010)

Through extensive research, TriNet (2010) has developed the following Ten Best Practices to building an effective Human Capital Plan:

1. Human Capital Issues can have a big impact on business

Leaders must first distinguish how human capital issues, and decisions made around its resources can affect an organisation, its sustainability and
profitability. All plans regarding its human capital will amount to nothing or at least be de-prioritised without the acceptance of the human capital plan as an integral part of the organisation’s framework.

2. **Align Human Capital Plans to business outcomes**

Human capital issues must not be regarded as tied to a cost centre, but must rather be viewed as return on investment. From a human capital perspective, the following should be encouraged:

- Help increase revenue per employee (distinguishes its uniqueness from its competitors by offering differentiated products or services due to the inimitable capacity of their workforce to dominate the market);
- Optimise or minimise the cost per employee (Focus should be on optimising. It is also crucial to apply caution when minimising the costs as organisations do not want the cost brought down so low that retention issues become unmanageable.

3. **Target your organisation to your specific industry and business**

It is not advisable to adopt best practices just because other organisations are using these. Best practices are only effective if they are focussed on pursuing targeted human capital actions relevant to one’s own organisation. Imitating other organisation’s best practice is often irrelevant and does not add value. The focus should be specific to the organisation’s needs, ie. by aligning all the human capital planning process and policies to the strategic business planning processes to add value and meaning to the plan.

4. **Align your actions with best practices**

Ensure all the planned actions are integrated and work synergistically otherwise it could result in a system that works against itself. Two examples of contradictions are:
trying to promote more collaboration within the team, yet the incentive programme is based only on an individual actions; and

incentive payments are made quarterly, yet performance review is done once annually.

5. Plan Ahead to assess the results

One of the objectives of the human capital plan is to maximise the value of an organisation’s return on investment in its employees and it is therefore crucial that organisational leaders envision the end state and what the desired results might look like ie.:

- Plan for the expected results; and
- Define the standards for success and how performance will be measured.

6. This work is too important to be left to Human Resources

Human capital is one of the organisation’s biggest costs, yet it is also an opportunity to maximise its return on investment. Senior leaders must lead the human capital planning process by participating in both the planning and the implementation phases to help them understand the business issues involved and what needs to be done from a human capital point of view. Key measures must be put in place to hold organisational leaders accountable.

7. Human Capital Planning is a process – not just an event

Adjustments to the plan are necessary as the organisation morphs, however, it is also crucial that a formal review of the entire human capital plan is conducted quarterly to ensure that something substantive is done.
8. Don’t do too many things: Limit and prioritise

Objectives must be prioritised and established on value and ease of implementation. Two fundamental questions must be asked:

- *How valuable would this be for the organisation?*
- *How difficult or easy is it to implement?*

Organisational leaders must prioritise and focus on the critical few initiatives that have the highest value and are easiest to implement. Initiatives that have high value but are more complex to put into effect will require more planning, than the largest investment, even though the investments may give the organisation the greatest payoff.

9. Create a Value Chain

Create the value chain from the business goal to the individual actions that must be taken to reach a goal. Some crucial questions to ask:

- *What are some of the human capital issues that must be addressed?*
- *What are some of the skills and capabilities needed to achieve the business goals?*

10. Conduct the Human Capital Planning from the outside in

Define what the customer needs are and examine the processes and capabilities that are needed to create the ultimate customer experience. Some questions to think about:

- *What experience must be created for the customer?*
- *What products or services are needed to satisfy the customer?*
Determine the revenue and cost per employee in the context of what the organisation is trying to achieve for its customers. This should lead to the financial results that are desired and this also leads to differentiation.

It is difficult to imitate the workforce capability of another organisation, therefore each organisation should build its own human capital plan; one that is authentic and fits exclusively with its own business model and objectives (TriNet, 2010).

2.11 CONCLUDING REMARKS

The following key concepts were discussed and clarified in Chapter two:

- The various concepts of human capital planning;
- Theoretical best practice of and guidelines for human capital planning;
- The rationale for Human Capital Measurement;
- The relationship between Strategic Planning and Human Capital Planning;
- Prime drivers of human capital planning;
- The influence of leadership, organisational culture and performance management in relation to human capital planning; and
- The benefits of human capital planning.

The analysis of these concepts confirmed that organisations globally are in an era of incomparable talent scarcity, and if left unattended, it will have a major impact on economies globally (Cheese et al, 2008).

The analysis also confirmed that human capital planning gives character and credibility to an organisation’s profile, by proactively developing plans and strategies to address its human capital needs (Meyer, 2004). As cited by various authors, organisations need the right talent in the right jobs to grow, innovate and add value. It is therefore crucial that the human capital plan is aligned to the organisation’s business plan for its continued success and sustainability.
From the discussion in this chapter we may conclude that Human Capital Planning is not only important in providing direction to an organisation, but essential in assuring that the organisation thrives amidst fierce competition. Globally, organisations are acknowledging the need to adopt human capital planning as a priority. Organisational leaders are now beginning to realise the leading role human capital plays in transforming their organisations from merely being sustainable, to world call organisations.

This chapter has sought first to gain an understanding of the theoretical basis upon which the concepts of human capital and human capital planning are premised. Thereafter the rationale was examined for Human Capital Planning in organisations. The imperatives that drive the need for a Human Capital Planning approach in the workplace were reviewed. Human Capital Planning was then contextualised in relation to Strategic Planning and it was concluded that Human Capital Planning and Strategic Planning are mutually inclusive – the one cannot achieve success in isolation from the other.

Having contextualised the urgency and the need for human capital planning, an analysis was undertaken of how human capital is measured and how the scorecards and models are applied to combine measures into an operational framework. The discussion also dealt with how organisational leaders can utilise the human capital framework to make more informed decisions on its human capital and to drive employee behaviour towards a high performance culture that can ultimately translate into organisational excellence. The chapter concluded with the ten best practices to building an effective human capital plan.

The following chapter will review The Role of Human Resources in Developing a Strategic Human Capital Plan.
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3. CHAPTER THREE : THE ROLE OF HUMAN RESOURCES IN DEVELOPING A HUMAN CAPITAL PLAN

3.1 INTRODUCTION

An organisation’s workforce is regarded as its most valuable asset, yet organisational leaders are battling to manage this intangible value creator. Knowledge workers are changing global economies with their advanced intellectual power, and technological savvy, and generating immense wealth for themselves and their organisations. Today’s workforce does not need long-term security. Instead the employees are telling organisations what they want in exchange for their intellectual labour.

This new paradigm is posing numerous challenges for organisational leaders, more especially with their HR function, because they need to continuously find new and innovative strategies and techniques to attract, retain, develop, deploy, remunerate and reward the workforce of the future. This also entails a significant shift in rewriting and realigning the HR policies and practices to cater for the employees unique needs and aspirations. For example, employees are demanding flexible hours to pursue life interests, and HR is struggling to make the transition to the new world of work, because they just don’t know how this can be achieved?

In an era of epidemic skills scarcity, the jockeying for talent continues as organisations globally compete for knowledge and skilled workers. Human capital has become widely recognised and accepted as a valuable asset and the ultimate differentiator that drives organisational performance (Armstrong, 2009). It is for this very reason that HR is expected to play a more strategic role in reshaping the organisation’s human capital profile into future.

The world of work is evolving at an incredible pace, new and diverse markets are opening up and new skills are emerging, creating instability and changing the very nature of work and its environments (Cheese et al, 2008).
3.2 THE EVOLUTION OF HUMAN RESOURCES

Much has be said and written on the evolution of the human resources function over the years however, at no other time than in the 21st century has the human factor been more elevated and recognised as the main contributor to an organisation’s survival and success (Boninelli, 2004).

The once humble Personnel function of the past evolved into the Human Resources function of yester-year and this evolution continues into the 21st century that now uses the term Human Capital. See Figure 3.1.

![Figure 3.1: Evolution of Human Capital Management](source: Human Technology Inc (2004))
We are currently in an era where superior knowledge, skills and competencies are recognised as the hallmark of high-performing organisations, hence HR Professionals (HRP) must transcend from the predominantly Administrative role to Employee Champion, Change Agent and Strategic Business Partner (Ulrich, 1997).

General Accounting Office (GAO) (2000) supports the view that the HR function must undergo a major reformation from the typical traditional role of administrator to becoming a strategic business partner, to earn its position in the boardroom.

The Human Resources Professionals (HRP) of the past focussed predominantly on the traditional role of administration and compliance, however today’s organisational leaders are demanding that HR provide direction, expertise and guidance on human capital management and contribute to the overall performance of the organisation (Walters, 2006).

Boninelli (2004) explains that HR Professionals of today must possess a different set of competencies than their administratively-inclined predecessors. The new role of Human Resource Professionals (HRP) will entail building greater depth of knowledge and skills across the full spectrum of the HR value chain (Ulrich, 1997). Armstrong (2009) suggests that these newly acquired competencies will enable the HR Professionals to provide a more holistic range of HR services and solutions to human capital issues.

It is clearly evident that the traditional HR function is no longer desirable or required in today’s world of work. The heightened mandate for HR to take accountability for people management aspects including its process and practices has resulted in HR revisiting its value proposition in organisations (Kaplan and Norton, 1996).

Watson Wyatt Worldwide (2002) comments that the consequence of superior HR practices, is bigger shareholder and market value, and suggests that this
is a good starting point for HR to re-evaluate its out-dated policies and practices and to make them relevant for today’s workforce.

3.3 SO WHAT THEN IS REQUIRED FOR HR TO BECOME A MORE STRATEGIC PARTNER?

Human capital is regarded as the dominant wealth creator for organisations globally and knowledge-based organisations are emerging as a direct result of the fast-moving forces of globalisation, shifting demographics and the rapid advancement of technology (Stockley, 2005).

Van Dyk and Herholdt (2003) comment that as the former industrial economies transform to knowledge-based economies, organisational leaders are beginning to accept that strategic value is now built around an organisation’s human capital. They now recognise this human capital as their potential primary source of competitive advantage.

Ulrich (1997) comments that it is crucial that the HR function partnership with line managers to understand their business and skills requirements in order to create a platform for differentiating the organisation’s human capital, and lists the following points:

- The HR function is currently undergoing radical transformation by automating its administrative functions and activities, thereby freeing up time for the HRP to partner with line management and to focus on more strategic issues;
- An organisation’s competitive advantage lies in their people (human capital) and not a product;
- Selecting and attracting the right people, motivating them and developing them into a cohesive team that can work well together;
- Ensuring sound support systems, and managing diversity which is critical to an organisation’s ability to practice good customer relations;
- The speed in which human resources react to market changes; and
- HR’s ability to innovate.
Furthermore, as organisations evolve, the HR function must continuously evaluate its policies, practices and programmes to ensure its relevance and fit to achieve the organisation’s goals and objectives. Farley (2005) suggests that for the HR function to be recognised as a Strategic partner, the HRP must demonstrate an ability to address the following embedded knowledge, characteristics, competencies and capabilities:

- Analysis of the correlation between employees, and profits;
- Analysis of the organisation’s human capital profile ie. what are the qualifications, related experience, age, demographics, skills, knowledge and competencies that currently exists in the organisation;
- Determining what the organisation’s key drivers are, and what is required to meet the objectives in the future;
- Conversion of the resource numbers into the organisations core competencies ie (knowledge, skills, competencies and abilities);
- Review of the HR’s strategy, processes, policies, activities and programmes to ensure relevance and if necessary amend to align to the strategic business objectives. The alignment ensures cohesion, and common understanding of the organisation’s plan and objectives;
- Development of the human capital plan with practical strategies on recruitment, training and development, retention, career pathing, succession planning, reward and remuneration, deployment, promotions, exit management, performance management etc.;
- Performance measurements are defined right from the onset, and communicated to all employees to ensure common understanding; and
- Most importantly, as with any plan, the organisation’s position must frequently be reviewed, monitored and evaluated to assess its effectiveness against the planned objectives.

This now raises the question of what HR’s role is in developing a strategic human capital plan?
3.4 HUMAN RESOURCES ROLE IN DEVELOPING A STRATEGIC HUMAN CAPITAL PLAN

As alluded to in Chapter one the following terminologies viz. Work Force Planning, Human Resources Planning, Manpower Planning, Talent Management and Human Capital Planning are used interchangeably throughout this study.

The following four Workforce Planning themes will be reviewed, highlighting, different perspectives on HR’s role in developing a strategic human capital plan:

1. A Framework for building human capital (Meyer, 2004);
2. The Role of HR in workforce Planning (GAO, 2000);
3. The Role of HR in Human Capital Planning (Frelix, 2008); and
4. HR’s Role in Talent Management and Driving Business Results (Farley, 2005).

3.4.1 A Framework for building human capital (Meyer, 2004)

According to Meyer (2004), Human Resources are custodians of human capital planning and highlight some of the key roles and responsibilities of HRP in developing a strategic human capital plan:

- Facilitate the Workforce Planning Process;
- Mediate as an unbiased broker, frequently in the face of political pressure;
- Leading and advising the organisation on Human Capital Planning;
- Participating as partners with line managers;
- Provide structural and employee profiles;
- Lead competency modelling scenarios;
- Providing a high level secretariat function to the Work Force Planning development panel; and
- Provide accurate information on organisational and individual potential:
- How many employees does the organisation employ?
- Where are these employees to be found?
- What is the age profile of employees by department?
- What skills do these employees possess?
- Which are the biggest departments?
- How many employees leave the organisation per year and in which job categories? And
- In which department are we likely to lose more employees?

Meyer (2004) supports the view that HR must be involved right from the onset of the human capital planning process to lead and guide the workforce planning committee on all aspect of human capital.

3.4.2 HR’s Role in Workforce Planning (GAO, 2000)

According to GAO (2000), the contemporary HR function is expected to evolve into leading the workforce planning committee (WPC) and facilitating the workforce planning process in organisations. At GAO the human resources professional (HRP) is regarded as an equal partner in both strategic planning, workforce planning together with the full spectrum of the organisation’s value chain.

The Literature study reveals that ‘no one size fits all’ and it is clearly evident that GAO’s approach is unique and comprehensive. GAO is dependent on three enablers to achieve its business objectives ie. it’s employees, technology and the HR process, and the most significant is it’s people. GAO’s view is that an organisation’s success and competitive advantage hinges on its employees, technology and the HR processes, it is crucial that senior leaders have a transparent and factual understanding of their human capital profile. Hence, the first step in GOA’s workforce planning process is to administer a self-assessment questionnaire to senior leaders to assess their knowledge and understanding of all aspects of human capital management including its policies, practices and activities aligned to the business plan.
## Table 3.1: Five point human capital self-assessment framework

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<td><strong>5</strong></td>
<td><strong>Performance Culture:</strong> <em>(Empower and motivate employees while ensuring accountability and fairness in the workplace)</em></td>
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1. **Strategic Planning:** *(Developing the organisation’s mission, vision, core values, goals and objectives)*

- **Shared vision** - Does the organisation have a clearly articulated vision that defines its future direction, including roles and responsibilities of departments and employees, organisational priorities and performance levels expected from the workforce.
- **Human capital focus** - Has the organisation developed an integrated human capital strategy or framework, encapsulating the HR policies, practices, programmes, initiatives, specifically planned to drive the employees towards achieving the organisation’s objectives?

2. **Organisational Alignment:** *(aligning the human capital plan with the organisation’s business objectives)*

- **Workforce planning** - Does the organisation have cohesive workforce planning strategy aligned to the organisation’s strategic plan to help determine its current and future workforce needs (including the size of the workforce required per department across the organisation and translated into the core business competencies ie (knowledge, skills, and abilities ) required to achieve the organisation’s objectives.
- **Integrating the HR function** - Is the organisation dependent on the HR Practitioners to:
  1. Contribute human capital expertise to the organisations strategic planning process;
  2. Provide cohesive mission support,
  3. Participate as strategic partners with line managers and as act facilitators, coaches, mentors, change catalysts; and
  4. Lead the organisation in the workforce planning
  5. Develop relevant strategies to utilise its resources optimally to achieve the organisation’s objectives;
  6. Implement, monitor and evaluate the human capital policies and practices frequently to align with best practices

3. **Leadership:** *(Foster a committed leadership team and ensure continuity through succession planning)*

- **Defining leadership.** Has the organisation articulated the kind of leaders it requires (ie., qualification, related experience, competencies, discipline, personal characteristics, roles and responsibilities) and the performance expectations to meet the organisation’s objectives.
- **Teamwork and communications** - Do senior leaders promote teamwork and frequently communicate the organisation’s vision clearly and consistently to all employees across all levels of the organisation.
- **Do leadership encourage employee feedback and adequately address the concerns raised.**
- **Ensure continuity** - Is there succession plans in place to ensure leadership succession planning?

4. **Talent Management:** *(Recruit, Train, Develop, Redeploy and Retain employees with core skills)*

- **Recruitment** - Does the organisation have a recruitment plan that specifically targets short, medium and long-term human capital requirements arising from its workforce plan?
- **Training and development** - Does the organisation invest in its employees with regard to education, and training to enable its employees to build the desired knowledge, skills and competencies required to perform their outputs optimally?
- **Workforce placement.** Is the organisation’s workforce appropriately positioned? ie are the right employees in the right jobs to achieve the organisation’s mission
- **Compensation** - Is the organisation’s compensation policy enabling to attract, motivate, retain, and reward its employees to achieve its overall objectives?
- **Work Environment** - Does the organisations policies and practices cater for flexibilities, with regard to worklife programs, child care facilities, psychological services etc. to help attract talent into the organisation.

5. **Performance Culture:** *(Empower and motivate employees while ensuring accountability and fairness in the workplace)*

- **Performance management** - Is the organisation’s performance management policies and practices designed to enhance individual and team performance and helps drive employees behaviour towards superior organisational performance?
- **Performance incentives** - Are performance based incentives in place to support the organisation’s performance management system?
- **Continuous learning and improvement** - Does the organisation support and encourage continuous learning?
- **Line managers and supervisors** - Are line managers and supervisors coached and trained to help direct the employees towards achieving the organisation’s objectives?
- **Job practices, tools, and environmental support** - Are job practices, tools, and environmental support structures designed to assist the employees meaningfully, financially, professionally and effectively in their jobs?
- **Information Technology** - Are employees maximising the benefits of information technology to perform and enhance their work and skills?
- **Diversity** - Does the organisation encompass inclusivity ie accepting and open to diverse styles and personal background, education levels, etc.;
- **Employee and labour relations** - Are relations between the organisation’s workforce and its management grounded in a mutual effort to achieve the organisation’s

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**Source:** GAO’s (2000)
According to GAO (2000), the added advantage of undertaking a human capital self-assessment is that it enables them to assess the strengths and weakness of their human capital information management systems. Valid and reliable data is fundamental for proper workforce planning, as human capital decisions are made based on the information available.

GAO’s self-assessment framework has five parts and each segment consists of a minimum of two questions as indicated in Table 3.1.

According to GAO (2000), the self-assessment questionnaire is a relatively modest analytic instrument to capture leaderships’ educated perceptions of their organisation’s human capital policies and practices. Furthermore, the overall picture that emerges through the use of the checklist assists the organisation to continuously learn and reinvent themselves in line with best practices.

Lastly, having been equipped with vital information, HR can now lead the workforce planning committee with deeper insight and understanding on the organisations strength, weakness, opportunities and threats to develop a more meaningful and long-term human capital plan to achieve the organisation’s objectives.

3.4.3 The Role of HR in Human Capital Plan (Frelux, 2008)

As the global talent crisis continues to reach overwhelming proportions, there are on-going debates on the role of the HR function in developing a strategic human capital plan, as organisational leaders are looking more and more to HR for answers (Frelux, 2008).

Frelux (2008) affirms that people are central to an organisation’s strategy, and his view is that strategy cannot be developed in isolation without taking all elements of human capital into consideration. Frelux (2008) sums up by stating that no organisation’s strategic plan is achievable without the successful recruitment, training and development, deployment, retention and
management of its human capital and poses the question: Why should the HR professional be ‘at the decision making table?’

Frelix (2008) supports the view that organisational decisions are made based on: (ROI) return on investment, profit or shareholder value, financial stability, market share and new market growth, and reputation management amongst others, and for HR to be part be at the forefront of the organisation’s decision-making process, the HR department must first demonstrate their value in:

- Having a comprehensive understanding of strategy development including the key elements of the strategic planning process;
- Having an embedded knowledge and understanding of the HR business and its processes;
- Managing the Human Resources function like a profitable business, by creating shareholder value; and
- Ensuring that all the HR policies, processes, activities and programmes are aligned to the organisation’s strategic objectives.

Having an understanding of, and a deep insight into the above elements, HR creates strategic partnership across the organisation’s value chain. Frelix (2008) comments that HR’s ability to align its strategy, policies, practices and discussions with the organisation’s objectives will elevate HR back into the organisation’s boardroom.

Frelix (2008) suggests that for HR to be recognised as a strategic partner in the organisation, HR must first demonstrate insight and discernment, to create a perception of organisational value in every step of the workforce planning process. In essence it means that the HR function must prove its ability, knowledge and capability from environmental scanning, to competency modelling, to organisational design, to strategy development, performance measurement, implementation, monitoring and evaluation, in line with the process indicated in Figure 3.2.
In summary, Frelix (2008) outlines HR’s roles and responsibilities in the development of a strategic human capital plan by concluding the HRP.s must systematically analyse the organisation’s operating environment both internally and externally, its customers, its competitors, its technology and its assets ie. human capital, financial capital and technical capital to define a strategy and then collectively to make decisions on the allocation of resources to achieve the organisation’s goals and objectives.

In conclusion, each of the six sub-processes mentioned in Frelix’s (2008) model clearly suggests that HR has a fundamental role to play in the development of a human capital plan and this role varies from supporting, to contributing, to leading the human capital planning process.
3.4.4 HR’s Role in Talent Management and Driving Business Results (Farley, 2005)

In today’s highly competitive environments, organisational leaders are looking to HR for answers and guidance on the management and effective utilisation of their resources ie. to drive higher productivity levels, generate greater profits, drive shareholder value and customer satisfaction but most importantly to reduce organisational costs (Farley, 2005).

Various authors have commented that the most obscure aspect of the HR function is its inability explicitly to link and to measure the relationship between ‘people and profit’. Farley (2005) supports the view that HR continues to struggle in demonstrating this link and suggest that for HR to heed leadership’s call to drive organisational effectiveness, they first must address and find answers to a number of fundamental business questions such as:

- How does the organisation generate financial growth?
- How do employees impact the organisation both positively or negatively in generating profits?
- How and why is this different from potential competitors?
- Which employees directly impact on the organisation’s income?
- What are the organisation’s key competitive advantages?
- What can the organisation do differently to outstrip competitors and increase income potential?
- How do employees support, promote or derail these ideas? and
- What changes must the organisation make to be successful in the future?

According to Farley (2005), after deducing and analysing the answers to the above questions, HR must then convert the data into the number of resources required, and then translate this into actual business competencies. Farley (2005), further suggests that this deep understanding sets the tone for initiating the human capital planning process as illustrated in
Figure 3.3 which shows the link between the organisation’s objectives and its intent to achieve success at each stage through its employees.

Farley (2005) affirms that a clearly articulated and well-communicated plan provides the foundation for effective human capital planning and creates the opportunity to drive the desired employee behaviour to achieve the organisation’s objectives. The author substantiates that technology is now available to measure the effectiveness of people against training and productivity levels, and adds that the critical success factor depends on the aligning of the HR strategies, activities and actions to the organisation’s core goals and objectives. Lastly, Farley (2005) advocates that for HR to be recognised as a strategic partner, the HR function must demonstrate value in:

- Evaluating the perceptible ROI linked to the employees;
- Adopting a concise and impartial approach when outlining the intrinsic value of talent;
Communicating consistent, relevant and succinct messages that both leadership and employees can comprehend; and

Ensuring flexibility - as the organisation morphs, the organisation’s objectives will also change.

Farley (2005) comments that the HR function must be held accountable like every other organisational discipline to achieve the desired results from its human capital investments.

To contextualise the finding from the above four mentioned themes, it is evident that the HR function has a significant role to play in organisations. Organisational leaders are turning to HR to find solutions to manage, attract, recruit, engage, reward and motivate their workforce in order to create high-performing organisations. More than ever, HR is in the spotlight to manage the organisation’s most valuable asset, and create tangible value and competitive advantage for the organisation.

Bluen (2002) claims that the human capital balance sheet can be used to analyse and interpret employee data to help organisational leaders make meaningful decisions regarding its human resources. Hirschowitz (2003) comments that just as the financial income statement reveals the financial status of the organisation, similarly the Human capital Inventory reflects the competitive advantage of organisations, and HR should utilise this data effectively to match the resources with the right skills and capabilities into the right jobs to achieve the organisation’s objectives.

Globally there is an on-going debate amongst authors regarding the value of HR to organisations. Therefore it is essential that HR’s contribution and activities get measured. Renton (2000) suggests that by relinquishing the traditional HR function and devoting lesser time to managing established practices, HR’s focus should be on a more strategic level, that is guiding and directing the organisation, implementing the business strategy and monitoring and evaluating its progress against the organisation’s performance.
Nankervis et al (2002) reminds us that it was acceptable in the past to have an unstructured relationship between employees and productivity levels. However, today’s highly competitive environments dictate that HRP provide the organisation with meaningful performance matrices, to maximise and measure the utilisation of its resources to achieve the organisation’s objectives.

3.5 THE FUTURE ROLE OF HR

Müllers-Patel (2007) comments that the roles and responsibilities of HR are undergoing rapid transformation, and that they are now required to play a more strategic role to deliver a superior level of service in the new world of work, i.e. aligning its human capital management and its human capital planning activities with the organisation’s strategic objectives to drive higher performance and increase revenue and profit.

It is in this paradoxical context that Meyer (2004) highlights some of the key roles the HR professionals must play at a macro level if they are to add value to organisations.

- **Environmental Scanning**
  
  HRP must methodically analyse and interpret the incessant changes taking place at a macro level, and they must translate the data into meaningful information for organisations proactively to plan and respond to these changes.

- **Organisational Design Specialist**

  HRP must have in-depth knowledge and understanding of organisational design, in order to influence the design of the organisation for maximum effectiveness. This entails understanding the impact of new and diverse organisational designs, structures, and
its subsequent impact on the organisational culture, employee performance productivity levels and to manage the change process effectively.

- **Provider of the next generation Leadership and talent**

In today’s fast-evolving economy, leadership and talent are crucial for an organisation’s survival. The HRP must play a pivotal role in assisting the organisation with understanding what the next generation of leaders and workforce will look like, what skills and competencies are needed and where they will be sourced from.

- **Framing the Organisational mindset**

A consistent theme arising from the reality of a global economy is that organisational and employee mind-sets must adapt to transforming environments. This mindset adaptability is crucial for the survival of organisations. HR Professionals can play an important role by managing change proactively, creating an environment conducive to building a resilient and adaptable workforce, and for changing mental paradigms against the rapidly changing landscapes and economic uncertainties.

- **Leading the application of Technology**

HRP.s must lead in the field of technology and become experts in utilising advanced technology to enhance the effectiveness of transactional outputs. HRP must be able to download data, analyse, compare interpret, and share the findings with organisational leaders. The HR function should invest in a ‘Manager Self-Service’ and an ‘Employee Self-Service’ system, to free the HRP from mundane transactional works. This will free the HRP’s time to focus on more strategic issues with line managers.
3.6 CONCLUDING SUMMARY

A crucial question that must be asked - *Is HR ready and has HR made the transition from Admin expert to Strategic Business Partner?*

According to GAO (2000), high-performing organisations align their strategies with its people, core activities, systems and processes by maximising the utilisation of its human capabilities to achieve its business objectives.

Research suggests that when developing Human Capital Plans, it is crucial that the organisational leaders first identify the organisation’s main priorities and develop practical strategies to achieve these quick wins in order to facilitate strategy implementation (American Public Power Association, 2005).

Walters (2006) affirms that HR plays a vital role in human capital planning. An organisation’s strategic intent is built on its people (Frelix, 2008), meaning that HR will always play a leading role, which may entail redesigning the work, redeploying its employees, rewriting job profiles, recruiting a specific category of employees with specific skills and capabilities etc. and creating a conducive environment for driving employees behaviour and performance to achieve the organisation’s overall objectives (Armstrong, 2009).

HR plays a key role in human capital management, and the literature study supports the view that leading human capital management organisations continuously review their policies and processes against best practices to drive high performance, maximise efficiency, create customer-centric mind-sets, minimising costs, and service delivery in a rapidly changing landscape. HR must transcend the traditional transactional paradigm to meaningful value-added initiatives that drive employees’ behaviour and performance to achieve the organisation’s objectives. The next chapter presents the research methods, procedures and techniques for this research study.
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4. CHAPTER FOUR : RESEARCH METHODS, PROCEDURES AND TECHNIQUES

4.1 INTRODUCTION

The previous chapter provided a literature-based perspective on Human Capital Planning, and the role of Human Resources in developing a Strategic Human capital plan, and then outlined the basis for developing a model to implement Human Capital Planning within Eskom Distribution, Southern Region.

The current chapter focuses on the research methodology, which is discussed in terms of methods, sampling, research instrument, data collection and analysis procedures.

Burns (1994) states that, in essence, research is a process of methodical examination to find answers to a problem.

According to Kumar (2005), research is a process of gathering, analysing, comparing and interpreting data to answer questions, and that the enquiry must also be rigorous, systematic, controlled, critical, legal, verifiable and empirical and should involve a process that necessitates the following:

1. That the research is being undertaken within a framework of a philosophy or a set of philosophies;
2. That the research utilises procedures, methods and techniques that have been established for their reliability and validity; and
3. That the research is designed to be objective and unbiased.

Kumar (2005) also mentions the various types of social research methods recognised in literature, which encompasses exploratory, explanatory, descriptive and correlational research. The elected research design namely survey research falls within the broader classification of descriptive research. Descriptive research includes surveys and fact finding, and Kumar (2005)
states that the purpose of descriptive research is to systematically define the current state of a phenomenon. The survey research method chosen for this study therefore enabled the researcher to achieve the purpose and objectives of the study.

### 4.2 AIM OF THE STUDY

The aim of the study was to determine the effectiveness of Human Capital Planning in Eskom Distribution, the Southern Region. The six problem statements alluded to in Chapter One, formed the basis for the methodology discussion which also gave rise to the specific aims of the study as highlighted below:

- **Sub-Problem 1, What is Human Capital Planning?** was addressed by a literature study of human capital planning theory.

- **Sub-Problem 2, What are the theoretical best practice guidelines for the development of a strategic human capital plan?** was addressed by a literature study on the best practice guidelines for the development of a strategic human capital plan.

- **Sub-Problem 3, What is the role of Human Resources in developing a strategic human capital plan?,** was addressed by a literature study and the survey questionnaire on the role Human Resources plays in developing a strategic human capital plan.

- **Sub-Problem 4, What is the current state of human capital planning for the Southern Region of Eskom Distribution?,** was addressed by the survey, utilising the questionnaire as a data collection instrument to establish the current state of human capital planning in the Southern Region.
Sub-Problem 5, To what extent is the Human Resources Department of Eskom fulfilling its role in human capital planning in the Southern Region of Eskom Distribution? was addressed by the survey, utilising the questionnaire as a data collection instrument to establish HR’s role in human capital planning in the Southern Region.

Sub-Problem 6, To develop a model for Human Capital Planning for the Southern Region of Eskom Distribution, will be the logical conclusion to the responses to Sub-problems 1 to 5. The literature study and responses from the survey questionnaire will provide the researcher a platform to design a workable human capital planning model for the Southern Region of Eskom Distribution.

Therefore the aim of the research is to:

- To determine from the literature the best practice and guidelines for the development of a human capital planning model to assist Eskom Distribution Southern Region to improve the current human capital planning process;
- To conduct an empirical study to identify the underlying factors that could provide practical guidelines for human capital planning; and
- To conceptualise and develop a human capital planning model for the Southern region of Eskom Distribution and to make recommendations garnered from the empirical study to the Regional Executive Committee for implementation.

4.3 RESEARCH METHOD AND DESIGN

Singh (2006) defines research as an effective method of solving scientific experiments in seeking answers to questions that have not yet been answered and states that it requires human efforts to determine what the answers will be.
Singh (2006) further supports the notion that research can be described as the process through which the researcher plans a systematic way of collecting, analysing and interpreting data to arrive at a dependable solution to a problem. The main aim and specific aims of the research study were highlighted in 4.2 which incorporated the six sub problems and how each sub problem would be addressed.

There are myriads of research methodologies. The methodology selected for this particular category of research study undertaken to analyse the effectiveness of a Human Capital Plan in Eskom Distribution, Southern Region was the survey research methodology. Two broad categories of methodology exist namely qualitative research methodology and quantitative research methodology.

According to Mack, Woodsong, MacQueen, Guest and Namey (2005), the qualitative approach seeks to gain an understanding of a given research problem or subject from the viewpoint of the selected local population for the study. The authors further claim that this approach is extremely effective in obtaining specific cultural information of a particular population concerning its values, opinions, behaviours and social contexts.

Mack et al (2005) also suggests that the qualitative approach is flexible in that it allows for greater adaptation and spontaneity of interaction between the study participant and the researcher.

The Quantitative research approach is utilised in scientific research. Marvasti (2004) comments that quantitative research involves using methodological techniques to represent the human experience in numerical categories which is often described as statistics.

According to Mack et al (2005), quantitative research utilises surveys and questionnaires to ask all study participants identical questions in the same order, and that the response categories that the population can select from is
either fixed or ‘closed–ended’ or ‘open-ended’. The author further suggests that the rigidity of the fixed or ‘closed-ended’ questions is in fact an advantage in that it allows for significant comparisons of answers across participants and study locations.

Mack et al (2005) highlights some of the primary difference between **quantitative** and **qualitative** research methods in relation to:

- The analytical objectives;
- The type of questions modelled;
- The data collection instrument categories selected;
- The creation and retrieval of data; and
- The degree of flexibility built into the study.

**A quantitative research** design was used for the purpose of this study where a designed questionnaire guided by the findings from the literature study would be administered to the targeted participants which would assist the researcher in addressing sub-problems 3, 4, 5 and 6.

Survey research is a technique of collecting data from respondents, presumed to be archetypal of some population by using questions (open or closed-ended). The survey approach uses a variety of techniques, including interviews with respondents and questionnaires. **Quantitative research** generates statistics through the use of large-scale survey research.

As with any method, there are advantages and disadvantages as indicated in Table 4.1. The major advantage is that a large amount of data can be produced within a short space of time, and a major disadvantage could be a poor response rate and the lack of detail from the data being investigated (Mack et al, 2005).
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<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerical</td>
<td>Textual</td>
<td></td>
</tr>
<tr>
<td>Can be obtained by assigning numerical values to responses</td>
<td>Can be obtained utilising audiotapes, videotapes &amp; field notes</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Flexibility in study design</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is stability in the study design from the beginning to the end</td>
<td>There is flexibility in some aspects of the study e.g. particular interview questions can be added, excluded or re-worded</td>
<td></td>
</tr>
<tr>
<td>The responses of the participants have no influence or determination over how or which questions the researcher asks next</td>
<td>The responses of the participants influence how and which questions the researcher asks next</td>
<td></td>
</tr>
<tr>
<td>Design of the study is subject to statistical assumptions and conditions</td>
<td>Design of the study is iterative where collection of data and research questions are modified according to what is learned</td>
<td></td>
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</tbody>
</table>

Table 4.1: Differences between qualitative and quantitative research approaches
Source: Mack et al (2005)
4.4 THE POPULATION AND THE SAMPLE

This section classifies and gives a rationale for the population and sampling method utilised in the empirical research. The selection of the sample and sample size are discussed.

4.4.1 The Population

Marczyk, DeMatteo and Festinger (2005) defines a population as the sum total of all individuals that conform to the researcher’s set of conditions. The authors also agree that it is not possible to study the total population of interest for obvious reasons, and as a result studies a sample that is representative of the population which allows the researcher to draw valid inferences about the population.

Kothari (2004) positions that research work cannot be conducted without the utilisation of sampling as it is a vital technique of behavioural research and also concur that it is impracticable and impossible to study the entire population due to cost, time and other factors.

Hence, it is prudent that the population for the research survey must be clearly defined and judiciously chosen. Furthermore, quantifiable limits must be predetermined in order to set distinctive limits for the population. The survey population had to meet the following criteria:

The empirical study was limited to the following target population, employed in the Southern Region on a full time basis and based at the regional head office in East London:

- The Regional Executive Committee Members (REC) (N x 10);
- Line Managers and Supervisors with Task Grading T13, M14, M15, M16, M17, M18 (N x 80); and
- HR Practitioners with Task Grading T12 (N x 30).
Task Grading refers to Tuned Assessment Skills & Knowledge (TASK)

The TASK Grading offers a multi-dimensional criteria ie (complexity, knowledge, influence, pressure) for a more equitable job grading basis, which further aligns to Eskom’s remuneration approach with the organisation’s vision, ie to achieve a closer to market approach in determining pay levels.

<table>
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<th>LEVEL</th>
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<th>T.A.S.K GRADING</th>
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<tr>
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<td>Basic</td>
<td>1 – 3</td>
</tr>
<tr>
<td>II</td>
<td>Discretionary</td>
<td>4 – 8</td>
</tr>
<tr>
<td>III</td>
<td>Specialised</td>
<td>9 – 13</td>
</tr>
<tr>
<td>IV</td>
<td>Tactical</td>
<td>14 – 18</td>
</tr>
<tr>
<td>V</td>
<td>Strategic</td>
<td>19 – 26</td>
</tr>
</tbody>
</table>

Table 4.2: Task Grading levels category per skills level
Source: Eskom (2007)

It should be noted that Eskom has customised the TASK Grading system to provide for Professional levels called “P” bands for certain Job categories, level T12 to T13 for Supervisory and M14 to M18 for Managerial levels called “M” bands. Senior Managers (above TASK Grade 18) are designated as “E” bands by Eskom.

The following employee categories were for the purpose of this research excluded:

- Eskom Staff with Task Grading T5 to T11; and
- Temporary staff, Contractors, and Learners.

The rationale for the exclusion is that the categories mentioned above are not involved in the Southern Regions Business Planning Process and are not familiar with Human Capital Planning.
Kumar (2005) affirms that the size of the sample should be dependent on the objectives of the research study, and mentions as a rule, the greater the sample size, the more precise the findings ought to be.

The outcome of the research depended resolutely on the knowledge, experiences and opinions of respondents employed in Eskom Distribution, Southern Region.

4.4.2 The sampling method

According to Kothari (2004), inductive thinking guides research work where the researcher begins with an area of specificity (sample observation) and then proceeds to generality (which is applied to the population).

Kothari 2004 further notes that sample measures are called statistics and population measures are called parameters, and parameters are generally estimated on a sample statistics basis. Therefore, the accuracy of the sample statistic basis will determine the accuracy of the parameters. The generalisation of research work is made by utilising the basis of sample statistics to estimate the parameters (Kothari, 2004).

According to Singh (2006), in social science research, there are two approaches to sampling viz:

- **Probability Sampling**: is a sampling method that ensures that the selected sample is a representation of the population. Furthermore sampling is conducted in such a way that all the elements selected have a known probability of being included in the sample Helmstadter (1970). Some of the techniques identified are: simple random sampling, systematic sampling, stratified sampling, multiple or double sampling, multi-stage sampling and cluster sampling.

- **Non – Probability Sampling**: the notion of probability does not exist in non – probability sampling. Some of the techniques are incidental or
accidental sampling, purposive sampling, quota sampling and judgement sampling.

According to Kumar (2005), random sampling is the uncontaminated form of probability sampling and strongly supports the view that selecting an unbiased sample is an important measure when evaluating the suitability of a sample. An impartial sample allows every member of a targeted population an equal opportunity of being selected in the sample survey.

The Random sampling technique was utilised in this study to support an impartial sample target population.

An invitation to participate in the research was extended to the Southern Regional Executive Committee Members, Line Managers and Supervisors with a task grading of T12 to M18, and Human Resource Practitioners with a task grading T12. The decision to participate was voluntary and up to the respondents.

4.4.3 The sample size

According to Singh (2006), there is no defined rule to determine the sample size for the researcher’s study as the sample size is dependent on the researcher’s desired exactness in estimating the parameter of the population at a specific level of confidence. However, Singh (2006) does make the point that using a larger sample size is more likely to be accurate, precise and representative of the population and proposes that a sample size of 30 is sufficient for statistical measures. Research literature, on the other hand, specifies that sample sizes of up to a minimum of 100 are deemed to be statistically meaningfully.

It was envisioned to obtain at least 120 responses to satisfy statistical purposes. 117 responses were received at the end of the 10 day period of running the survey.
4.5 DATA COLLECTION

This section identifies and substantiates the choice of the data collection instrument and technique utilised in the empirical research. The design and structure of the research instrument is outlined.

Kothari (2004) mentions that there are two different categories of data collection viz.

- **Primary data**
  - Data collected for the first time;
  - Data is new and original in character;
  - Some of the techniques of collecting primary data are done through surveys and descriptive researches viz. observation and questionnaires; and
  - Other methods are warranty cards, pantry audits, distributor audits, consumer panels, in depth interviews and content analysis.

- **Secondary data**
  - Data has been collected and statistically analysed;
  - Data is available to the researcher from various sources;
  - Availability of unpublished or published data;
  - Sources of published data are for example local governments publications, foreign governments or international bodies and subsidiary organisation’s publications, trade journals and technical journals, books, magazines, newspapers and various associations that produces reports and publications etc.; and
  - Unpublished data sources would be some thesis, diaries, letters biographies and autobiographies that have not yet been published.

According to Kothari (2004), researchers must be cautioned when utilising secondary data as it may be unsuitable or inadequate in addressing the research study problem.
4.5.1 Research instrument

According to Singh (2006), there are numerous tools that can be utilised to describe and qualify data, and adds that data qualification is a crucial aspect of research. Therefore, an appropriate tool is required for certain sources of data in order to yield useful information which can be utilised meaningfully.

Coughlan, Cronin and Ryan (2007) concur that there are several strategies that can be utilised to collect data in quantitative research studies viz., interviews, questionnaires, attitude scales and observation tools. Coughlan et al (2007) suggests that the most commonly used data collecting tool is a questionnaire which consists of closed questions where the respondents can select a choice of fixed answers.

Polit and Beck (2006) affirm that there are different types of questionnaires viz.: telephonic interviews, face-to-face interviews and postal questionnaires. Postal questionnaires are done via the mail, and have a perceived sense of anonymity (Polit and Beck, 2006).

The questionnaire was designed to gather information about employees’ knowledge, opinions and understanding of Human Capital Management to enhance Human Capital Planning in Eskom Distribution Southern Region.

A literature study was undertaken to understand the contexts of the concepts in Human Capital planning and to provide a theoretical framework for the design and development of the survey questionnaire. The survey design was based significantly on the literature study on Human Capital Planning, Best Practices and Guidelines on Human Capital Planning and HR’s role in Human Capital Planning. The research survey was completed electronically by the participants.

Listed below, are some of the high level substantive aspects gleaned from the literature study which were instrumental in designing the survey questionnaire:
What is Human Capital Theory?

Armstrong (2009) posits that human capital theory is about the added value that people collectively contribute to an organisation that helps to:

- Determine the impact of employees on the organisation and their combined contribution to shareholder value;
- Demonstrate that HR practices produce value for money for example, (ROI) return on investment;
- Provide guidance and direction on future HR and business strategies; and
- Provide data that will inform strategies and practices designed to improve the overall effectiveness of people management in organisation.

What is Human Capital Planning?

As garnered from the literature study, Human Capital Planning is a methodical process of determining skills and talent requirements and a key aspect of Human Capital Planning is ensuring that the right person is in the right job at the right time and delivering at the right level (Jackson and Schuler, 1990).

Best Practices and Guidelines on Human Capital Planning

Measuring human capital enforces discipline in the organisation and contributes towards a high performing organisation viz: According to Zulfiqar (2006) the following key components must be considered when undertaking human capital planning:

- Recruitment and development of staff must be in line with the organisation’s strategy with regard to specific skills requirements;
- Resources should be positioned in the right jobs to support the business strategy;
A systematic analysis must be done to ensure that the employees are utilised to their maximum potential for the benefit of both the organisation and the employee; and

The organisational culture is performance oriented.

The Influence of Leadership, Organisational Culture and Performance Management in relation to human capital planning

Meyer (2004) postulates that senior leadership is responsible for setting the direction for Human Capital Planning, and should influence the following:

- Owning the Human Capital Planning process;
- Developing and communicating the future strategy focus;
- Leading and overseeing human capital development panels;
- Ensuring the performance of all role players in the process;
- Enabling decision making on employee and organisational development; and
- Continually monitoring and evaluating performance of the HR systems.

The Influence of Performance Management in Relation to Human Capital Planning

Leaders must create a vision for the organisation, and communicate this message consistently and clearly by engaging with their people face-to-face to influence employees’ thoughts and behaviour on performance management (“All in a Day's Work”, 2001). According to Bacal (2000), performance management is a daily ritual of line management to ensure they manage their employees effectively to generate the desired outputs in order to achieve the organisation’s objectives.
The Influence of Culture in Relation to Human Capital Planning

Furnham and Gunter (1993), posits that organisational culture offers a shared system of meaning which is the basis for communications and mutual understanding and suggests that if these roles are not fulfilled in an acceptable manner, the consequence would be a significant reduction in the effectiveness and efficiency of an organisation. It is also the researcher’s view that ultimately, employees are central to an organisation’s culture and it is therefore crucial that the right people are appointed in the right jobs for the right reasons to continue with the organisation’s legacy.

HR’s role in Human Capital Planning

Ulrich (1997) emphasises that we are currently in an era where superior knowledge, skills and competencies are recognised as the status symbol of high performing organisations, hence HR Professionals (HRP) must transcend beyond the predominantly Administrative role to Employee Champion, Change Agent and Strategic Business Partner. According to Kaplan and Norton (1996), the heightened mandate for HR to take accountability for people management aspects including its process and practices has resulted in HR revisiting its value proposition in organisations.

Watson Wyatt Worldwide (2002) comments that the consequence of superior HR practices, is bigger shareholder and market value, and positions that it is a good starting point for HR to re-evaluate its outdated policies and practices and make them relevant for today’s workforce.

4.5.2 Administration of the questionnaire

Once ethics approval (H 11 BUS HR 025) had been obtained, the questionnaires were distributed via e-mail to the sample group. In order to stimulate quicker responses and cooperation an accompanying letter from
the General Manager was attached. A period of ten days was allowed for the completion of the questionnaire. This was to ensure that the questionnaire would not be overlooked in the midst of urgent official business.

4.5.3 Questionnaire structure and design

According to Coughlan, Cronin and Ryan (2007), the researcher needs to follow specific instructions when using questionnaires as a technique in survey research. The authors further stipulate that when constructing the questionnaire, the following aspects must be taken into consideration: format, content, order and wording.

Burns and Grove (1997) warn that developing an instrument can be viewed as difficult and a prolonged process, however the end result will have been worth the effort because:

- It will clearly link the final questions to the research questions;
- Accurate information will be elicited; and
- It will assist in achieving the researcher’s goals or objectives.

According to Burns and Grove (1997), the determining tool has the biggest influence on data reliability, and it is crucial that cognisance is taken of all the design parameters when designing and developing questions.

Furthermore, there are numerous tests and scales that can be utilised however the researcher is required to outline the validity and reliability of whatever instrument is used (Polit and Beck, 2006).

These guiding principles provided the foundation for the design and development of the questionnaire. The questionnaire endorsed anonymity which allowed the respondents to express their views freely, without the fear of being victimised. The covering letter of the questionnaire highlighted clearly that all responses and feedback will be kept confidential.
Ary, Jacobs and Razavieh (2002) suggests that the Likert Type scale is the most easiest to construct and most commonly used scale to measure attitude per se.

According to Kumar (2005), the Likert Type scale helps to position different respondents in relation to the intensity of an individual’s attitude towards a subject. The researcher selected the Likert type rating scale with an unequal 1-5 format. There is difference of opinions regarding the use of having a midpoint rating, however, it is a known fact that people generally have opinions and the support for the notion of impartiality is to provide an alternative to allow respondents not to express their views if they have no authentic viewpoint.

Consequently, closed format questions were used throughout the questionnaire for the empirical study. A five point Likert Scale was utilised to measure the response of the participants in this section.

The respondents were requested to answer the questionnaire by providing responses that best described their perceptions on a scale from 1 to 5. The scale may be interpreted as follows: 1 represents ‘Strongly Disagree’, 2 represents ‘Somewhat Disagree’, 3 represents ‘Undecided’, 4 represents Somewhat Agree and, 5 represents 'Strongly Agree'.

The questionnaire (see Annexure A) was broken down into sections:

- **Section 1**, which required demographical and biographical details containing information on age group, gender, race, highest educational qualification, cumulative years working experience, number of years employed by Eskom, related years in current position, current task grade and department where respondents work.

- **Section 2.1** of the questionnaire comprised questions relating to knowledge and understanding of best practice guidelines for developing a strategic Human Capital Plan.
Section 2.2 of the questionnaire comprised questions relating to the current State of Human Capital Planning in the Southern Region.

Section 2.3 of the questionnaire comprised questions relating to the Perceptions on the role of HR in Human Capital Planning in the Southern Region.

The questionnaire concluded with an open ended request Section 2.4 allowing participants to describe their thoughts, views, opinions and / experiences involving human capital in their own words.

4.6 DATA COLLECTION VALIDITY AND RELIABILITY OF THE QUESTIONNAIRE

According to Wood, Ross; Kerr and Brink (2006), Validity is the instruments ability to measure what it is meant to measure and reliability is described as the ability of the instrument to accurately and consistently measure the research concept in the study.

Burton and Mazerolle (2011) reminds us that if a researcher want to be able to confidently report on the results collected from the questionnaire then validity and reliability of the data source are crucial aspects for the researcher to draw meaningful conclusions. The authors further affirm that the validity and reliability of the researcher’s measurement instruments enhances new learning about the topic being researched.

4.6.1 Validity

Burton and Mazerolle (2011) outlines four commonly known methods (face validity, content validity, criterion validity and construct validity) to establish validity in an instrument. The table below depicts methods of survey validation.
Table 4.3: Methods of survey validation
Source: Burton and Mazerolle (2011)

The Researcher tested the Southern Region Human Capital Planning Questionnaire on several peers before administering to sample participants to assess Format and Content Validity in terms of the instruments ease of use, readability, level of clarity, credibility, accuracy and relevance. In terms of Criterion and Construct Validity, the LimeSurvey instrument is widely utilised by several well-known organisations to conduct surveys / questionnaires to capture the perceptions of their respondents with regard to the questions / statements in the research study that is conducted. The test was deemed to be fruitful as the necessary corrections were able to be incorporated before administering the questionnaire.
4.6.2 Reliability

According to Kumar (2005), a research tool that is unchanging and measures what it is expected to measure, which is accurate and predictable, is then deemed to be reliable. The author further stipulates that to ensure standardisation, the instrument must always be administered in a consistent manner.

The questionnaire was tested on few peers and colleagues to evaluate the content for its construct and content validity as a pre-test before the final administration. The following corrections and modification were highlighted and made to the questions to ensure reliability:

- Some of the questions and statements were rephrased;
- Some of the words within the questions and statements were modified to assist the participants in gaining a clearer understanding of the questions and statements;
- Hints markers (which could be clicked) were included to assist the participant in gaining a clear understanding on the question and statement when they became stuck;
- Certain questions were left out to reduce the survey time and to make it more relevant. For example the question requesting the participant to identify which section they belong to was left out. As some sections are very small and it would be easy to identify individual’s responses in that section; and
- Initially the survey was intended to be administered via email to survey participants using a survey excel template, However, this technique presented administration and data collection challenges with the pre-test participants. Lime survey was therefore a better alternative to ensure effective administration, motoring and following up of the questionnaire.
4.7 ETHICAL CONSIDERATIONS

The researcher took into consideration the ethical issues pertaining to the study in order to assure the participants that the information would be treated anonymously and confidentially.

4.7.1 Permission to conduct the study

Permission to conduct the study was requested and obtained in writing from the Eskom Distribution Southern Region General Manager.

Annexure B contains the written request and the endorsed approval from Eskom Distribution Southern Region General Manager Mr Thys Möller to conduct the research study.

Furthermore, ethics approval for the electronic survey of the sample was obtained by applying to the Faculty RTI and secondly, obtaining ethics approval for the research. The research commenced after permission was granted and the Ethics number issued (H 11 BUS HR 025).

4.7.2 Informed Consent

The purpose of the research study, data collection methodology and participation required was explained to the participants. Additionally, all participants were informed that participation for the research study was voluntary, and that they had a right to withdraw from the study at any given time.

4.7.3 Confidentiality

According to Berg (2001), sometimes confidentiality and anonymity are mistakenly used as synonyms but they both have different meanings. Confidentiality signifies an active attempt to remove any elements that could
reveal the identities of the participants from the researcher’s records (Berg, 2001).

All the questionnaires were coded and the names of the respondents removed to ensure confidentiality and anonymity by the researcher. The information from the completed questionnaires were used to generate meaningful data for statistical purposes.

4.7.4 Anonymity

According to Berg (2001), Anonymity implies that the participant remain nameless and even the researcher would not be able to link the information collected to a particular respondent. No name was required on the questionnaire.

4.8 DATA ANALYSIS

Kothari (2004) defines data analysis as the process of applying intelligence to data that has been collected, which consists of a number of operations like utilising coding, tabulation and drawing statistical inferences to establish and apply categories to the collected raw data. The researcher can analyse the data further by summarising it into groups and tables that are easy to manage and then classify them into categories that will be useful and meaningful. Coding can then be applied where the data categories are modified into symbols which can be tabulated and counted by the researcher. In summary, the collected data can be analysed by the researcher through the utilisation of statistical measures.

A Statistical software packaged tool called SPSS (Statistical Package for the Social Sciences) was utilised to conduct statistical analysis on the collected data. The tool assisted the researcher to categorise, order, control and summarise the data to acquire answers to the survey questions. The statistical techniques used in the analysis, based on the relevance to the
research questions were cross-tabulation analysis, frequency analysis and correlation analysis.

Cross tabulation analysis is used to ascertain if a relationship between two variables exists, Frequency analysis yields frequency counts and percentages for the value of an individual variable while correlation analysis tests the existence of relationships between the variables. The analyses and findings is discussed in depth in chapter 5.

4.9 CONCLUSION

This chapter outlined the research methodology used to study the knowledge, opinions and understanding on Human Capital Management to enhance Human Capital Planning in Eskom Distribution Southern Region. The study design, population and sampling procedures were defined. The data and data collection method were described. Chapter 5 will present the analysis and discussion of data obtained from the completed questionnaires. These results will be interpreted and discussed in the light of the literature review conducted throughout the study, which will assist the researcher to draw conclusions from the findings and provide the necessary recommendations to the Southern Region Regional Executive Committee.
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5. CHAPTER FIVE : THE DATA ANALYSIS REPORT

5.1 INTRODUCTION

This chapter presents the analysis and interpretation of the data collected from the sample of the target population. The data collected was evaluated based on a descriptive statistical analysis.

The researcher made use of a structured questionnaire as the data-gathering instrument. Each participant was sent an e-mail link to access and complete the Questionnaire on-line.

The Questionnaire itself comprised five sections, each designed to collect data that could be used to find answers to one of the problem statements and thus as a whole, to address the objectives upon which this research is premised.

The five sections of the Questionnaire are as follows:

Section 1 : Biographical Data
Section 2.1 : Best Practice Guidelines for developing a Strategic Human Capital Plan
Section 2.2 : The Current State Of Human Capital Planning In The Southern Region
Section 2.3 : The Role Of Human Resources In Human Capital Planning
Section 2.4 : Describe your thoughts, views, opinions on and experiences of Human Capital Planning

The findings for the first four sections are presented in a narrative form and supported by tables or graphs as appropriate to facilitate the interpretation and readability thereof. In each section, concerns and opportunities for improvement are identified that may be presented to the leadership of Southern Region to enable them to effect improvements.
The fifth section of the questionnaire (Section 2.4) provided the respondents with the opportunity to comment and give their own views. This qualitative data is presented verbatim.

5.2 SAMPLING, DATA COLLECTION AND ANALYSIS

The questionnaire was administered to 120 participants. The target population and the derivation of the sample from the target population were dealt with in Chapter 4. The sample was drawn according to the criteria as discussed in Chapter 4 and covered:

- The Regional Executive Committee (REC) of Southern Region;
- Line Managers with TASK Grading M&P Band 14 to 18, and Supervisors with TASK Grades of T12 to T13; and
- Human Resource Practitioners with TASK Grades of T12.

As reflected in Figure 5.1 below, 97 participants returned fully completed questionnaires and 23 participants had partially completed the questionnaire. The empirical study thus achieved a response rate of 83.83 % on the selected target audience.

![Figure 5.1: Questionnaire Response Rate](image)

The questionnaire comprised 43 questions spread over 5 sections. The responses to these questions are analysed and interpreted separately per section. For the purpose of the research study the completed responses (97) and the incomplete responses (23) have been analysed as separate groups.
The sections that follow present an analysis of the results from the collected data from the fully completed responses (97) according to the order in which they appear in the Questionnaire.

An analysis of Section 2.4 of the Questionnaire (the open-ended questions) is presented thereafter.

This is followed by an analysis of the incomplete questionnaires in order to determine if a critical part of the target population has been missed. This analysis also aims to determine if this set of respondents provided any comments in Section 2.4 of their partial responses that could be of value to this investigation.

The Statistical Analysis is presented in the final section of this Chapter in respect of data reliability, data correlation, and the Descriptive Statistics employed for the analysis and representation of data.

5.3 RESPONSE ANALYSIS: THE BIOGRAPHICAL DATA

The Biographical data of the respondents was aimed at determining their demographic profile of Age, Gender, Race, Level of Education, amount of work experience, amount of Eskom experience and amount of experience in the current job, Job Level and the Department in which the respondent was employed.

This data is of value to the researcher to determine if demographic factors influence the responses provided by the participants and will be applied to the conclusions and recommendations in Chapter 6.

This section presents the analysis of the Biographical data for the 97 fully completed Questionnaires.
5.3.1 Age Group

Figure 5.2: Age Group of Respondents

Figure 5.2 reflects that the majority of the respondents fall into the 41 – 50 age group (40.2%) and 31 – 40 age group (36.1%). 17.5% of the respondents are in the 51 – 60 age group category. A low percentage of respondents (2.1%) were above 61 years of age and a low number (4.1%) are between the ages of 20 – 30 years old.

5.3.2 Gender

Males constituted 67% of the respondents and females 33%.

5.3.3 Race

The racial composition of the respondents was as follows:

- 43.3% Black;
- 11.3% Asian;
- 13.4% Coloured; and
- 32% White.
5.3.4 Highest Educational Qualification

Figure 5.3: Highest Educational Qualifications of Respondents

Figure 5.3 show that apart from the 7.3% of respondents who are at Grade 12 level, all other respondents (92.7%) had attained post-grade 12 qualifications. Their highest educational qualifications were distributed as follows: Post school certificate or diploma, 11.3%; National diploma or national higher diploma 18.6%; Bachelor degree or equivalent, 24.7%; Honours degree or equivalent, 25.8%; and; Master’s Degree or equivalent, 12.4%.

5.3.5 Cumulative Years of Work Experience

Figure 5.4: Cumulative Years of Experience of Respondents
Figure 5.4 shows that 79.4% of the respondents have more than 11 years of cumulative (total) working experience while 17.5% have 5 to 10 cumulative years of working experience and 3.1% have 2 to 4 cumulative years of working experience.

5.3.6 Number of Years Employed by Eskom

Figure 5.5 reflects that 63.9% of the respondents have been employed for more than 11 years by Eskom while 19.6% have 5 to 10 years of Eskom working experience, 12.4% have 2 to 4 of Eskom working experience and 4.1% have less than 2 years.

5.3.7 Related Years of Service in current position

The number of years of service that respondents have occupied their current positions is reflected in Figure 5.6. The majority of the respondents (40.2%) have 2 to 4 years related experience in their current position; 34% of the respondents have 5 to 10 years of related service in their current positions; On the other hand 10.3% of the respondents have less than 2 years related experience in their current positions and 15.5% of the respondents have more than 11 years related experience in their current positions.
5.3.8 Current TASK Grades of Respondents

Figure 5.7 depicts the distribution of respondents by organisational level according to their current TASK grades. A significant 40.2% of the respondents fall within TASK levels M15 and M16 (M/P 15 & 16), whilst 15.5% of the respondents are at M17 and 18 (M/P 17 & 18) TASK Grade levels and 5.2% are in the M14 (M/P 14) TASK Grade category. T13 TASK Grade levels accounted for 23.7% of the respondents; T12 TASK Grades for 13.4% and E bands for 2.1%.
5.3.9 Departments in which Respondents Work

Table 5.1 shows the departments in which the respondents are employed. The majority of the respondents (69%) were from 5 Departments namely: Human Resources (20.6%), Field Services (17.5%), Customer Services (12.4%), Network Services (11.3%) and Electricity delivery (7.2%). The other 11 Departments accounted for the balance of the respondents thus: Programme Management Core (5.2%); Commercial Services, Finance and Information Management at (4.1%) each; Communication, Engineering Value Chain, Programme Management (Electrical & DC), Risk Management, Strategic Support and Strategy & Business Planning (2.1%) each and Engineering Management, (1.0%).

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Services</td>
<td>4</td>
<td>4.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Communication</td>
<td>2</td>
<td>2.1</td>
<td>6.2</td>
</tr>
<tr>
<td>Customer Services</td>
<td>12</td>
<td>12.4</td>
<td>18.6</td>
</tr>
<tr>
<td>Electricity Delivery</td>
<td>7</td>
<td>7.2</td>
<td>25.8</td>
</tr>
<tr>
<td>Engineering Management</td>
<td>1</td>
<td>1</td>
<td>26.8</td>
</tr>
<tr>
<td>Engineering Value Chain</td>
<td>2</td>
<td>2.1</td>
<td>28.9</td>
</tr>
<tr>
<td>Field Services</td>
<td>17</td>
<td>17.5</td>
<td>46.4</td>
</tr>
<tr>
<td>Finance</td>
<td>4</td>
<td>4.1</td>
<td>50.5</td>
</tr>
<tr>
<td>Human Resources</td>
<td>20</td>
<td>20.6</td>
<td>71.1</td>
</tr>
<tr>
<td>Information Management</td>
<td>4</td>
<td>4.1</td>
<td>75.3</td>
</tr>
<tr>
<td>Network Services</td>
<td>11</td>
<td>11.3</td>
<td>86.6</td>
</tr>
<tr>
<td>Programme Management – Core</td>
<td>5</td>
<td>5.2</td>
<td>91.8</td>
</tr>
<tr>
<td>Programme Management - Elec &amp; DC</td>
<td>2</td>
<td>2.1</td>
<td>93.8</td>
</tr>
<tr>
<td>Risk Management</td>
<td>2</td>
<td>2.1</td>
<td>95.9</td>
</tr>
<tr>
<td>Strategic Support</td>
<td>2</td>
<td>2.1</td>
<td>97.9</td>
</tr>
<tr>
<td>Strategy &amp; Business Planning</td>
<td>2</td>
<td>2.1</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>97</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.1: Respondents by Department
5.3.10 Summary of Biographical Data

The Biographical Data for Section 1 of the Questionnaire that was analysed in Sections 5.3.1 to 5.3.9 is summarised in Table 5.2 below.

The highest numbers of respondents in each category are as follows:

- Age Group: most of the respondents were from the 41 to 50 years of age group followed by the 31 to 40 age group;
- Gender: two thirds of respondents were male, which matches the current Eskom Gender profile for target population;
- Race Group: Most of respondents were black people. However at 40.2%, this represents a considerable under-representation, with the white population group being considerably over-represented in the target population;
- Highest Education Qualifications: Most of the respondents were at Honours Degree level followed by first degrees. It should be noted that more than 90% of respondents had progressed beyond Grade 12;
- Accumulated Work Experience: The vast majority have more than 11 years;
- Eskom employment: The vast majority of respondents have more than 11 years of Eskom service;
- Related Years in Current position: The major proportion of respondents have 2 to 4 years of service in their current position followed by those with 5 to 10 years;
- TASK Grading: Most of the responses were from Managers and Senior Professional Staff i.e. those in the M15/M16 (M&P 15 & 16) organisational levels followed by Supervisory level staff at T13 level; and
- Department: the majority of the respondents were from the Human Resources Department followed by Field Services, Network Services, Customer Services and Electricity Delivery. The Engineering Disciple followed HR closely with the number of responses received.
<table>
<thead>
<tr>
<th>No.</th>
<th>Category</th>
<th>Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Age group</td>
<td>20 – 30</td>
<td>4.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31 – 40</td>
<td>36.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41 – 50</td>
<td>40.20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>51 – 60</td>
<td>17.50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 61</td>
<td>2.10%</td>
</tr>
<tr>
<td>1.2</td>
<td>Gender</td>
<td>Male</td>
<td>67%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>33%</td>
</tr>
<tr>
<td>1.3</td>
<td>Race</td>
<td>Black</td>
<td>43.30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Asian</td>
<td>11.30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coloured</td>
<td>13.40%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>White</td>
<td>32%</td>
</tr>
<tr>
<td>1.4</td>
<td>Highest educational qualification</td>
<td>Grade 12</td>
<td>7.20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Post-School Diploma / Nat Diploma / Nat Higher Diploma</td>
<td>11.30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bachelor Degree or equivalent</td>
<td>18.60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Honours Degree or equivalent</td>
<td>24.70%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Master's Degree or equivalent</td>
<td>25.80%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Doctoral Degrees</td>
<td>12.40%</td>
</tr>
<tr>
<td>1.5</td>
<td>Cumulative years working experience</td>
<td>&lt; 2 years</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 - 4 years</td>
<td>3.11%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 - 10 years</td>
<td>17.50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 11 years</td>
<td>79.40%</td>
</tr>
<tr>
<td>1.6</td>
<td>Number of years employed by Eskom</td>
<td>&lt; 2 years</td>
<td>4.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 - 4 years</td>
<td>12.40%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 - 10 years</td>
<td>19.60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 11 years</td>
<td>63.90%</td>
</tr>
<tr>
<td>1.7</td>
<td>Related years in current position</td>
<td>&lt; 2 years</td>
<td>10.30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 - 4 years</td>
<td>40.20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 - 10 years</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 11 years</td>
<td>15.50%</td>
</tr>
<tr>
<td>1.8</td>
<td>Current Task Grade</td>
<td>E band</td>
<td>2.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M&amp;P 17-18</td>
<td>15.50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M&amp;P 16-15</td>
<td>40.20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M&amp;P 14</td>
<td>5.20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>T13</td>
<td>23.70%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>T12</td>
<td>13.40%</td>
</tr>
<tr>
<td>1.9</td>
<td>Department</td>
<td>Commercial Services</td>
<td>4.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Communication</td>
<td>2.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Services</td>
<td>12.40%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electricity Delivery</td>
<td>7.20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engineering Management</td>
<td>1%</td>
</tr>
<tr>
<td>1.9</td>
<td>Department contd.</td>
<td>Finance</td>
<td>4.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Human Resources</td>
<td>20.60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Info Management</td>
<td>4.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Network Services</td>
<td>11.30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Programme Management Core</td>
<td>5.20%</td>
</tr>
<tr>
<td>1.9</td>
<td>Department contd.</td>
<td>Strategic Support</td>
<td>4.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Strategy &amp; Business Planning</td>
<td>2.10%</td>
</tr>
</tbody>
</table>

Table 5.2: Summary of Section 1 of the Questionnaire: Biographical Data of Respondents
5.4 RESPONSE ANALYSIS: BEST PRACTICE GUIDELINES FOR DEVELOPING A STRATEGIC HUMAN CAPITAL PLAN

The analysed responses to the questions in this section will assist in answering sub-problem 2 by gaining insight into the Southern Regions employees’ perceptions on their understanding of what constitute best practices for developing a Strategic Human Capital Plan.

5.4.1 Integration of the Human Capital Plan with the Region’s Business Plan

![Bar chart showing responses to the question: The Human Capital Plan is integrated with the Southern Regions Business Plan.]

As indicated in Figure 5.8, 43.3% of the respondents agree that the Human Capital Plan is integrated with the Southern Regions Business Plan while 38.1% disagree and 18.6% remain undecided.

5.4.2 Existence of a Dedicated Committee Focusing on Human Capital issues

Figure 5.9 reflect that a majority 45.4% of the respondents disagree that a dedicated committee exists in the Southern Region that focuses on all aspects of Human Capital issues. 24.7% of the respondents are undecided while only 29.8% agree that such a committee exists.
Figure 5.9: Responses to the Question: A dedicated committee exists in the Southern Region, focusing on all aspects of Human Capital issues

5.4.3 Identification of Current and Future Skills Needs by Human Capital Plan

Figure 5.10: Responses to the Question: Southern Regions Human Capital Plan identifies its current and future Human Capital needs, including the desired qualifications and skills required for the region to achieve its goals

As reflected in Figure 5.10 a significant 46.4% of the respondents agree that the Southern Regions Human Capital Plan identifies its current and future Human Capital needs, including the desired qualifications and skills required by the region to achieve its goals while, 37.1% of the respondents disagree and 16.5% are undecided.
5.4.4 Integration of Further Studies and Work Place Skills Plan with the Human Capital Plan

Figure 5.11: Responses to the Question: Southern Regions Further Studies and Work Place Skills Plan is integrated with the Human Capital Plan, giving direction to the region in terms of resources available for the next 3 to 5 years.

Figure 5.11 indicates that 44.3% of the respondents disagree that the Southern Regions Further Studies and Workplace Skills Plan is integrated with the Human Capital Plan and gives direction to the region in terms of resources available for the next 3 to 5 years. 35.1% agree with the statement and 20.6% are undecided.

5.4.5 Importance of Organisational Structures, Organisational Design and Job Profiles in Human Capital Planning

Figure 5.12 reflect that the vast majority of the respondents (87.6%) agree that organisational structures, organisational design and profiles are essential components of Human Capital Planning, 10.3% disagree and 2.1% remain undecided.

Figure 5.12: Responses to the Question: Organisational Structures, Organisational Design and Job Profiles are essential components towards Human Capital Planning
5.4.6 Understanding of Job Profiles by Internal/External Applicants

As reflected in Figure 5.13, 47.4% of the respondents agree and 43.3% disagree that the Southern Regions Job Profiles are easily understood by internal and external candidates who apply for positions. The remaining 9.3% of respondents remain undecided.

![Figure 5.13: Responses to the Question: Southern Regions Job Profiles are easily understood by internal and external candidates applying for positions](chart)

5.4.7 Creation of a Shared Vision and Mindset by Management

43.3% of the respondents (see Figure 5.14) disagree with the statement that Regional Executive Committee Members (REC) and Line Managers communicate a shared vision to all employees, creating a one vision mindset to accomplish organisational goals.

![Figure 5.14: Responses to the Question: Regional Executive Members and Line Managers communicate a shared vision to all employees, creating a one vision mindset to accomplish organisational goals](chart)

48.4% do agree and 8.2% are undecided.
5.4.8 Coaching/Mentoring to Improve Individual Understanding

Figure 5.15: Responses to the Question: Line Managers coach and mentor employees to acquire a better understanding of how each one’s outputs contributes to the organisation’s vision and strategic objectives

Figure 5.15 indicates that 46.3% of the respondents agree with the statement, while 39.2% disagree and 14.4% remain undecided.

5.4.9 Responsiveness of the Human Capital Plan

Figure 5.16: Responses to the Question: The Human Capital Plan of Southern Region responds effectively to continuous challenges in the new world of work

Figure 5.16 reflects that the majority of the respondents 45.4% disagree with the statement, 23.7% undecided and 31.0% agree with the statement.
5.4.10 Integration of the Employment Equity and Human Capital Plans

Figure 5.17: Responses to the Question: The Employment Equity Plan is integrated with the Human Capital Plan of Southern Region, further embracing diversity

Figure 5.17 reflects that the majority of the respondents 67% agree with the statement, 17.5% are undecided and 15.5% disagree with the statement.

5.4.11 Leadership Commitment to Create a Conducive Environment

Figure 5.18: Responses to the Question: Southern Region Leadership is committed to breaking down barriers and creating an environment where all employees can reach their full potential

As reflected in Figure 5.18, 43.3% of the respondents disagree that Southern Region Leadership is committed to breaking down barriers in creating an environment where all employees can reach their full potential while 41.3% agree and 15.5% remain undecided.
5.4.12 Summary of Findings

This section presents a summary of the findings from the consolidated responses from Section 2.1 of the Questionnaire: Best Practice Guidelines for Developing a Strategic Human Capital Plan (see table 5.3 below). Areas of concern and opportunities for improvement that is evident in this section, which will be consolidated and presented to the Regional Executive Committee (REC) of Southern Region.

<table>
<thead>
<tr>
<th>No</th>
<th>What is your overall perception with regard to how well we are doing the following in Southern Region?</th>
<th>Disagree</th>
<th>Undecided</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.1</td>
<td>The Human Capital Plan is integrated with Southern Regions Business Plan.</td>
<td>38.10%</td>
<td>18.60%</td>
<td>43.30%</td>
</tr>
<tr>
<td>2.1.2</td>
<td>A dedicated committee exists in the Southern Region, focusing on all aspects of Human Capital issues.</td>
<td>45.40%</td>
<td>24.70%</td>
<td>29.80%</td>
</tr>
<tr>
<td>2.1.3</td>
<td>Southern Regions Human Capital Plan identifies its current and future Human Capital needs, including the desired qualifications and skills required for the region to achieve its goals.</td>
<td>37.10%</td>
<td>16.50%</td>
<td>46.40%</td>
</tr>
<tr>
<td>2.1.4</td>
<td>Southern Regions Further Studies and Work-Place Skills Plan are integrated with the Human Capital Plan, giving direction to the region in terms of resources available for the next 3-5 years.</td>
<td>44.30%</td>
<td>20.60%</td>
<td>35.10%</td>
</tr>
<tr>
<td>2.1.5</td>
<td>Organisational Structures, Organisational Design and Job Profiles are essential components towards Human Capital Planning.</td>
<td>10.30%</td>
<td>2.10%</td>
<td>87.60%</td>
</tr>
<tr>
<td>2.1.6</td>
<td>Southern Regions Job Profiles are easily understood by internal and external candidates applying for positions.</td>
<td>43.30%</td>
<td>9.30%</td>
<td>47.40%</td>
</tr>
<tr>
<td>2.1.7</td>
<td>The Regional Executive Members (REC) and Line Managers communicate a shared vision to all employees, creating a one vision mindset to accomplish organisational goals.</td>
<td>43.30%</td>
<td>8.20%</td>
<td>48.40%</td>
</tr>
<tr>
<td>2.1.8</td>
<td>Line Managers coach and mentor employees to acquire a better understanding of how each one's outputs contributes to the organisations vision and strategic objectives.</td>
<td>39.20%</td>
<td>14.40%</td>
<td>46.30%</td>
</tr>
<tr>
<td>2.1.9</td>
<td>The Human Capital Plan of Southern Region responds effectively to continuous challenges in the new world of work.</td>
<td>45.40%</td>
<td>23.70%</td>
<td>31.00%</td>
</tr>
<tr>
<td>2.1.10</td>
<td>The Employment Equity Plan is integrated with the Human Capital Plan of Southern Region, further embracing diversity.</td>
<td>15.50%</td>
<td>17.50%</td>
<td>67.00%</td>
</tr>
<tr>
<td>2.1.11</td>
<td>Southern Region Leadership is committed to breaking down barriers and creating an environment where all employees can reach their full potential.</td>
<td>43.30%</td>
<td>15.50%</td>
<td>41.00%</td>
</tr>
</tbody>
</table>

Table 5.3: Summary of Responses for Section 2.1 of the Questionnaire: Best Practice Guidelines for Developing a Strategic Human Capital Plan Percentage Response breakdown
An evaluation of table 5.3 above shows that the majority of the respondents were significantly in agreement that the Southern Region Employment Equity plan is integrated with its Human Capital Plan (2.1.10) and that the organisational structures, organisational design and job profiles are essential for Human Capital Planning (2.1.5).

The responses to a large number of the statements reflect that there is a close tie between the percentage of participants who are in agreement and the percentage of participants who are not in agreement with the statements posed to them.

Furthermore there is a slightly stronger agreement than disagreement amongst the respondents on the following statements:

- Southern Regions Human Capital Plan identifies its current and future human capital needs, including the desired qualifications and skills required for the region to achieve its goals (2.1.3); and
- Line Managers coach and mentor employees to acquire a better understanding of how each one’s outputs contributes to the organisation’s vision and strategic objectives. (2.1.8).

On the other hand there is a slightly stronger disagreement than agreement amongst the respondents on the following statements:

- A dedicated committee exists in the Southern Region, focusing on all aspects of Human Capital issues (2.1.2);
- Southern Regions Further Studies and Work Place Skills Plan is integrated with the Human Capital Plan, giving direction to the region in terms of resources available for the next 3-5 years (2.1.4); and
- The Human Capital Plan of Southern Region responds effectively to continuous challenges in the new world of work (2.1.9).

The large numbers of ‘undecided’ respondents to at least seven out of the eleven of the questions in this section could have a significant influence
(positive or negative) on any proposals that might be made to the Management of Southern Region in respect of Human Capital Planning. Such proposals could thus prompt those individuals to take a stand for or against these proposals. This might require upfront lobbying prior to tabling such proposals.

5.5 RESPONSE ANALYSIS: CURRENT STATE OF HUMAN CAPITAL PLANNING IN SOUTHERN REGION

The analysed responses to the questions will assist in answering subproblem 5 and assist in understanding of the current state of human capital planning in the Southern Region.

5.5.1 Existence of Sustainable Human Capital Plan for the Region

Figure 5.19: Responses to the Question: Southern Region has a sustainable Human Capital Plan for the region for the next 5 years

Figure 5.19 shows that 39.2% of the respondents disagree with the statement, while 33% agree and 27.8% remain undecided.

The large percentage of responses residing in the disagreement and undecided category could be attributed to the fact that the respondents are not consulted for inputs, and are not part of the human capital planning
process. This is reflective of the reality within Eskom at present, including the Southern Region. The financial budget available determines how and where the region can grow in manpower numbers, and the REC (Regional Executive Committee) makes the final decision with regard to the allocation of numbers. The high percentage of disagreement could also be attributed to the fact that decisions and approvals are made at the REC level, and information is possibly not cascaded nor shared with line managers down the line.

5.5.2 Existence of a Clear Human Capital Strategy and Plan

As can be seen in Figure 5.20, 42.3% of the respondents disagree with the Statement, 40.2% of the respondents agree while 17.5% are undecided.

![Figure 5.20: Responses to the Question: Southern Region has a clearly articulated Human Capital strategy and plan to direct the region towards achieving its strategic objectives](image)

5.5.3 Human Capital Planning Meetings

![Figure 5.21: Responses to the Question: Human Capital Planning Meetings are held quarterly and given priority in the Southern Region](image)
Figure 5.21 indicates that majority of the respondents 52.6% are undecided in their response to the statement, 32% disagree with the statement and only 15.4% of the respondents agree with it.

It is the researcher’s view that the large percentage of undecided responses could be attributed to the fact that Southern Region does not have a dedicated Human Capital Committee and the rationale of such a committee was never communicated to the region, hence no meeting takes place and the respondents will not know what level of priority is given to these meetings. It is also possible that the respondents are more familiar with the terminology Manpower Planning rather than Human Capital Planning.

5.5.4 Management awareness of Low Performers in Core, Critical and Scarce Skills Positions

![Bar chart](image)

Figure 5.22: Responses to the Question: Senior Managers in the Southern Region know what percentage of their core, critical and scarce positions are staffed with below average performers

Figure 5.22 reflects that 49.5% of the respondents disagree with the statement, while 41.3% are in agreement and 9.3% are undecided.
5.5.5  Management Ability and Insight to differentiate between current and desired staff performance

Figure 5.23: Responses to the Question: Line managers in the Southern Region possess the ability and insight to differentiate between the current levels of performance of their staff versus the desired level of performance expected at each level

Figure 5.23 indicates that 51.5% of the respondents agree with the Statement; 37.1% disagree; and 11.3% remain undecided.

5.5.6  Growth in Manpower Numbers: Impact on the Regions

   Productivity

Figure 5.24: Responses to the Question: Growth in Manpower numbers within departments have positively resulted in increased productivity and performance in Southern Region

Figure 5.24 shows that 51.5% of the respondents disagree with the statement, 37.1% agree and 11.3% are undecided.
5.5.7 Performance Management in Southern Region

Figure 5.25: Responses to the Question: Performance Management is driven seriously and quality compacts are in place for all employees in Southern Region

Figure 5.25 indicates that a majority of the respondents 50.5% disagree with the statement, 10.3% are undecided and 39.2% are in agreement with the statement.

5.5.8 Responsiveness of the Human Capital Plan of the Region

Figure 5.26: Responses to the Question: Southern Regions Human Capital Plan is responsive to organisational changes as the organisation evolves

As reflected in Figure 5.26, 42.3% of the respondents disagree with the statement, 35.0% agree with it and 22.7% remain undecided.
5.5.9 Human Capital Planning: Investment or Cost Burden

Figure 5.27: Responses to the Question: Human Capital Planning for Southern Region is seen as an investment rather than a cost burden

Figure 5.27 shows that 41.2% of the respondents agree with the statement, 38.1% of the respondents are undecided and 20.6% disagree.

5.5.10 Regional Executive Committee Accountability for the Human Capital Plan

Figure 5.28: Responses to the Question: The Regional Executive Committee (REC) is accountable for the Human Capital Plan in the Southern Region

Figure 5.28, reflects that 61.9% of the respondents agree with the statement, 20.6% are undecided and 17.5% disagree with the statement.
5.5.11 Ownership by Line Managers of the Human Capital Plan

Figure 5.29 reflects that 45.4% of the respondents disagree with the statement, 20.6% are undecided and 34.1% are in agreement with the statement.

5.5.12 The Human Capital Plan Priorities: Realistic and Achievable?

Figure 5.30 reflects 20.6% respondents disagree with the statement, 39.2% are undecided and 40.2% are in agreement with the statement.
5.5.13 Summary of Findings

This section provides a summary (Table 5.4 below) of the findings from the consolidated responses for Section 2.2 of the Questionnaire: *The Current State of Human Capital Planning In The Southern Region Section*. It highlights possible areas of concern and identifies opportunities for improvement which will be presented as recommendations to the Regional Executive Committee of the Southern Region.

From Table 5.4 it can be seen that a significant proportion of the respondents agree that the Regional Executive Committee (REC) is accountable for the Human Capital Plan in the Southern Region (2.2.10).

Further, a significant proportion of respondents were also in agreement that Line managers in the Southern Region possess the ability and insight to differentiate between the current levels of performance of their staff versus the desired level of performance expected at each level (2.2.5) and these provide opportunities to promote Human Capital Planning to the mutual benefit of the Region and its employees.

However, in respect of a number of statements, respondents are mostly in slight or significant disagreement, which is a cause for concern, particularly given the fact that these statements also have a significant number of respondents who are undecided, thus placing those who are in agreement into a minority. These statements which are an area of concern based on the number of respondents in disagreement and who are undecided are:

- Southern Region has a sustainable Human Capital Plan for the region for the next 5 years (2.2.1);
- Southern Region has a clearly articulated Human Capital Strategy and Plan to direct the region toward achieving its strategic objectives (2.2.2);
Senior Managers in the Southern Region know what percentage of their core, critical and scarce positions are staffed with below average performers (2.2.4);

Growth in Manpower numbers within departments have positively resulted in increased productivity and performance in Southern Region (2.2.6); and

Line Managers in Southern Region own the Human Capital Plan (2.2.11).

Another area of concern is that majority of the respondents were undecided on whether Human Capital Planning Meetings are held quarterly and whether these Meetings are given priority in the Southern Region (2.2.3). As alluded to in 5.5.3 Southern Region does not have a dedicated Human Capital Committee and the rationale of such a committee was never communicated to the region, hence no meeting takes place and the respondents will not know what level of priority is given to these meetings.

In respect of the following two statements an equally high percentage of respondents were both in agreement and undecided, hence these two areas warrant further investigation:

Human Capital Planning for Southern Region is seen as an investment rather than a cost burden. (2.2.9); and

The priorities highlighted in the Human Capital Plan for Southern Region are realistic and achievable. (2.2.12).
### 2.2. The Current State Of Human Capital Planning In The Southern Region Percentage Response Breakdown

<table>
<thead>
<tr>
<th>No</th>
<th>What is your overall perception with regard to how well we are doing the following in Southern Region?</th>
<th>Disagree</th>
<th>Undecided</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.1</td>
<td>Southern Region has a sustainable Human Capital Plan for the region for the next 5 years.</td>
<td>39.20%</td>
<td>27.80%</td>
<td>33.00%</td>
</tr>
<tr>
<td>2.2.2</td>
<td>Southern Region has a clearly articulated Human Capital strategy and plan to direct the region toward achieving its strategic objectives.</td>
<td>42.30%</td>
<td>17.50%</td>
<td>40.20%</td>
</tr>
<tr>
<td>2.2.3</td>
<td>Human Capital Planning Meetings are held quarterly and given priority in the Southern Region.</td>
<td>32.00%</td>
<td>52.60%</td>
<td>15.40%</td>
</tr>
<tr>
<td>2.2.4</td>
<td>Senior Managers in the Southern Region know what percentage of their core, critical and scarce positions are staffed with below average performers.</td>
<td>49.50%</td>
<td>9.30%</td>
<td>41.30%</td>
</tr>
<tr>
<td>2.2.5</td>
<td>Line managers in the Southern Region possess the ability and insight to differentiate between the current levels of performance of their staff versus the desired level of performance expected at each level.</td>
<td>37.10%</td>
<td>11.30%</td>
<td>51.50%</td>
</tr>
<tr>
<td>2.2.6</td>
<td>Growth in Manpower numbers within departments have positively resulted in increased productivity and performance in Southern Region.</td>
<td>51.50%</td>
<td>11.30%</td>
<td>37.10%</td>
</tr>
<tr>
<td>2.2.7</td>
<td>Performance Management is driven seriously and quality compacts are in place for all employees in Southern region.</td>
<td>50.50%</td>
<td>10.30%</td>
<td>39.20%</td>
</tr>
<tr>
<td>2.2.8</td>
<td>Southern Regions Human Capital Plan is responsive to organisational changes as the organisation evolves.</td>
<td>42.30%</td>
<td>22.70%</td>
<td>35.00%</td>
</tr>
<tr>
<td>2.2.9</td>
<td>Human Capital Planning for Southern Region is seen as an investment rather than a cost burden.</td>
<td>20.60%</td>
<td>38.10%</td>
<td>41.20%</td>
</tr>
<tr>
<td>2.2.10</td>
<td>The Regional Executive Committee (REC) is accountable for the Human Capital Plan in the Southern Region.</td>
<td>17.50%</td>
<td>20.60%</td>
<td>61.90%</td>
</tr>
<tr>
<td>2.2.11</td>
<td>Line Managers in Southern Region own the Human Capital Plan.</td>
<td>45.50%</td>
<td>20.60%</td>
<td>34.10%</td>
</tr>
<tr>
<td>2.2.12</td>
<td>The priorities highlighted in the Human Capital Plan for Southern Region is realistic and achievable.</td>
<td>20.60%</td>
<td>39.20%</td>
<td>40.20%</td>
</tr>
</tbody>
</table>

Table 5.4: Summary of Responses for Section 2.2 of the Questionnaire: The Current State of Human Capital Planning In the Southern Region Percentage Response Breakdown

### 5.6 RESPONSE ANALYSIS : THE ROLE OF HUMAN RESOURCES IN HUMAN CAPITAL PLANNING IN THE SOUTHERN REGION

The responses to the questions in this section were analysed which assisted in answering sub problem 4 - to gain insight into the extent to which the Human Resource Department of Eskom is fulfilling its role in Human Capital Planning in Southern Region Eskom Distribution. These findings are presented in the following sub sections.
5.6.1 Level of Specialist Knowledge of Human Resources Leadership to Lead Human Capital Planning in the Region

Figure 5.31: Responses to the Question: Human Resources Leadership in the Southern Region possesses the desired level of specialist knowledge and HR expertise to lead the region with Human Capital Planning

Figure 5.31 reflects that 36.1% of the respondents disagree with the statement while, 43.3% of the respondents agree with the statement and 20.6% remain undecided.

5.6.2 Level of Abilities in Regional Human Resources to Lead Human Capital Planning

Figure 5.32: Responses to the Question: Human Resources Leadership and HR Practitioners in the Southern Region possess the desired level of business knowledge and business acumen to lead the region with Human Capital Planning

Figure 5.32 reflects that majority of respondents (47.4%) are in agreement with the statement, while 38.1% are in disagreement and 14.4% are undecided.
5.6.3 Ability of Practitioners to Translate Theory into Practice

Figure 5.33: Responses to the Question: HR Practitioners in the Southern Region possess the ability to translate theory into practice.

Figure 5.33 indicates that the majority of respondents (55.7%) agree that HR Practitioners in the Region possess the ability to translate theory into practice. 27.8% disagree and 16.5% are undecided.

5.6.4 Alignment: Regional and Human Resources Business Plans

Figure 5.34: Responses to the Question: HR's Business Plan is aligned to the Southern Regions Business Plan

As can be seen in Figure 5.34 a low percentage of respondents 17.5% are in disagreement with the statement, while a large percentage of respondents 45.4% are in agreement and 37.1% of respondents are undecided.
5.6.5 Human Resources a Core Member of Southern Regions Human Capital Planning Committee

![Bar chart showing responses to the question: Human Resources is a core member of the Southern Regions Human Capital Planning Committee. 64% agree, 22.7% are undecided, and 13.4% disagree.]

Figure 5.35 indicates that the majority of respondents (64%) are in agreement with the statement. 22.7% are undecided and 13.4% are in disagreement with the statement.

5.6.6 Transparency of the Human Resources Recruitment Strategy

![Bar chart showing responses to the question: Southern Regions HR department has a transparent recruitment strategy for the skills that are required in the short, medium and long term. 47.4% agree, 34.0% disagree, and 18.6% are undecided.]

Figure 5.36 shows that 47.4% of the respondents agree with the statement and 34.0% disagree, while 18.6% are undecided.
5.6.7 Monitoring of Recruitment Plan by Human Resources Department

Figure 5.37: Responses to the Question: The HR department monitors and reviews its recruitment plan quarterly to assess the progress made and to take corrective action if deemed necessary.

Figure 5.37 reflects that the majority of the respondents (41.2%) are undecided on the statement. 30.9% of the respondents disagree while 27.8% are in agreement.

5.6.8 Monitoring of the Employment Equity Plan

Figure 5.38: Responses to the Question: The Employment Equity Plan is monitored and reported on monthly to ensure that Southern Region achieves its overall business objectives.

As indicated in Figure 5.38, the vast majority of respondents (74.3%) are in agreement with the statement, 16.5% are undecided and 9.3% disagree.
5.6.9 The Human Resources Department has an inventory of high and poor performers for the Southern Region

Figure 5.39: Responses to the Question: The Human Resources Department has an inventory of high and poor performers for the Southern Region

Figure 5.39 reflects that the majority of the respondents (40.2%) are undecided on the statement, 29.9% of the respondents are in disagreement with the statement and 29.9% are in agreement with it.

5.6.10 The Employee Value Proposition (EVP)

Figure 5.40: Responses to the Question: The Employee Value Proposition (EVP) Policy is widely communicated by HR and utilised to retain our core and critical Human Capital in the region

As shown in Figure 5.40, a significant 61.9% of the respondents disagree with the statement, 12.4% are in agreement with the statement and 25.8% of the respondents are undecided.
5.6.11 Human Resources: A strategic business partner in Human Capital Planning

Figure 5.41: Responses to the Question: The Human Resources Department is regarded as a strategic business partner, providing innovative Human Capital solution to the region

Figure 5.41 reflects that majority of respondents (47.4%) agree with the statement, 10.3% are undecided, and 42.3% of the respondents are in disagreement.

5.6.12 Summary of Findings

This section provides a summary of the findings from the consolidated responses from Section 2.3 of the Questionnaire: The Role of HR in Human Capital Planning in the Southern Region. See Table 5.5 below, for this summary. Possible areas of concern are highlighted and opportunities for improvement identified. These will be consolidated, documented, and presented to the Regional Executive Committee (REC) of Southern Region.
### Table 5.5: Summary of Responses for Section 2.3 of the Questionnaire: The Role of HR in Human Capital Planning in the Southern Region

<table>
<thead>
<tr>
<th>No</th>
<th>What is your overall perception with regard to how well we are doing the following in Southern Region?</th>
<th>Disagree</th>
<th>Undecided</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3.1</td>
<td>Human Resources Leadership in the Southern Region possess the desired level of specialist knowledge and HR expertise to lead the region with Human Capital Planning.</td>
<td>36.10%</td>
<td>20.60%</td>
<td>43.30%</td>
</tr>
<tr>
<td>2.3.2</td>
<td>Human Resources Leadership and HR Practitioners in the Southern Region possess the desired level of business knowledge and business acumen to lead the region with Human Capital Planning.</td>
<td>38.10%</td>
<td>14.40%</td>
<td>47.40%</td>
</tr>
<tr>
<td>2.3.3</td>
<td>HR Practitioners in the Southern Region possess the ability to translate theory into practice.</td>
<td>27.80%</td>
<td>16.50%</td>
<td>55.70%</td>
</tr>
<tr>
<td>2.3.4</td>
<td>HR’s Business Plan is aligned to the Southern Regions Business Plan.</td>
<td>17.50%</td>
<td>37.10%</td>
<td>45.40%</td>
</tr>
<tr>
<td>2.3.5</td>
<td>Human Resources is a core member of the Southern Regions Human Capital Planning Committee.</td>
<td>13.40%</td>
<td>22.70%</td>
<td>64.00%</td>
</tr>
<tr>
<td>2.3.6</td>
<td>Southern Regions HR department has a transparent recruitment strategy for the skills that are required in the short, medium and long term.</td>
<td>34.00%</td>
<td>18.60%</td>
<td>47.40%</td>
</tr>
<tr>
<td>2.3.7</td>
<td>The HR department monitors and reviews its recruitment plan quarterly to assess the progress made and to take corrective action if deemed necessary.</td>
<td>30.90%</td>
<td>41.20%</td>
<td>27.80%</td>
</tr>
<tr>
<td>2.3.8</td>
<td>The Employment Equity Plan is monitored and reported on monthly to ensure that Southern Region achieves its overall business objectives.</td>
<td>9.30%</td>
<td>16.50%</td>
<td>74.30%</td>
</tr>
<tr>
<td>2.3.9</td>
<td>The Human Resources Department has an inventory of high and poor performers for the Southern Region.</td>
<td>29.90%</td>
<td>40.20%</td>
<td>29.90%</td>
</tr>
<tr>
<td>2.3.10</td>
<td>The Employee Value Proposition (EVP) Policy is widely communicated by HR and utilised to retain our core and critical Human Capital in the region.</td>
<td>61.90%</td>
<td>25.80%</td>
<td>12.40%</td>
</tr>
<tr>
<td>2.3.11</td>
<td>The Human Resources Department is regarded as a strategic business partner, providing innovative Human Capital solution to the region.</td>
<td>42.30%</td>
<td>10.30%</td>
<td>47.40%</td>
</tr>
</tbody>
</table>

Table 5.5: Summary of Responses for Section 2.3 of the Questionnaire: The Role of HR in Human Capital Planning in the Southern Region

As reflected in Table 5.5, a significantly high number of respondents recorded their agreement with three statements posed to them in this section namely:

- HR Practitioners in the Southern Region possess the ability to translate theory into practice (2.3.3);
- Human Resources is a core member of the Southern Regions Human Capital Planning Committee (2.3.5); and
- The Employment Equity Plan is monitored and reported on monthly to ensure that Southern Region achieves its overall business objectives (2.3.8).
By contrast, a significantly large proportion of the respondents were in disagreement with the statement that The Employee Value Proposition (EVP) Policy is widely communicated by HR and utilised to retain the core and critical Human Capital in the region (2.3.10).

In the following four instances the respondents who were in agreement with the statements were marginally in the majority. However the proportion of respondents who were undecided on these issues is sufficient to reinforce those that are in agreement or to ensure that those that are in disagreement could become that majority. This makes it difficult to address these issues with any degree of certainty that they will be positively received. These four instances are as follows:

- Human Resources Leadership in the Southern Region possess the desired level of specialist knowledge and HR expertise to lead the region with Human Capital Planning. (2.3.1);
- Human Resources Leadership and HR Practitioners in the Southern Region possess the desired level of business knowledge and business acumen to lead the region with Human Capital Planning (2.3.2);
- HR's Business Plan is aligned to the Southern Regions Business Plan. (2.3.6); and
- The Human Resources Department is regarded as a strategic business partner, providing innovative Human Capital solution to the region (2.3.11).

A significant number of the respondents to the following two Statements were undecided, whilst the proportion of those in agreement and those in disagreement with these two statements are a close match. Further investigative work will be required before deciding on how to address these two issues:

- The HR department monitors and reviews its recruitment plan quarterly to assess the progress made and to take corrective action if deemed necessary (2.3.7); and
The Human Resources Department has an inventory of high and poor performers for the Southern Region (2.3.9).

5.7 SUMMARY OF THE OPEN-ENDED REQUEST

The questionnaire closed with the following open-ended request.

Describe your thoughts, views, opinions and experiences on Human Capital Planning

Respondents were thus given the opportunity to express themselves in their own words. The following are the consolidated comments that were submitted:

Human Resource related comments:

- HR focuses primarily on administration and they do not possess knowledge and understanding of the business;
- Resources are allocated incorrectly, and the increase in manpower numbers have not positively impacted productivity nor efficiency levels;
- Human Resources leadership do not have the desired level of knowledge, skills and competence to be a strategic partner to the business;
- HRP.s (Human Resource Practitioners) are functioning at a basic level, and the value added is questionable;
- EVP (Employee Value Proposition) this is a strategy written in paper, but not implemented - and HR cannot assist the business with retention issues;
- Appointing the wrong people into the wrong jobs for the wrong reasons;
- Measuring vacancy days instead of ROI (Return on Investment); and
- Conduct a Human Capital Planning session at the M&P Band Forum.
**Leadership related comments:**

- Lack of direction from Leadership;
- Lack of support and commitment from Line managers;
- Too busy putting out fires and dealing with the symptoms rather than dealing with the real problems at hand;
- No accountability from the top management;
- Planning is done erratically - to the detriment of the business;
- The REC (Regional Executive Committee) is divided, communication gets disjointed and the silo mentality is evident;
- Planning is not done collectively, and the people at the top making the decisions are not fully cognisant of the things happening at the shop floor;
- We have a culture of pretence that all is ok, but the reality is that there are incompetent people in leadership positions, and they do not know how to lead their departments; and
- Discipline, is lacking which is a cause for concern.

**Communication related comments:**

- Communicate the Human Capital Plan to all M&P Bands (i.e. T14 to T18 TASK levels); and
- Administer the Human Capital Survey quarterly.

**Performance Management related comments:**

- Performance management is not high on the Southern Regions agenda, and instead of dealing with non-performers, line managers request additional resources to circumvent the performance issues; and
- Performance Management and Compacting people correctly is not a priority for Southern Region.

The biggest source of concern here is undoubtedly the fact that, of the 21 comments received, only 4 were not negative. This is indicative of the need
to address not just these issues, but to initiate interventions that will significantly reduce the sources of this negativity.

5.8 STATISTICAL ANALYSIS

This Section presents the Statistical Analysis. Descriptive and inferential statistics were employed in the data analysis. The data was processed and analysed with the assistance of a Statistician using the Statistical Package for Social Sciences (SPSS) software package to conduct the analyses which included a Reliability Analysis (Cronbach’s Alpha), a Correlation analysis (Pearson’s Correlation), Cross tabulations, frequencies, Percentages, Valid Percentages and Cumulative Percentages.

This section is essentially to verify the reliability of the research data collected, to determine the correlation of data and explain the statistical techniques and measures employed to process, analyse and present the data.

5.8.1 Reliability Analysis

Statistics Solutions (2011) mentions that reliability analysis can be referred to as the degree to which a scale produces results that are consistent, if a measurement is conducted repeatedly for a number of times. Furthermore, Cronbach (1951) raises the Cronbach’s Alpha Coefficient is a popular method that is utilised to express consistency checks. Laerd Statistics (2011) suggests that the most common measure of internal consistency (‘reliability’) is Cronbach’s Alpha. DeVellis (1991) highlights acceptable and unacceptable levels of reliability for psychometrics tests in the table below:

<table>
<thead>
<tr>
<th>Alpha coefficient</th>
<th>Implied reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below .60</td>
<td>Unacceptable</td>
</tr>
<tr>
<td>Between .60 and .65</td>
<td>Undesirable</td>
</tr>
<tr>
<td>Between .65 and .70</td>
<td>minimally acceptable</td>
</tr>
<tr>
<td>Between .70 and .80</td>
<td>Respectable</td>
</tr>
<tr>
<td>Between .80 and .90</td>
<td>very good</td>
</tr>
<tr>
<td>Much above .90</td>
<td>consider shortening the scale</td>
</tr>
</tbody>
</table>

Table 5.6: Acceptable and unacceptable levels of the Cronbach’s Alpha Coefficient
The Statistical Package for Social Sciences (SPSS) package was used to calculate Cronbach’s Alpha Coefficient and the findings are presented in the following tables.

<table>
<thead>
<tr>
<th>Cases</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>97</td>
<td>100</td>
</tr>
<tr>
<td>Excluded(^a)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>97</td>
<td>100</td>
</tr>
</tbody>
</table>

\(^a\) Listwise deletion based on all variables in the procedure.

Table 5.7: Case Processing Summary

Table 5.7 indicates that 97 participants were used in the Cronbach’s Alpha calculation.

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha Based on Standardized Items</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.912</td>
<td>0.928</td>
<td>43</td>
</tr>
</tbody>
</table>

Table 5.8: Reliability Statistics

Table 5.8 reflects the reliability statistics that were run, where a Cronbach’s Alpha score of 0.912 was obtained, which indicates that the scale has a high internal consistency (reliability).

Table 5.9 reflects the reliability analysis where the Cronbach’s Alpha Coefficient was calculated for each question in the questionnaire (Annexure C), in this table under “Cronbach’s Alpha in the ‘item deleted’ column the reader can see that the highest reliability score reflected is 0.934 and the lowest score is 0.906 which is not significantly different from 0.912. If anyone of the questions were to be deleted it would not have a significant impact in terms of improving or decreasing the reliability of the scale therefore it is not necessary to delete any particular question. The current reliability score (0.912) of the scale is not only above the respectable range (between 0.70 and 0.80) but also above the ‘very good’ range (between 0.80 and 0.90) of reliability. The alpha coefficient is in the ‘much above’ 0.9 range where it is suggested that the researchers should consider shortening the scale. No questions were deleted.
5.8.2 Correlation Analysis

Higgins (2005) states that correlation can be referred to as the process of determining if a relationship exists or does not exist between two variables. Higgins (2005) describes Correlation Coefficient as a single summary computed number that can highlight how closely related two variables are to one another. Higgins (2005) further mentions that a summary number will assist in answering the following questions in terms of:

1. Is there a relationship between the two variables?
2. If a relationship exists, is the relationship negative or positive? and
3. Is the relationship between the two variables strong or weak?

The Pearson correlation coefficient calculation function in SPSS was utilised by the researcher to establish if there are any correlations between the variables. Osborn (2000) highlights that Pearson’s correlation coefficient ranges from -1.0 to +1.0. Furthermore, a perfect negative relationship between two variables is indicated by a correlation coefficient of -1.0 while a perfect positive relationship between two variables is indicated by a correlation coefficient +1.0. On the other hand a 0.00 correlation coefficient indicates that there is no relationship between the two variables. Wikipedia (2011) provides a guideline that can assist in interpreting the strength of the correlation between two variables depending within which range the coefficient falls.

<table>
<thead>
<tr>
<th>Correlation</th>
<th>Negative</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Correlation</td>
<td>-0.09 to 0.0</td>
<td>0.0 to 0.09</td>
</tr>
<tr>
<td>Small Correlation</td>
<td>-0.3 to -0.1</td>
<td>0.1 to 0.3</td>
</tr>
<tr>
<td>Medium Correlation</td>
<td>-0.5 to -0.3</td>
<td>0.3 to 0.5</td>
</tr>
<tr>
<td>Large (strong) Correlation</td>
<td>-1.0 to -0.5</td>
<td>0.5 to 1.0</td>
</tr>
</tbody>
</table>

Table 5.10: Correlation strength of relationship guideline
The Pearson correlation coefficient calculation findings can be seen in Table 5.11, Table 5.12, Table 5.13 and Table 5.14 in Annexure D for the different sections in the empirical study questionnaire. It highlights the significance of the correlation both at a level of 0.05 which is identified by a single asterisk and at a level of 0.01 which is identified by two asterisks. A correlation will be significant and the two variables in question will be related linearly if the significance level is very small e.g. less than 0.05. On the other hand, a correlation will not be significant and the two variables in question will not be related linearly if the significance level is relatively large like at 0.5. The correlation coefficient values range from -1 to 1 and indicate if the relationship between the variable is in the direction of a positive or negative relationship. A stronger relationship is indicated by an absolute value (e.g. 1) where the values in the main diagonal always reflect 1 as each variable will have a perfect positive linear relationship with itself.

5.9 ANALYSIS OF RESPONSES FROM INCOMPLETE QUESTIONNAIRE

As mentioned earlier in the report, 23 participants were unable to fully complete the questionnaire. Below is brief breakdown with regard to how much of the questionnaire they did complete.

- 17 participants only fully completed the 1. Biographical Data section and did not go further to complete the other sections of the questionnaire;
- 3 participants completed the Biographical data section and attempted to complete section 2.1 and did not go on further;
- 1 participant completed section 1, 2.1 and attempted to complete section 2.2; and
- 1 participant completed section 1, 2.1, 2.2 and attempted to complete section 2.3.

The tables that follow reflect several biographical data snapshots of the 23 respondents who did not complete the questionnaire.
5.9.1 Age Group

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>4</td>
<td>17.4</td>
<td>17.4</td>
<td>17.4</td>
</tr>
<tr>
<td>31-40</td>
<td>5</td>
<td>21.7</td>
<td>21.7</td>
<td>39.1</td>
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<tr>
<td>41-50</td>
<td>2</td>
<td>8.7</td>
<td>8.7</td>
<td>47.8</td>
</tr>
<tr>
<td>51-60</td>
<td>11</td>
<td>47.8</td>
<td>47.8</td>
<td>95.7</td>
</tr>
<tr>
<td>&gt;61</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.15: Age Group

Table 5.15 highlights that the majority of the respondents 52.1% who did not fully complete the questionnaire are in the 51 – 61 age group while 8.7% are in the 41 – 50 age group, 21.7% are in the 31 – 40 age group and 17.4% are in the 20 – 30 age group category.

5.9.2 Gender

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>18</td>
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<td>78.3</td>
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<tr>
<td>Female</td>
<td>5</td>
<td>21.7</td>
<td>21.7</td>
<td>100</td>
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<tr>
<td>Total</td>
<td>23</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.16: Gender

Table 5.16 reflects the gender breakdown of the respondents who did not fully complete the questionnaire viz. 78.3% Males and 21.7% are females.

5.9.3 Race

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>9</td>
<td>39.1</td>
<td>39.1</td>
<td>39.1</td>
</tr>
<tr>
<td>Asian</td>
<td>2</td>
<td>8.7</td>
<td>8.7</td>
<td>47.8</td>
</tr>
<tr>
<td>Coloured</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>52.2</td>
</tr>
<tr>
<td>White</td>
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<tr>
<td>Total</td>
<td>23</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.17: Race
The racial breakdown of the respondents who did not fully complete the questionnaire can be seen in Table 5.17 where 47.8% are White, 39.1% are Black, 8.7% are Asian and 4.3% are Coloured.

### 5.9.4 Highest Educational Qualification

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
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<td>Grade 12</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>4.3</td>
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<tr>
<td>Post school certificate / diploma</td>
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<td>4.3</td>
<td>4.3</td>
<td>8.7</td>
</tr>
<tr>
<td>National diploma or national higher diploma</td>
<td>7</td>
<td>30.4</td>
<td>30.4</td>
<td>39.1</td>
</tr>
<tr>
<td>Bachelors degree or equivalent</td>
<td>9</td>
<td>39.1</td>
<td>39.1</td>
<td>78.3</td>
</tr>
<tr>
<td>Honours degree or equivalent</td>
<td>3</td>
<td>13</td>
<td>13</td>
<td>91.3</td>
</tr>
<tr>
<td>Masters degree or equivalent</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>95.7</td>
</tr>
<tr>
<td>Doctoral degree or equivalent</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.18: Highest Educational Qualification

Reflected in Table 5.18 is the highest educational qualifications achieved by the respondents who did not fully complete the questionnaire where a majority 39.1% have a Bachelors degree or equivalent while 13% have an Honours degree or equivalent, 4.3% have a Masters degree or equivalent, 4.3% has a Doctoral degree or equivalent, 4.3% have a grade 12 and 4.3% have a post school certificate / diploma.

### 5.9.5 Cumulative Years of Working Experience

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
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<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 - 4 years</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>5 – 10 years</td>
<td>5</td>
<td>21.7</td>
<td>21.7</td>
<td>26.1</td>
</tr>
<tr>
<td>&gt; 11 years</td>
<td>17</td>
<td>73.9</td>
<td>73.9</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.19: Cumulative Years of Working Experience
The Cumulative years of working experience of the respondents who did not fully complete the questionnaire is reflected in Table 5.19 where the majority 73.9% have greater than 11 cumulative years of working experience while 21.7% had between 5 – 10 years of cumulative years of working experience and 4.3% had between 2 – 4 cumulative years of working experience.

### 5.9.6 Number of Years Employed by Eskom

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 2 years</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>2 - 4 years</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>8.7</td>
</tr>
<tr>
<td>5 – 10 years</td>
<td>5</td>
<td>21.7</td>
<td>21.7</td>
<td>30.4</td>
</tr>
<tr>
<td>&gt; 11 years</td>
<td>16</td>
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<td>Total</td>
<td>23</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.20: Number of Years Employed by Eskom

Similarly in table 5.20, the majority 69.6% of the respondents have been employed by Eskom for more than 11 years while 21.7% had 5 – 10 years, 4.3% had 2 – 4 years and 4.3% had less than 2 years of employment at Eskom.

### 5.9.7 Related Years of Service in current position

<table>
<thead>
<tr>
<th></th>
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<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 2 years</td>
<td>4</td>
<td>17.4</td>
<td>17.4</td>
<td>17.4</td>
</tr>
<tr>
<td>2 - 4 years</td>
<td>5</td>
<td>21.7</td>
<td>21.7</td>
<td>39.1</td>
</tr>
<tr>
<td>5 – 10 years</td>
<td>8</td>
<td>34.8</td>
<td>34.8</td>
<td>73.9</td>
</tr>
<tr>
<td>&gt; 11 years</td>
<td>6</td>
<td>26.1</td>
<td>26.1</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.21: Related years of Service in current position

As can be seen in table 5.21, 17.4% have less than 2 years of related experience in their current position while 21.7 have between 2 – 4 related years experience, 34.8% have 5 – 10 year related experience and 26.1% have greater than 11 years related experience in their current position.
5.9.8 Current Task Grade of Respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M&amp;P 17-18</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>M&amp;P 16-15</td>
<td>8</td>
<td>34.8</td>
<td>34.8</td>
<td>39.1</td>
</tr>
<tr>
<td>M&amp;P 14</td>
<td>2</td>
<td>8.7</td>
<td>8.7</td>
<td>47.8</td>
</tr>
<tr>
<td>T13</td>
<td>7</td>
<td>30.4</td>
<td>30.4</td>
<td>78.3</td>
</tr>
<tr>
<td>T12</td>
<td>5</td>
<td>21.7</td>
<td>21.7</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.22: Current Task Grade of Respondents

As per table 5.22, the current task grade of the respondents are broken down as follows: 21.7% of the respondents are T12, 30.4% are T13, 8.7% are M&P bands, 34.8% are M&P band 16 – 15 and 4.3% are M&P 17 – 18 band task grade.

5.9.9 Department in which Respondents Work

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Services</td>
<td>3</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Electricity Delivery</td>
<td>2</td>
<td>8.7</td>
<td>8.7</td>
<td>21.7</td>
</tr>
<tr>
<td>Field Services</td>
<td>3</td>
<td>13</td>
<td>13</td>
<td>34.8</td>
</tr>
<tr>
<td>Finance</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>39.1</td>
</tr>
<tr>
<td>Human Resources</td>
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<td>30.4</td>
<td>30.4</td>
<td>69.6</td>
</tr>
<tr>
<td>Information Management</td>
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<td>4.3</td>
<td>73.9</td>
</tr>
<tr>
<td>Network Services</td>
<td>5</td>
<td>21.7</td>
<td>21.7</td>
<td>95.7</td>
</tr>
<tr>
<td>Strategy &amp; Business Planning</td>
<td>1</td>
<td>4.3</td>
<td>4.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.23: Department in which Respondents work

Table 5.23 reflects the different departments that the respondents belong to. The majority 30.4% belong to Human resources followed by Network Services with a percentage of 21.7%. The other respondents belonged to Customer Services (13%), Electricity Delivery (8.7%), Field Services (13%), Finance (4.3%), Information Management (4.3%) and Strategy & Business Planning (4.3%).
5.10 CONCLUSION

Chapter 5 presented the findings from the questionnaire that was administered to the Southern Regions targeted participants. A 83.83% response rate was achieved out of 120 participants, thereby representing 97 completed responses and 23 incomplete responses. The data was analysed utilising Cross tabulation, Frequencies, Percentages, Valid Percentages and Cumulative Percentages, reliability analysis and correlation analysis were presented in tables and charts. The summary of findings as the title suggests, summarised the findings and also highlighted areas of concern. The next chapter shall propose possible recommendations and present the final conclusions.
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<th>CHAPTER SIX : SUMMARY, CONCLUSION AND RECOMMENDATIONS</th>
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</tr>
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<td>6.2</td>
<td>CHAPTER SUMMARY .............................................</td>
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<td>6.2.1</td>
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<td>6.2.2</td>
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<td>Chapter Four Summary: Research Design and Methodology</td>
<td>188</td>
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<td>FINDINGS .........................................................</td>
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<td>What is Human Capital Planning?</td>
<td>189</td>
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<td>Sub-problem 2 : What are the theoretical best practice guidelines for the development of a Strategic Human Capital Plan?</td>
<td>190</td>
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<td>6.3.3</td>
<td>Sub-Problem 3 : What is the role of Human Resources in developing a Strategic Human Capital Plan?</td>
<td>192</td>
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<td>Sub-Problem 4: To what extent is the Human Resources Department fulfilling its role in Human Capital Planning in the Southern Region?</td>
<td>193</td>
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<td>6.3.5</td>
<td>Sub-Problem 5: What is the current state of Human Capital Planning in the Southern Region?</td>
<td>194</td>
</tr>
<tr>
<td>6.3.6</td>
<td>Sub-problem 6: Develop a model for Human Capital Planning for the Southern Region of Eskom</td>
<td>195</td>
</tr>
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<td>GUIDE TO AN INTEGRATED APPROACH TO HUMAN CAPITAL PLANNING</td>
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<td>6.5</td>
<td>OBJECTIVES .....................................................</td>
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<td>6.6</td>
<td>LIMITATIONS ....................................................</td>
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6 CHAPTER SIX : SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

Chapter Five outlined in detail the analysis and findings of the research study. The purpose of Chapter six is to present a summary of the study, to interpret the results based on the set objectives, highlight the limitations, draw conclusions and to propose recommendations based on the findings.

6.2 CHAPTER SUMMARY

The objective of the research study was to conduct an analysis of Eskom’s Distribution Southern Regions Human Capital Plan. Chapter One introduced the research by outlining the main and sub problems, and demarcating the field of study as highlighted below:

- **Chapter One**: Problem statement, demarcation of the study and significance of the study;
- **Chapter Two**: Best Practice guidelines for the development of a Strategic Human Capital Plan;
- **Chapter Three**: The role of Human Resources in developing a Strategic Human Capital plan;
- **Chapter Four**: Research Methodology;
- **Chapter Five**: Presentation of Data Analysis and findings from data collected from questionnaires; and
- **Chapter Six**: Summary, Conclusions, Limitations and Recommendations.

6.2.1 Chapter 2 Summary: Best practice guidelines for the development of a Strategic Human Capital Plan

**Chapter Two** explored the Best Practice Guidelines for the development of a Strategic Human Capital Plan. The researcher reviewed the concept Human
Capital, perspectives on human capital planning, elements of human capital and the rationale for human capital measurement. In addition, the following key components of human capital planning were explored:

- The prime drivers of Human Capital Planning;
- The benefits of Human Capital Planning;
- The relationship between Strategic Planning and Human Capital Planning; and

The literature study revealed several definitions for the terminology human capital. Armstrong (2009) advocates that human capital is the combination of knowledge, skills and abilities of individuals, and when collectively harnessed create value for organisations. Therefore, the key focus for organisational leaders should be attracting, the right resources into the organisation, and frequently reviewing its HR policies and practices on remuneration, rewards, training, and performance management to maintain its competitive advantage (Armstrong, 2009). According to Davenport (1999), individuals have intrinsic characteristics and capabilities that make up the collective human capital of an organisation, and work is a mutual exchange of value.

According to Nankervis et al (2002), strategic planning is a process of unpacking the organisation’s objectives, to determine what resources are required, when they are required, and to determine what types of skills and competencies are needed. Armstrong (2009) maintains that the aim of (HCM) human capital management is to assess the impact of human resources management practices and the contribution made by the people with regard to organisational performance. The benefits of human capital planning and human capital measurements were also clarified and it is clearly evident from the literature study that the human capital plan must be aligned to the organisation’s strategic business plan in order to achieve its overall goals and objectives.
Meyer (2004) suggests that senior leadership is responsible for strategic resourcing, and acknowledges that HR has a crucial role to play in this process. It is also evident from the literature study that leadership, organisational culture and performance management all have a significant influence and impact, both positive and negative on human capital planning.

6.2.2 Chapter 3 Summary: The role of Human Resources in developing a human capital plan

For Chapter Three, the researcher reviewed the role of Human Resources in developing a human capital plan. The literature study reveals that HR must transcend the traditional administrative role to the status of Strategic Business Partner (Ulrich, 1997).

Boninelli (2004) further affirms the need for HR’s transition from its purely administrative role to one of strategic alliance and for HR to realign their value and future focus as demonstrated in the table below:

<table>
<thead>
<tr>
<th>TODAY</th>
<th>%</th>
<th>TOMORROW</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>5%</td>
<td>Strategy</td>
<td>30%</td>
</tr>
<tr>
<td>Performance Enhancement</td>
<td>25%</td>
<td>Performance Enhancement</td>
<td>40%</td>
</tr>
<tr>
<td>Transactions</td>
<td>30%</td>
<td>Transactions</td>
<td>15%</td>
</tr>
<tr>
<td>Administration</td>
<td>40%</td>
<td>Administration</td>
<td>15%</td>
</tr>
</tbody>
</table>

Table 6.1: The New Paradigm required by HR Functions
Source: Boninelli (2004)

Furthermore, in the new world of work, HR Practitioners must possess a diverse range of skills and competencies and acquire deeper business knowledge and understanding across all HR value chains to be respected and recognised as a strategic business partner (Boninelli, 2004).
6.2.3 Chapter Four Summary: Research Design and Methodology

Chapter Four presented the Research Design and Methodology that will be utilised for the research study. The research can be categorised into the descriptive (non-experimental) category. There were two facets to the study. Firstly, a literature study was conducted to understand what literature revealed about human capital planning. Secondly, the researcher conducted an empirical study. For the purposes of the research study, a quantitative research design approach was utilised. This approach was chosen as a means to garner a more comprehensive insight of individual’s perceptions and experiences of the concepts of human capital, human capital management and human capital planning. Ethical approval for the use of the population group was approved by the Research and Ethics Committee - Human (H11 BUS HR 025). The researcher utilised a popular tool called a LimeSurvey to develop the online questionnaire which was administered electronically to a sample of 120 participants. The 5 point Likert type rating scale was utilised to determine the participant’s opinions for each question/statement. The research data was then collected and analysed with the assistance of a statistician at Eskom, Southern Region.

6.2.4 Chapter Five Summary: Presentation of Data Analysis and findings from data collected from questionnaires

An analysis and interpretation of the data collected from the administered questionnaire and the findings are presented in Chapter 5. In addition, frequencies, percentages, tables, graphs and summaries assisted the researcher in presenting the findings. Reliability Analysis and Correlation Analysis were also conducted.

6.2.5 Chapter Six Summary: Conclusions, Limitations and Recommendations of research study

Chapter 6 is the logical conclusion which shall focus on the summary, conclusions, limitations and recommendations of the research study,
including the design and development of a Human Capital Planning Model for the Southern Region.

6.3 FINDINGS

The researcher set the tone and the direction of the research in the articulation of the main problem. The objective of the main problem is to determine How should Human Capital Planning be done for the Southern Region of Eskom Distribution? An overview of the challenges faced by Eskom Southern Region to manage its human capital was also discussed. Emphasis was placed on the need for human capital or workforce planning, including developing skills and talent management strategies to build and retain critical and core capacity and a robust skills pipeline into the future.

Additionally, six-sub problems were identified and developed from close examination of the main problem, which assisted the researcher in addressing the crucial aspects of the main problem. The ensuing discussion summarises the following key findings of each sub-problem:

6.3.1 What is Human Capital Planning?

The aim of the first sub problem was to conduct a literature study to determine What Human Capital Planning is? As discussed in the summary of chapter 2, it is the researcher’s view that a theoretical understanding of what Human Capital Planning is, has been established from the literature review.

As garnered from the literature study, Human Capital Planning is a methodical process of determining what knowledge, skills and talents exist currently and what is required into the future to ensure continuity, sustainability and to maintain its competitive advantage. Another key aspect of human capital planning is ensuring that the right person is appointed in the right job at the right time and delivering outputs at the right level (Jackson
and Schuler, 1990). The findings from the empirical study revealed that the respondents were in slight agreement 46.4% (n = 45) with the statement that the Southern Regions Human Capital Plan identifies its current and future Human Capital needs, including the desired qualifications and skills required for the region to achieve its goals while 37.1% (n = 36) disagreed and 16.5% (n = 16) remained undecided. The researcher raises the concern that a significant 45.4% (n = 44) proportion of respondents disagreed that The Human Capital Plan of Southern Region responds effectively to continuous challenges in the new world of work and 31% (n = 30) are in agreement while 23.7% (n = 23) remained undecided.

Further findings reveal that 87.6% (n = 85) of the respondents agreed that Organisational Structures, Organisational Design and Job Profiles are essential components towards Human Capital Planning. On the other hand, the researcher noted that only 47.4% (n = 46) of the respondents agreed that Southern Regions Job Profiles are easily understood by internal and external candidates applying for positions while 9.3% (n = 9) are undecided and 43.3% (n = 42) disagree.

6.3.2 Sub-problem 2 : What are the theoretical best practice guidelines for the development of a Strategic Human Capital Plan?

The objective of Sub-Problem 2 was to determine through a literature study What are the theoretical best practice guidelines for the development of a Strategic Human Capital Plan? Literature reveal that effective human capital planning will ensure that organisations have the right resources in the right jobs to accomplish their goals and objectives (American Public Power Association, 2005).

Chapman and Walton (2007) declare that the first step in workforce planning is to have a shared understanding of the organisation’s business strategy and its subsequent impact. The researcher is of the view that a mutually inclusive relationship exist between strategic planning and human capital
planning and active alignment of both will result in accomplishment of the organisation’s vision and objectives.

The findings from the empirical study revealed that 43.3% (n = 42) of the respondents agree that the Human Capital Plan is integrated with the Southern Regions Business Plan while 38.1% (n = 37) disagree and 18.6% (n = 18) are neutral. Furthermore, the researcher draws attention to the fact that a significant 44.4% (n = 43) of the respondents disagree with the statement: Southern Regions Further studies and Work Place Skills Plan is integrated with the Human Capital Plan, giving direction to the region in terms of resources available for the next 3 – 5 years, while 20.6% (n = 20) are neutral and 35.1% (n = 34) are in agreement. On the other hand, a significant 67% (n = 65) of the respondents are in agreement that The Employment Equity Plan is integrated with the Human Capital Plan of Southern Region, 17.5% (n = 17) were undecided and 15.5% (n = 15) are in disagreement with the statement.

According to Kaplan & Norton (1996), “You can’t manage what you can’t measure”. This reality becomes more obvious as organisational leaders awake to the realisation that their human capital is their primary source of competitive advantage, and affirms that an employee’s outputs must be measured and managed collectively to create a high performing organisation.

This new paradigm has led to an overwhelming resurgence of interest in the development of different techniques of measuring the value of human capital in organisations. Hence, human capital measurements are crucial in ensuring that organisations have the right skills and talent for long term sustainability, and for the organisation to maintain its competitive advantage (Becker et al, 2002). The empirical study further reflects that 27.8% (n = 27) of the respondents are in agreement that the HR department monitors and reviews its recruitment plan quarterly to assess the progress made and to take corrective action if deemed necessary, it is disconcerting that a significant 41.2% (n = 40) are undecided and 30.9% (n = 30) are in disagreement with the statement.
Furthermore, a low 29.9% (n = 29) of the respondents are in agreement that the Human Resources Department has an inventory of high and poor performers for the Southern Region while a significant 40.2% (n = 39) remain undecided and 29.9% (n = 29) are in disagreement. On the other hand, a significant 74.3% (n = 72) of the respondents are in agreement that The Employment Equity Plan is monitored and reported on monthly to ensure that Southern Region achieves its overall business objectives.

6.3.3 Sub-Problem 3: What is the role of Human Resources in developing a Strategic Human Capital Plan?

In addressing sub-problem 3, a literature study was conducted to understand What role does Human Resources play in developing a Strategic Human Capital Plan?

The Literature review draws attention to the fact that there are ongoing debates with regard to explicitly defining the role of Human Resources in developing a strategic Human Capital Plan, and opinions range from leading, to supporting, to custodian, and to facilitating the process. Meyer (2004) suggests that the strategic resourcing creates a framework for building human capital and highlights the following key roles and responsibilities of HR in strategic resourcing viz., HR must:

- Be the custodian of the process;
- Provide accurate and reliable information on organisational and individual potential;
- Facilitate the strategic resourcing process;
- Mediate in potential conflicting and political situations; and
- Lead and advise the panel on strategic resourcing.

64% (n = 62) of the respondents agree that the Human Resources is a core member of the Southern Regions Human Capital Planning Committee. Meyer (2004) agrees that Human Resources have a crucial role to play in Human Capital Planning, however he advocates that the responsibility for
human capital planning reside with senior leadership and must not be
delegated to Human Resources.

Mosimann, Mosimann and Dussault (n.d.) postulates that Human Resources
must assist the organisation in recognising the value of its human capital and
showcase positive upward trends on ROI from investment made on its
employees. Today, organisational leaders are looking to HR to be the
conscience in driving a high performance culture and mindset.

According to GAO (2000), the Human Resources function must be an equal
partner in the workforce planning process, by ensuring alignment between
the organisation’s strategic business plan and the human capital plan.

Nel et al (2008) affirm that human resources must be an integral part of the
strategic planning process. Hill et al (2007) supports the view that HR plays
a vital role in human resources planning and Frelix (2008) upholds the theory
that the outcome of a formal planning process is an organisation’s strategy,
hence all human capital decisions are based on the strategy to achieve the
organisation’s overall objectives. The perceptions of the respondents
revealed that a significant 45.4% (n = 43) are in agreement that the **HR's
Business Plan is aligned to the Southern Regions Business Plan** while
37.1% (n = 36) are undecided and 17.5% (n = 17) disagree.

6.3.4 Sub-Problem 4: To what extent is the Human Resources
Department fulfilling its role in Human Capital Planning in the
Southern Region?

An empirical study was conducted to address Sub problem 4 to determine to
what extent is the Human Resources Department fulfilling its role in
Human Capital Planning in the Southern Region?

In an era of epidemic skills and talent scarcity, and shifting global markets,
the need for knowledge workers have reach unprecedented levels as
organisations struggle to maintain their competitive advantage. Today
organisational leaders are looking more and more to HR for innovative solutions on how to manage, attract and retain their human capital. It is for this very reason that HR is expected to play a more strategic role in shaping its organisation’s human capital profile of the future (Armstrong, 2009).

The researcher’s view is that Human Resources Professionals (HRP) must further assist their organisations by understanding and evaluating the extent to which human capital practices and policies hinder or support the achievement of organisational goals with regard to Human Capital.

The perceptions of the respondents from the empirical study reveals that 43.3% (n = 42) agree that the Southern Regions Human Resource Leadership possess the desired level of specialist knowledge and HR expertise to lead the region with Human Capital Planning. Supporting this statement further, 47.4% of the respondents (n = 46) agree that the Human Resources Leadership and HR Practitioners in the Southern Region possess the desired level of business knowledge and business acumen to lead the region with Human Capital Planning.

A significant 55.7% (n = 54) of the respondents are in agreement that HR Practitioners in the Southern Region possess the ability to translate theory into practice. Overall, 47.4% (n = 46) of the respondents are in agreement that The Human Resources Department is regarded as a strategic business partner, providing innovative Human Capital solutions to the region.

6.3.5 Sub-Problem 5: What is the current state of Human Capital Planning in the Southern Region?

As presented in Chapter 5, the empirical Study findings reveals that a significant 39.2% (n = 38) of the respondents are in disagreement that the Southern Region has a sustainable Human Capital Plan for the region for the next 5 years while 27.8% (n = 27) remain undecided and 33% (n = 32) agree. Furthermore, 42.3% (n = 41) of the respondents disagree that
Southern Region has a clearly articulated Human Capital strategy and plan to direct the region towards achieving its strategic objectives while 17.5% (n = 17) are undecided and 40.2% (n = 39) are in agreement. This could be attributed to the fact that a large percentage of the respondents 52.6% (n = 51) are undecided on the statement that Human Capital Planning Meetings are held quarterly and given priority in the Southern Region whilst 32.0% (n = 31) are in disagreement and 15.4% (n = 15) are in agreement with the statement.

Another outcome from the study reflects that a large percentage of respondents 61.9% (n = 60) agree that The Regional Executive Committee (REC) is accountable for the Human Capital Plan in the Southern Region. The study findings also reveal that 45.4% (n = 44) of the respondents disagree that the Southern Region Line Managers owns the Human Capital Plan while 20.6% (n = 20) remain undecided. Hence, this could be the reason why a significant 42.3% (n = 41) of respondents are in disagreement that the Southern Regions Human Capital Plan is responsive to organisational changes as the organisation evolves whilst 22.7% (n =22) are undecided on the statement.

6.3.6 Sub-problem 6: Develop a model for Human Capital Planning for the Southern Region of Eskom.

The purpose of sub-problem 6 is to develop a model for Human Capital Planning for the Southern Region of Eskom which is a logical conclusion to the findings to Sub-problems 1 to 5.

The researcher reviewed the following three workforce planning models ie The Texas workforce planning model, CPS Human Resource workforce planning model and Aruspex workforce planning model which assisted in developing a human capital planning model for Southern Region (Figure 6.1).
The proposed model shall assist the Regional Executive Committee (REC) members understand the philosophies around human capital planning, the need to establish a designated human capital planning committee, the rationale for alignment between the organisation’s strategic plan and the human capital plan, the purpose of measurement, leaderships’ roles and responsibilities and the benefits of human capital planning. From the research it was gleaned that workforce planning, human capital planning, human resources planning all share common attributes with regard to the philosophy of Human Capital Planning viz:

- Understanding the organisation’s strategic direction and focus;
- Alignment of the human capital plan with the strategic business plan; and
- Visible Leadership involvement and commitment that is crucial to the human capital planning process.

The process entailed:

- Conducting a Demand and Supply Analysis;
- Conducting a Gap Analysis;
- Developing strategies to close the Gaps; and
- Implementing, Monitoring and Evaluating.

The literature emphasises the importance of workforce planning and human capital planning philosophies, strategic alignment, recruitment and benefits. However scant reference is made to the composition of the Human Capital Planning Committee (HCPC), its structure, jobs, mandate, roles and responsibilities etc. The researcher’s view is that human capital planning must be owned and driven by the most senior person in the organisation, seeing that between 50 - 60 percent of the organisation’s operational cost is directly people-related, hence this accountability should not be delegated downwards. Furthermore, human capital is regarded as a valuable asset and is now referred to as the new currency of the 21st century (Cheese et al, 2008). If organisations accept this paradigm, they will ensure that their
primary assets, ie. their human capital, is effectively managed and adequately taken care of. Hence, the selection and appointment of the Human Capital Planning Committee is crucial, in that it is representative not only of a few departments, but takes into consideration the following aspects:

- The most senior manager in the organisation must lead the planning process, set the ground rules, clearly articulate what is expected of the committee members, clarify roles and responsibilities, performance levels and measurement techniques, compact the team, and manage and evaluate their performance and contribution against the organisation’s strategy;
- Ensure the team comprises SME’s – subject matter experts;
- Ensure the team understands the business;
- Ensure the team is dynamic, forward looking and innovative;
- Ensure members can make quick decisions; and
- Ensure that an adequate operating budget is available.

Research on numerous workforce planning models commences with understanding the organisation’s strategy, and progresses to the first step in “analysing the demand”. However, the researcher’s model makes provision for a crucial step prior to “analysing the demand”, ie Conducting a Skills audit. This step is intentional in sanctioning accountability and instilling discipline by ensuring that the right Governance Structures, Principles, Philosophies and Documentation are in place, secondly, it creates a transparent opportunity to investigate the organisation’s current skills and talent profile, thirdly is ensures adherence and conformance to the established processes and lastly it will highlight potential risks, weakness, and opportunities and also create a platform to share the findings and lessons learnt. The researcher’s view is that intimately understanding what knowledge, skills and talents exist in the organisation creates positive outcomes for the Human Capital Planning Committee (HCPC) when determining what future talent is required, in that, the demand is not based on hearsay nor perception, which further enhances the effectiveness and the credibility of the human capital planning process. It will also assist in
expediting the planning process, as the Human Capital Planning Committee will have the information upfront to guide them in the decision making process. Here again, the focus will be on getting the right skills, in the right jobs, for the right reasons. It is the researcher’s opinion that by including this decisive step, the Human Capital Planning Committee (HCPC) will consciously drive excellence and become catalysts for change by embedding a high performing organisational culture within their respective departments and the bigger Eskom.

Based on the above, the researcher has developed an integrated Human Capital Planning Model, encompassing a Human Capital Planning Committee (HCPC) Structure, which will govern the Human Capital Planning Process as illustrated in Figure 6.1: An integrated approach to Human Capital Planning.
Figure 6.1: An Integrated Approach to Human Capital Planning

Alignment

Eskom’s Strategic Objectives

Phase 1

Organisations Ability to respond to rapid changes in the new World of Work

- Forces shaping the new world of work
  - Politics
  - Globalisation
  - Advancing Technology
  - Social Reformation
  - Education & Training
  - Talent & Skills Scarcity
  - Economic Instability
  - Leadership
  - Spiritual Evolution
  - Climate Change

Policies & Procedures

- Employment Equity
- Recruitment
- Remuneration Management
- Reward & Recognition
- Employee Value Proposition
- Flexible Work Practices
- Training & Development
- Performance Management
- Talent Management
- Knowledge Management
- Diversity Management
- Health & Wellness

Organisational Structures, Organisation Culture & Information Systems

- Organisational Structure
- Organisational Design
- Organisational Culture
- Job Design / Profiles
- Job Grading
- Information Management System
- SAP HR

Phase 2

Step 1 Skills Audit Current State

- Conduct Audit On:
  - HCP Governance
  - Structures
  - Policy / Procedure
  - Current Skills / Talent Profile Plan
  - Qualification Profile
  - Training & Development Plan

Step 2 Forecast Demand

- Identify skills and expertise required to meet Organisational Objectives
- Assess Staffing Patterns
- Budget Trends
- Diversity Objectives

Step 3 Analyse Supply

- Global and Local Labour Markets
- Internal pipeline
- Educational Institutions
- Untapped Labour Markets
- Core In House Skills and talent
- Bursar Pipelines

Step 4 Gaps Analyses

- Compare current and future state
- Identify gaps per workforce segment
- Identify surplus / shortages of key skills & competencies

Step 5 Strategy Development

- Recruitment
- Succession Planning
- Knowledge Transfer
- Outsourcing
- Redeployment
- Mentoring & Coaching
- Modifying positions

Phase 3 Buy-in from all Stakeholders

- Communicate Human Capital Plan

Phase 4 Implement the Human Capital Plan

- Monitor, Evaluate and Effect Changes
  - Analyze the key performance indicators against the strategic objectives to determine value added
  - Monitor changes as the business determines and evolves. Effect changes and Communicate Plan
  - Continue to research Best Practice and Guidelines to benchmark against the world best utilities

Human Capital Planning Committee (HCPC)

Integration with Human Resources

Vision

Mission

Core Values

Customer Excellence
6.4 GUIDE TO AN INTEGRATED APPROACH TO HUMAN CAPITAL PLANNING

This section provides the reader with a guide that will assist in interpreting the Southern Region integrated approach to Human Capital Planning (Figure 6:1.). As mentioned in the previous section, a Human Capital Planning Committee (HCPC) must be established to govern the overall Southern Region Human Capital Planning process. The Southern Region General Manager must own and lead the Human Capital Planning Process in the Southern Region by:

- Setting the scene, giving guidance and direction to the team, overseeing the team and the overall planning process;
- Appointment of the HCPC Members;
- Clearly articulating expectations from individuals and the HCPC committee:
  - Managing the politics, performance and instilling discipline;
  - Establishing performance milestones, and conducting individual and team appraisals; and
- Ensuring adequate budget availability.

It is crucial that the Human Capital Planning Committee (HCPC) is adequately represented from all the disciplines to add value and meaning to the process, further embracing and enhancing the integrated approach to human capital planning in the Southern Region.

As depicted in the Model (Figure 6.1.), Human Capital Planning cannot be done in isolation, and must be aligned to the organisation’s strategic business planning process, to ensure that the organisation’s, vision, goals and objectives are achieved. The alignment and integrated approach creates shared understanding and a unified vision amongst all the employees, with regard to the organisations six strategic imperatives ie:
➢ Become a high performing organisation;
➢ Lead and partner to keep the lights on;
➢ Reduce our carbon footprint, and pursue low carbon growth opportunities;
➢ Secure our future resource requirements;
➢ Ensure our financial sustainability; and
➢ Set ourselves up for success.

Deeply understanding Eskom’s strategic intent and what it means for each discipline, creates a platform for leadership to speak and work in unity. There is agreement and alignment to the “one version of truth” when communicating to its employees. When respect and trust is gained, it paves the way for embedding the desired organisational culture and creating and shaping the high performing organisation.

The alignment of the Human Capital Plan with the organisation’s strategic business plan is fundamental to create the cohesiveness of the sub processes viz.:

*Phase 1 : Alignment to Organisation’s Strategic Objectives*

This is a crucial stage in understanding the global perspective, ie. conducting a Strength, Weakness, Opportunities and Threat (SWOT) analyses, and looking at the Political, Economic, Social, and Technological (PEST) trends both externally and internally to understand the organisation’s current and future position ie.:

➢ The External Perspective would involve determining the organisation’s ability to respond to rapid changes in the new world of work; and
➢ Internal Perspective would involve analysing the organisations policies & procedures and organisational structures & information systems to assess its effectiveness as the world of work transforms and to ascertain alignment to the organisation’s strategic objectives.
Phase 2: Human / Workforce Planning Process

This five step approach is a methodical process, clearly defining each sub activity in each step viz.:

- Step 1: Conduct a skills audit to determine the current state;
- Step 2: Conduct Forecast and Demand analysis;
- Step 3: Analyse Supply;
- Step 4: Analyses the Gaps; and
- Step 5: Strategy Development.

Phase 3: Stakeholder Support and Implementation

Phase 3 is a critical step as it involves work shopping the plan, to obtain buy-in from all Stakeholders. The next step is to communicate the Human Capital Plan to all the employees to achieve common understanding with regard to the organisation’s priorities and focus areas, and once that is achieved, the plan can then be implemented.

Phase 4: Continuous Monitoring, Evaluating and Transforming the Human Capital Plan

This phase involves the continuous monitoring of the Human Capital Plan to ensure that the plan is effective and relevant, and that the organisation’s goals are being achieved, i.e. by evaluating the actual progress made against the planned targets. The Human Capital Plan must be modified as the business evolves and its priorities change. It is also crucial that the revised plan is communicated to all employees. Some of the sub activities conducted during this phase is:

- Assess and analyse what is effective and adds value to the organization;
- Monitor progress, and effect changes as the business evolves;
- Communicate the changes with all employees; and
Continue to research Best Practice and Guidelines and share findings and lessons learnt with all Stakeholders.

6.5 OBJECTIVES

Literature study and the empirical research underpins the objectives of this study as encapsulated in Chapter one. The objectives were:

- To determine from the literature the best practice and guidelines for the development of a Human Capital Plan to assist Eskom Distribution Southern Region to improve the current human capital planning process;
- To conduct an empirical study to identify the underlying factors that could provide practical guidelines for human capital planning; and
- To conceptualise and develop a Human Capital Planning Model for the Southern Region of Eskom Distribution and to make recommendations garnered from the empirical study to the Regional Executive Committee for implementation.

It is the researcher’s view that despite the limitations in the study, the research process was planned and conducted vigilantly to attain the best possible answers to the research questions. The researcher is satisfied that all objectives have been achieved.

6.6 LIMITATIONS

The findings and conclusions gathered from this empirical study are based on data collected from research participants in one business unit of Eskom Distribution ie. the Southern Region. It is probable that the findings from this survey are illustrative because of the large sample size.

However, listed below are some of the possible limitations that were identified in the research study:
The findings from the empirical study cannot be generalised to the larger Eskom population as the empirical study was focused primarily on analysing the Eskom Distribution Southern Regions Human Capital Plan; and

Secondly, it is the researcher’s view that there is a limitation in the capacity to access sufficient literature. Human Capital Planning is a relatively new field that is still evolving and the best practice guidelines are mostly from 1st world countries. Hence, further substantive research must be done in developing countries to determine its authenticity and the challenges faced by the organisations especially on the African continent.

6.7 RECOMMENDATIONS

The following recommendations are directed towards senior leadership ie. Regional Executive Committee (REC), line managers and the HR Function. It is also intended as an impetus for further research in the field of Human Capital Planning.

6.7.1 Recommendations from Best Practice Guidelines for Developing a Strategic Human Capital Plan

Leadership Accountability – General Manager

- Owns the Human Capital Process;
- Provides strategic direction and vision; and
- Establishes as a matter of priority a Human Capital Planning Committee (HCPC) that will focus on all aspect of Human Capital Management for the region, which will entail:
  - Appointment of senior discipline managers to form the Human Capital Planning Committee (HCPC) for the region;
  - Outline and clarifying roles, responsibilities and performance expectations;
  - Establish Terms of Reference (TOR);
Ensure representation from all Disciplines including Organised Labour;

Initiate a Human Capital Planning Workshop and training for the Human Capital Committee Members (HCPCM) Line Managers, Supervisors and Human Resources Practitioners to embed a common understanding of the organisation’s vision and goals;

Ensure that Quarterly Meetings are held, minuted and shared with the rest of the organisation;

Manage the politics and conflict related to the process;

Ensure the provision of a suitable budget and other finance-related issues;

Continuously monitor Southern Regions performance against its strategic objectives; and

Lead the HCPC team by modelling the desired behaviour and embedding the desired high-performance culture.

**HR Accountability**

Lead the HR Discipline with a strong focus on creating a high-performing organisation by modelling the desired behaviour;

Ensure the HR Professionals possess the desired knowledge, skills and competencies of a high-performing organisation;

Ensure alignment of the Human Capital Plan to Southern Regions Business Plan;

Ensure HR’s data source is credible, and the information is valid, relevant and reliable to initiate an effective Human Capital Plan;

Ensure that the Recruitment Plan inclusive of its objectives and activities is transparent and shared with all employees;

Ensure that the organisation’s structures and job profiles are re-evaluated every 3 years, or as the organisation evolves, to warrant relevance;

Ensure that changes effected are linked to the strategic objectives and communicated to all employees;
Ensure alignment to the Further Studies Programme, Work Place Skills Plan and the Human Capital Plan;
Ensure that Eskom’s vision is communicated regularly to employees;
Implement, monitor and evaluate the effectiveness of the Southern Regions Human Capital Plan against the business objectives;
Continuously review HR polices, practices, activities and programmes to assess its effectiveness and relevance;
Drive and embed a high-performance culture amongst the employees;
Effect the necessary changes and ensure corrective action is taken; and
Benchmark best practices and guidelines against world best practices as part of understanding global trends and continuous learning.

**Discipline Managers**

- Promote and support the shared vision and strategic objectives of the organisation;
- Create opportunities for Human Capital conversations;
- Lead the succession management process for subordinates;
- Ensure each employee has a valid and credible job compact; and
- Lead, by modelling the desired behaviour and discipline of a high-performing organisation.

### 6.7.2 Recommendations from the Current State of Human Capital Planning in the Southern Region

- Ensure that the Southern Region Human Capital Plan is sustainable for the next 5 years;
- Ensure that the priorities highlighted in the Human Capital Plan are realistic and achievable;
- Ensure that the Human Capital Plan is responsive to shifting economic and environmental trends;
- Ensure Performance Management is structured and driven by leadership. Audits conducted by HR to ensure that every employee
has a job compact, and that their job compacts are aligned to the organisation’s strategic goals ie. from senior management right down to the lowest level employee. Quarterly assessments should be reinforced to track individual’s performance and effect changes where necessary;

- HR to develop an inventory of Core, Critical and Scarce talent categories and, highlight top and poor performers to the respective line managers;
- HR to monitor and facilitate performance management discussions between line managers and employees (if necessary) and evaluate progress;
- Line Managers must be held accountable to compile acceptable business scenarios when requesting additional manpower numbers; and
- Ensure Line Managers take accountability for managing their staff.

### 6.7.3 Recommendations from the Role of HR in Human Capital Planning in the Southern Region

- HR leadership must ensure alignment of the HR Human capital plan to the region’s strategic business plan;
- HR must partner with line management to understand their business and customer requirements;
- Human Resources must be a core member of the Southern Regions Human Capital Planning Committee;
- HR must continually evaluate the macro landscape, cognisant of the shifting economic and environmental conditions that could impact the organisation and prevent it from achieving its objectives;
- HR must ensure the structures, job profiles, HR policies, practices, processes and activities are relevant to achieve the organisation’s objectives;
- HR must continuously benchmark themselves with best practices and consciously surpass their outputs and activities directed at creating strategic value;
Hr must communicate the Value Proposition Policy (EVP) to employees; and

Lastly, and most critical of all, HR must ensure that their data is accurate, reliable and relevant to ensure effective and meaningful workforce planning.

6.7.4 Future Research

This research could be expanded Eskom-wide to assess the current state of human capital planning. Additionally, a comparative study can be done to determine whether or not correlations exit between other Distribution Regions and Eskom Divisions.

Currently, Eskom is the only power utility company in South Africa, therefore upon completion of the Eskom human capital planning research study, another study can be conducted to assess the human capital planning capabilities of other power utilities around the world to understand what gives each power utility their distinct competitive advantage.

The interminable possibilities for further study in the domain of Human Capital is vast, and future research could extend beyond Human Capital and Intellectual Capital Management to emerging fields such as the Impact of Spirituality in the workplace, the management of Spiritual Capital and Psychic-Competence as instruments to revolutionise organisations of the future. Coetzer (2003) maintains that ‘Man is three Dimensional’, ie. man is made up of the spiritual (the Noōs), the biological (the Soma) and the psychological (the psyche) hence man is not resolute by where he comes from, nor where he was born, but by his vision of the individual he wants to become by the choices he makes. Coetzer (2003) further elaborates that man is unique and will encounter situations where they are inimitable, and that situations will create new opportunities for man to find meaning and purpose to their sole existence. However, the vital question we need to ask is, firstly, do we have progressive and visionary leadership to internalise this awakening of spiritual evolution that is gaining momentum in the workplace.
as more employees seek and strive for a more fulfilled and purpose-driven life, and secondly, do leadership understand the potential consequences and impact of this phenomenon on organisations in the future?

6.8 CONCLUSIONS

The objective of the research was to conduct an analysis on the Southern Regions Human Capital Plan. Literature study reveals that human capital planning is essential to an organisation’s survival, and to maintain its competitive advantage. High performing organisations invest significantly on its human capital on training and development, and places high emphasis on employee selection and recruitment, ie ensuring that the right people with the right competencies are appointed in the right jobs to align with the organisation’s culture and values. High performing organisations proudly showcase their company brand, ie. its human capital’s distinct knowledge, skills and talent, they invest substantially in retaining its core and critical skills and reward and recognise its employees for the right reasons. A large percentage of the respondents viewed Human Capital Planning in the Southern Region as an investment rather than a cost.

Behara (2005) highlighted some of the following benefits of human capital planning:

- Alignment of the human capital plan to the organisation’s strategic business plan will ensure achievement of the organisation’s overall objectives;
- Human resources are effectively and efficiently utilised in the organisation;
- Skills are available to fill core and critical positions as and when they become available;
- Staffing projections become more realistic;
- A clear basis is provided for linking the expenditure for training and development, career counselling and recruitment efforts; and
- Organisations can easily prepare for restructuring, retrenchments or expanding its Human Capital.
TriNet (2010) positions that effective Human Capital Planning will address the following critical issues:

- Ensuring capable leadership is in place in the organisation;
- Ensuring the right workforce skills and talents are built;
- Ensuring high performance is driven within the organisation; and
- Ensuring top management and critical skills are retained within the organisation.

Insight garnered from the research study, is indicative that the Southern Region is faced with crucial challenges regarding its ability to manage its human capital and sustain its competitive advantage into the future. It is also evident that some line managers are young and inexperienced, and are solely dependent on HR’s expertise to source the desired skills and talents required for their respective sections. Furthermore, planning is erratic, and the focus is on manpower numbers rather than what core skills and competencies are needed. Today, organisational leaders are demanding that HR adopt new and innovative techniques to attract, develop, retain and manage its human capital, and to drive performance management in the region.

The researcher is of the view that from the recommendations provided, Southern Region can successfully implement the human capital planning philosophies, principles and process by adopting the proposed model (Fig 6.1). The integrated approach to human capital planning will further assist leadership to invest in the right resources for the right reasons and with the right training and development, the organisation can consciously create the desired high performing workforce of the future. This will not only contribute to the Southern Region regaining its prime position in the Distribution Division, but will also showcase Eskom an employer of choice, but most importantly, will champion Eskom as a high performing global utility.
REFERENCES


ANNEXURES

ANNEXURE A: Detailed Cover Letter and Southern Region Human Capital Planning Questionnaire

<table>
<thead>
<tr>
<th>OPINION SURVEY</th>
</tr>
</thead>
<tbody>
<tr>
<td>An Analysis of a Human Capital Plan for the Southern Region of Eskom Distribution</td>
</tr>
</tbody>
</table>

You have been selected to participate in this survey. Your opinions on an Analysis of a Human Capital Plan are important to the Southern Region and to Eskom. The information gained in this survey will be used for statistical purposes and guide us in developing strategies aligned to Best Practices for Human Capital Planning.

We are familiar with the terminologies viz. Workforce Planning, Skills Planning, Human Resources Planning, Talent Management Planning and Workplace Skills Planning. These terminologies are used interchangeably and vary from region to region. However, Manpower Planning is the accepted terminology predominantly used throughout the Southern Region. Over time, these terminologies have undergone an evolutionary process and today Human Capital Planning is the more accepted terminology in the 21st century.

Please participate in this survey and answer all questions honestly and objectively.

The aim of the research is to:
- To determine from the literature the Best Practice and Guidelines for the development of a Human Capital Plan.
- To identify the underlying factors that should be considered in Human Capital Planning.
- To conduct an empirical study to determine the state of Human Capital Planning in Southern Region.
- To understand what HR’s role ought to be in Human Capital Planning in the Southern Region.
- To conceptualise and develop a Human Capital Planning Model for the Southern region of Eskom Distribution.
- To make recommendations garnered from the empirical study to the Regional Executive Committee for the implementation of a Human Capital Plan for the Southern Region.

Your participation in this survey is voluntary, hence you have the right to refuse to participate or withdraw from the survey at any time with no negative consequence.

All completed questionnaires will be coded and the names of respondents will be removed to ensure confidentiality and anonymity.

The questionnaire should only take 20-25 minutes to complete. In this questionnaire, you are asked to indicate what is factual for you, so there are no "right" or "wrong" answers to any question.

Should you have any queries please do not hesitate to contact me at Sarvam.Moonsamy@eskom.co.za
# Human Capital Questionnaire

## Section 1. Biographical Data

Please select one of the options below for each question:

<table>
<thead>
<tr>
<th>No</th>
<th>Category:</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>31</td>
<td>40</td>
</tr>
<tr>
<td>41</td>
<td>50</td>
</tr>
<tr>
<td>51</td>
<td>60</td>
</tr>
<tr>
<td>&gt; 61</td>
<td></td>
</tr>
</tbody>
</table>

| 1.1 Age group | | | | |
| --- | --- | --- | --- |
| Male | Female | |

| 1.2 Gender | | | |
| --- | --- | |
| Black | Asian | Coloured | White |

| 1.3 Race | | | |
| --- | --- | --- | |
| | | |

| 1.4 Highest educational qualification | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Grade 12 | Post school certificate / diploma | National diploma or national higher diploma | Bachelors degree or equivalent | Honours degree or equivalent | Masters degree or equivalent | Doctoral degree or equivalent |

| 1.5 Cumulative years working experience | | | | |
| --- | --- | --- | |
| < 2 years | 2 - 4 years | 5 - 10 years | > 11 years |

| 1.6 Number of years employed by Eskom | | | |
| --- | --- | --- | |
| < 2 years | 2 - 4 years | 5 - 10 years | > 11 years |

| 1.7 Related years in your current position | | |
| --- | --- | |
| E band | M&P 17-18 | M&P 16-15 |

| 1.8 Current Task Grade | | | | | | | |
| --- | --- | --- | --- | --- | --- |
| Commercial | Communication | Customer Services | Electricity Delivery | Engineering Management | Engineering Value Chain | Field Services |

| 1.9 Department | | | | | | |
| --- | --- | --- | --- | --- | --- | |
| Finance | HR | Information Mgmnt | MEW | Network Serv | PM - Core | PM – Elec & DC |
| Risk Mgmnt | Strategy Support | Strat & Bus Plan |
Directions:
On a scale from 1 to 5, with 1 representing 'Strongly Disagree' and, 5 representing 'Strongly Agree', please answer the following questions which best describes your perception.

When you have completed all the questions please send the questionnaire back to me via GroupWise - Sarvam.Moonsamy@eskom.co.za. Thank You!

### Section 2.1. Best Practice Guidelines For Developing A Strategic Human Capital Plan

<table>
<thead>
<tr>
<th>No</th>
<th>Question: What is your overall perception with regards to how well we are doing the following in Southern Region?</th>
<th>1 Strongly Disagree</th>
<th>2 Somewhat Disagree</th>
<th>3 Undecided</th>
<th>4 Somewhat Agree</th>
<th>5 Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>The Human Capital Plan is integrated with Southern Regions Business Plan.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.2</td>
<td>A dedicated committee exists in the Southern Region, focusing on all aspects of Human Capital issues.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.3</td>
<td>Southern Regions Human Capital Plan identifies its current and future Human Capital needs, including the desired qualifications and skills required for the region to achieve its goals.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.4</td>
<td>Southern Regions Further studies and Work Place Skills Plan is integrated with the Human Capital Plan, giving direction to the region in terms of resources available for the next 3-5 years.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.5</td>
<td>Organisational Structures, Organisational Design and Job Profiles are essential components towards Human Capital Planning.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.6</td>
<td>Southern Regions Job Profiles are easily understood by internal and external candidates applying for positions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.7</td>
<td>The Regional Executive Members (REC) and Line Managers communicate a shared vision to all employees, creating a one vision mindset to accomplish organisational goals.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.8</td>
<td>Line Managers coach and mentor employees to acquire a better understanding of how each one's outputs contributes to the organisations vision and strategic objectives.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.9</td>
<td>The Human Capital Plan of Southern Region responds effectively to continuous challenges in the new world of work.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.10</td>
<td>The Employment Equity Plan is integrated with the Human Capital Plan of Southern Region, further embracing diversity.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2.11</td>
<td>Southern Region Leadership is committed to breaking down barriers and creating an environment where all employees can reach their full potential.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
### Directions:
On a scale from 1 to 5, with 1 representing 'Strongly Disagree' and, 5 representing 'Strongly Agree', please answer the following questions which best describes your perception.

When you have completed all the questions please send the questionnaire back to me via GroupWise - Sarvam.Moonsamy@eskom.co.za. Thank You!

### Section 2.2. The Current State Of Human Capital Planning In The Southern Region

<table>
<thead>
<tr>
<th>No</th>
<th>What is your overall perception with regards to how well we are doing the following in Southern Region?</th>
<th>1 Strongly Disagree</th>
<th>2 Somewhat Disagree</th>
<th>3 Undecided</th>
<th>4 Somewhat Agree</th>
<th>5 Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Southern Region has a sustainable Human Capital Plan for the region for the next 5 years.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.2</td>
<td>Southern Region has a clearly articulated Human Capital strategy and plan to direct the region toward achieving its strategic objectives.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.3</td>
<td>Human Capital Planning Meetings are held quarterly and given priority in the Southern Region.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.4</td>
<td>Senior Managers in the Southern Region know what percentage of their core, critical and scarce positions are staffed with below average performers.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.5</td>
<td>Line managers in the Southern Region possess the ability and insight to differentiate between the current levels of performance of their staff versus the desired level of performance expected at each level.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.6</td>
<td>Growth in Manpower numbers within departments have positively resulted in increased productivity and performance in Southern Region.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.7</td>
<td>Performance Management is driven seriously and quality compacts are in place for all employees in Southern region.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.8</td>
<td>Southern Regions Human Capital Plan is responsive to organisational changes as the organisation evolves.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.9</td>
<td>Human Capital Planning for Southern Region is seen as an investment rather than a cost burden.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.10</td>
<td>The Regional Executive Committee (REC) is accountable for the Human Capital Plan in the Southern Region.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.11</td>
<td>Line Managers in Southern Region own the Human Capital Plan.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3.12</td>
<td>The priorities highlighted in the Human Capital Plan for Southern Region are realistic and achievable.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
**Section 2.3. Role of HR in Human Capital Planning in the Southern Region**

<table>
<thead>
<tr>
<th>No</th>
<th>What is your overall perception with regards to how well we are doing the following in Southern Region?</th>
<th>Please select one of the options below for each question:</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Human Resources Leadership in the Southern Region possess the desired level of specialist knowledge and HR expertise to lead the region with Human Capital Planning.</td>
<td>1 Strongly Disagree</td>
</tr>
<tr>
<td>4.2</td>
<td>Human Resources Leadership and HR Practitioners in the Southern Region possess the desired level of business knowledge and business acumen to lead the region with Human Capital Planning.</td>
<td>1 Strongly Disagree</td>
</tr>
<tr>
<td>4.3</td>
<td>HR Practitioners in the Southern Region possess the ability to translate theory into practice.</td>
<td>1 Strongly Disagree</td>
</tr>
<tr>
<td>4.4</td>
<td>HR's Business Plan is aligned to the Southern Regions Business Plan.</td>
<td>1 Strongly Disagree</td>
</tr>
<tr>
<td>4.5</td>
<td>Human Resources is a core member of the Southern Regions Human Capital Planning Committee.</td>
<td>1 Strongly Disagree</td>
</tr>
<tr>
<td>4.6</td>
<td>Southern Regions HR department has a transparent recruitment strategy for the skills that are required in the short, medium and long term.</td>
<td>1 Strongly Disagree</td>
</tr>
<tr>
<td>4.7</td>
<td>The HR department monitors and reviews its recruitment plan quarterly to assess the progress made and to take corrective action if deemed necessary.</td>
<td>1 Strongly Disagree</td>
</tr>
<tr>
<td>4.8</td>
<td>The Employment Equity Plan is monitored and reported on monthly to ensure that Southern Region achieves it overall business objectives.</td>
<td>1 Strongly Disagree</td>
</tr>
<tr>
<td>4.9</td>
<td>The Human Resources Department has an inventory of high and poor performers for the Southern Region.</td>
<td>1 Strongly Disagree</td>
</tr>
<tr>
<td>4.11</td>
<td>The Employee Value Proposition (EVP) Policy is widely communicated by HR and utilised to retain our core and critical Human Capital in the region.</td>
<td>1 Strongly Disagree</td>
</tr>
</tbody>
</table>

**Thank You For Your Participation**
OPEN ENDED QUESTION:

*Describe your thoughts, views, opinions and experiences on Human Capital Planning*

Thank you for participating in this survey.
ANNEXURE B: Request and Approval Letter from Southern Region General Manager Eskom Distribution

Mr M.J. Möller          Date: 23 May 2011
General Manager Eskom Dx Southern Region Ref: Sarvam Moonsamy
Sunilaws Office Park Tel: 043 703 2050
East London            Fax: 0865375152
5205

Dear Mr M Möller

RE: PERMISSION TO DO MY RESEARCH SURVEY WITHIN ESKOM DX SOUTHERN REGION

My M.Tech further study motivation and application with (NMMU) Nelson Mandela Metropolitan University was supported by the Southern Region Bursary Committee and approved by the (EAL) Eskom Academy of Learning Further Studies Committee for Masters and Doctorates. My Dissertation is titled An Analysis of a Human Capital Plan for the Southern Region of Eskom Distribution, and I would like to seek your permission to conduct a survey based on the above in the Region.

The intention is to administer an online survey to a predetermined target audience ie the (REC) Regional Executive Committee Members, Line Managers, Supervisors and HR Practitioners to obtain their views and perceptions on the state of Human Capital Planning in the Southern Region.

Attached, please find a copy of the questionnaire that will be sent out to the stipulated target audience. Please contact me, should you require further info or clarity, alternatively, you are welcome to contact my Promoter - Professor Paul Poisat on: (041) 504 3750 or via e-mail on paul.poisat@nmmu.ac.za

Thanking you in advance
Yours faithfully

Sarvam Moonsamy
HR Planning & Risk Manager
Dx Southern Region

I, M.J. Möller hereby confirm that permission has been granted to Ms Sarvam Moonsamy to conduct the Survey in Eskom Distribution Southern Region.

M.J. Möller
General Manager Eskom
Dx Southern Region
Date: 23 May 2011
## ANNEXURE C: Reliability Analysis (Item - Total Statistics)

<table>
<thead>
<tr>
<th>Question 1.1</th>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Squared Multiple Correlation</th>
<th>Cronbach's Alpha if Item Deleted</th>
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</thead>
<tbody>
<tr>
<td>133.25</td>
<td>656.021</td>
<td>-0.078</td>
<td>0.706</td>
<td>0.914</td>
<td></td>
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<td>0.913</td>
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<tr>
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<td>0.554</td>
<td>0.916</td>
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<td>666.396</td>
<td>-0.205</td>
<td>0.714</td>
<td>0.918</td>
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<tr>
<td>Question 1.5</td>
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<td>652.36</td>
<td>0.028</td>
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<td>0.912</td>
</tr>
<tr>
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<td>0.575</td>
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Table 5.9: Reliability Analysis (Item - Total Statistics)
## ANNEXURE D: Correlation Tables Question 1 and Question 2

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**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 5.11: Correlation Table Question 1.1 – Question 1.9
## Correlations

| Question 2.1.1 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.2 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.3 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.4 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.5 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.6 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.7 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.8 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.9 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.10 | Pearson Correlation | Sig. (2-tailed) | N | Question 2.1.11 | Pearson Correlation | Sig. (2-tailed) | N |
|---------------|---------------------|-----------------|---|---------------|---------------------|-----------------|---|---------------|---------------------|-----------------|---|---------------|---------------------|-----------------|---|---------------|---------------------|-----------------|---|---------------|---------------------|-----------------|---|---------------|---------------------|-----------------|---|---------------|---------------------|-----------------|---|---------------|---------------------|-----------------|---|---------------|---------------------|-----------------|---|
| Question 2.1.1 | 1                   | .605            | .566** | .509        | .013              | .235            | .481** | .316           | .498**            | .393           | .388** | Question 2.1.2 | .605*         | 1                 | .564** | .535        | .074              | .224            | .522           | .440**            | .566           | .506           | .346** |
| N            | 97                 | 97              | 97   | 97           | 97                | 97              | 97   | 97            | 97                 | 97             | 97    | N            | 97               | 97               | 97 | 97           | 97                 | 97             | 97     | 97            | 97                 | 97             | 97   |
| Question 2.1.3 | .566**           | .564**          | 1    | .660         | .154              | .156            | .568** | .245**        | .575**            | .575**         | .457** | Question 2.1.4 | .509**         | .535**           | .660** | 1            | .107              | .310**          | .522**        | .470**            | .599**         | .531**         | .559** |
| N            | 97                 | 97              | 97   | 97           | 97                | 97              | 97   | 97            | 97                 | 97             | 97    | N            | 97               | 97               | 97 | 97           | 97                 | 97             | 97     | 97            | 97                 | 97             | 97   |
| Question 2.1.5 | 0.013             | 0.074           | 0.154 | 0.107        | 1                 | 0.201           | 0.076 | 0.034         | 0.221             | 0.188         | 0.165 | Question 2.1.6 | 0.235          | 0.224            | 0.156 | .310**       | 0.201             | 1               | .398**        | .254**            | .308**         | .250**         | .271** |
| N            | 97                 | 97              | 97   | 97           | 97                | 97              | 97   | 97            | 97                 | 97             | 97    | N            | 97               | 97               | 97 | 97           | 97                 | 97             | 97     | 97            | 97                 | 97             | 97   |
| Question 2.1.7 | .481**            | .522**          | .568**| .522**       | .076              | .398**          | 1    | .550**        | .519**            | .410**         | .614** | Question 2.1.8 | .316**         | .440**           | .245** | .470**       | .034              | .254            | .550**        | 1               | .513**         | .357**         | .448** |
| N            | 97                 | 97              | 97   | 97           | 97                | 97              | 97   | 97            | 97                 | 97             | 97    | N            | 97               | 97               | 97 | 97           | 97                 | 97             | 97     | 97            | 97                 | 97             | 97   |
| Question 2.1.9 | .498**            | .566**          | .575**| .599**       | .221              | .308**          | .519**| .513**        | 1                 | .554**         | .476** | Question 2.1.10| .393**         | .506**           | .575** | .531**       | .188              | .250            | .410**        | .357**            | .554**         | 1              | .420** |
| N            | 97                 | 97              | 97   | 97           | 97                | 97              | 97   | 97            | 97                 | 97             | 97    | N            | 97               | 97               | 97 | 97           | 97                 | 97             | 97     | 97            | 97                 | 97             | 97   |
| Question 2.1.11 | .388**          | .346**          | .457**| .559**       | .165              | .271**          | .614**| .448**        | .476**            | .420**         | 1     | Question 2.1.11| .388**         | .346**           | .457** | .559**       | .165              | .271**         | .614**        | .448**            | .476**         | .420**         | 1     |
| N            | 97                 | 97              | 97   | 97           | 97                | 97              | 97   | 97            | 97                 | 97             | 97    | N            | 97               | 97               | 97 | 97           | 97                 | 97             | 97     | 97            | 97                 | 97             | 97   |

** Correlation is significant at the 0.01 level (2-tailed).  
* Correlation is significant at the 0.05 level (2-tailed).  

Table 5.12: Correlation Table Question 2.1.1 – Question 2.1.11
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**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).
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**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 5.14: Correlation Table Question 2.3.1 – Question 2.3.11