

**FACTORS TO DETERMINE STANDARDISED HUMAN RESOURCE METRICS FOR
STRATEGIC BUSINESS MANAGEMENT: A CASE OF SELECTED ORGANISATIONS
FROM THE HOSPITALITY INDUSTRY IN CAPE TOWN**

by

LLOYD KAPONDORO

Thesis submitted in partial fulfilment for the degree

Master of Technology: Business Administration

in the Faculty of Business

at the Cape Peninsula University of Technology

Supervisor: Prof Chux Gervase Iwu
Co-supervisor: Dr Michael Twum-Darko

Cape Town
Date submitted: September 2015

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Date

Abstract

The paradigm shift from administrative to strategic Human Resource Management (HRM) has, arguably, necessitated the need for a more objective and quantitative HRM that shows how HRM interlinks with strategic organisational outcomes. Consequently, HR metrics, measurements and analytics can be tools, which can give HRM a status and position that is similar to other functional departments in organisations that provide numerical data. The purpose of this study was to explore HRM factors that are critical to determine strategic HR metrics. The purpose arose owing to documented scholarship, which argues that the current regime of HR metrics has no appeal to top management; is composed of too many metrics that are confusing; is suitable for traditional HRM; and does not give HRM a strategic status. The objective of the study was, therefore, to provide HR factors that link with strategic or organisational level outcomes and based on these factors, determine a metric that HR practitioners and top management can adopt as standard. The literature review had to be merged in a systems theory framework to develop the conceptual framework to start a grounded theory methodology. Within this methodology both secondary and primary data was collected and analysed. As part of its summary, the literature review included a meta study of prominent research on the HRM-firm performance relationship. The mini meta-analysis involved 27 studies whose mean coefficient of determination was calculated to show the strength of the variability in firm performance for which HRM accounted. This analysis revealed that HRM, on average, accounted for 31% of the variability in firm performance in the models that were used to investigate the relationship. An analysis was conducted of documents as part of a content analysis to collect secondary data, while questionnaires were used to collect primary data. The key finding was that the strategic HR factors are the HRM outcomes, namely employee engagement, commitment, satisfaction and embeddedness, while the HR metric that connects the HR factors and strategic outcomes is given as $p=kH+c$, where p is organisational performance, H are the HR factors, k is a constant of proportionality, and c is basic employee performance. It was also found that employee engagement had the most impact on organisational performance, relative to the other HR factors. As a result, the key recommendation made in this study is that organisations should use employee commitment, engagement, satisfaction and embeddedness to boost performance with special attention on employee engagement. The metric $p=kH+c$ can be used to measure the level at which HR factors boost performance.

Acknowledgements

I wish to thank:

- My supervisors, Prof Chux Gervase Iwu and Dr Michael Twum-Darko, for their guidance, enlightenment and the many hours that they spent helping me.
- Mr and Mrs Tonderai Kapondoro, for their support, protection and encouragement.
- Noleen Chitute, who always enquired about my progress and encouraged me to work harder.
- Mosuli Mrobo, for his support as a close friend.
- The Cape Peninsula University of Technology, for providing the study environment.

The financial assistance of the National Research Foundation towards this research is acknowledged. Opinions expressed in this thesis and the conclusions arrived at, are those of the author and should not necessarily be attributed to the National Research Foundation

Dedication

This research study is dedicated to the less privileged people of this world, those who struggle to survive daily. With them in mind, this study is an effort towards the empowerment of businesses with strategic tools for success, hence there may be more corporate social responsibility.

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List of abbreviations

HR	Human Resource (s)
HRM	Human Resource Management
SHRM	Strategic Human Resource Management
SABPP	South Africa Board for People Practices
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
SMES	Small, Medium and Micro-sized Enterprises
LRS	Labour Research Service
HPWS	High Performance Work Systems
LAMP	Logic, Analytics, Measures and Processes
DSS	Decision Support Systems
HRIS	Human Resource Information Systems
e-HRM	Electronic Human Resource Management
IT	Information Technology
BMI	Business Monitor International
IMF	International Monetary Fund
GDP	Gross Domestic Product
NDP	National Development Plan
BRICS	Brazil, Russia, India, China and South Africa
i4cp	Institute for corporate productivity
CIPD	Chartered Institute of Personnel Development

CHAPTER ONE

INTRODUCTION, BACKGROUND AND CONTEXTUALISATION

“HR executives long for a seat at the strategy table, but they are not yet consistently delivering the bottom line data on human capital management necessary to support an enterprise-level strategic role. Over the last few years, HR technology has been widely promoted to increase the efficiency and effectiveness of HR departments. However, despite the availability of a ‘container’ capable of holding meaningful measurements and metrics, the actual development and utilisation of measurements and reporting practices appears to be lagging. This is in contrast to other data-capture processes that appear to be increasingly driving business performance management in other segments of the enterprise such as sales, finance and logistics. Lacking data, HR professionals appear to be out of alignment with senior management and enterprise leaders. Hence having a seat at the strategy table is not yet a widespread reality for HR professionals” (Birkman, 2008:2).

1.1 Overview

This study begins by sharing the above caption to show the pertinent issue of HR metrics within the realm of corporate strategic decision making. While acknowledging the debate which is associated with the contents of this caption, the premise of this study is that it is possible for HR managers to perform a key strategic role through the use of HR metrics. The study, therefore, explores factors that should be considered to set up strategic HR metrics in selected organisations in the Hospitality industry. There are two steps that define the logic of the study. Firstly, the need to determine HRM practices/factors that have strategic level impact, and secondly, how to measure them. The study seeks to attend to these two issues through a grounded theory methodology. This short overview ignites this study; the sections that follow provide in-depth details on the key issues of the study.

1.2 Introduction

To effectively deliver their mandate and gain credibility in the boardroom, Human Resource (HR) practitioners should be able to measure, quantify activities, collect business-critical data and select key metrics that are relevant to the business strategy (Murphy & Zandvakili, 2000; Makwana, 2013; Riccardi, 2013). This has been problematic because of the lack of standard and appropriate measurement tools, lack of clarity on what to measure, and a confusing large number of metrics (Sullivan, 2004; Ingham, 2007; Schiemann, 2007; Kavukcuoglu, 2013). Standards facilitate benchmarking,

establish order and provide consistency in the HR metrics system (Gonzales & Kaye, 2008)

Given the above problems in the existing generation of HR measurement systems, the aim of this study is to explore factors, which determine possible HR metrics standards and measurements in selected organisations within the hospitality industry. Using a conceptual framework, which is underpinned by the general systems theory, the main objective is to identify strategic variables that HR practitioners can measure to add strategic value to the organisation as a system, and to determine possible standard metrics for those measurements. To determine these factors, HRM is seen as a subsystem that is interlinked with other subsystems, hence an analysis of the relationships within the systems results in the identification of dependent and independent variables to establish HR metrics. Standard HR metrics are vital for benchmarking, strategic control and decision making, transparency, information sharing, HR data mining, predictive analyses and workforce modelling (Uliana & Macey, 2005; Carlson & Kavanagh, 2012). The methodology for this study is based on the acceptance that while numerous HR metrics exist in the literature, there is confusion on how to determine the most strategic HR metrics or, stated in another way, the HR metrics that organisations should focus on. A thorough analysis of existing literature, therefore, was used to inform key themes for a grounded theory design. Through the collection of both primary and secondary data, these themes were then triangulated. A mixed approach comprising content analysis in conjunction with questionnaire analysis was used in this study. The outcome of this study is a key HR metric that organisations in the hospitality industry can adopt as a standard that connects organisational performance and HR variables. Interest to undertake this study in organisations that were selected from the hospitality industry arose owing to preliminary literature studies, which revealed that the biggest challenge which faces the hospitality industry is HRM. Some of the specific HRM issues that are notable in the literature include challenges pertaining to skills (Kort & Strydom, 2014; Zwane, du Plessis & Slabbert, 2014), talent management, employee retention, job satisfaction and morale (Deery cited in Kort & Strydom, 2014).

Proponents of improvements in current HR metrics and measurements have noted that while measures in functions such as Financial Accounting or Marketing are clear and

have standards that give them credibility and consistency, this is not the case with HR measures. HR measures and metrics are many and confusing (Boudreau, 2007:7; Schiemann, 200:7). Critiques of the current generation of HR metrics have also noted that the available measures are fragmented and lack structure when compared to measures from the other functions. Some sections of the literature have attempted to give the reasons why HR metrics are generally not credible when compared to measurements from other departments. One central argument is based on the relative ages of the disciplines. Accounting, for instance, has systems (Balance Sheets, Ledgers, Profit and Loss Accounts, Credit and Debt records or Financial Ratios are well recognised elements in Accounting) whose essence in the organisation is undisputable. HR, in contrast, has no well-defined operating model (Fitz-enz, 2007:13). Boudreau and Ramstad (2007:16) concur with Fitz-enz (2007:13) that HR systems, measurements and metrics lack structure because the profession is in its infancy. Whereas Accounting systems are approximately 500 years old (Fitz-enz, 2007:13) and Finance systems are estimated to be 100 years old (Boudreau & Ramstad, 2007:17), HR measures and metrics gained prominence in the 1980s, making them merely over 30 years old.

Therefore, in view of the above, a need exists to create standard HR metrics within and among organisations in order to develop the HR profession. Related literature on this matter has generalised assumptions on factors that should be considered to determine the standards. There is a lack of empirical backup and support of some of the propositions, models and assumptions on strategic HR metrics that are postulated in the literature. Based on the writings of Boudreau (1997) and those of Grobler, Bothma, Brewster, Carey, Holland and Warnich (2012), the general assumption, which is held is that HR metrics and measurements that are credible and of interest to top management are those that measure issues of strategic importance to the organisation. Even though the study was basically exploratory, it explained why some HR metrics are more of an economic interest than others. Throughout the study the following two aspects were scrutinised:

- (i) What are the most strategic HR related factors that credible and strategic HR metrics should measure?
- (ii) What are the variables to determine strategic HR metrics and standards?

To retrieve information from electronic databases, the key phrases that were used included: HR metrics, HR Accounting, HR standards, HR best practices, Strategic Human Resource Management (SHRM), HR measurements, HR analytics and HR reporting.

1.3 Rationale for the study

The sections below illustrate the academic interest that HR metrics, in general, have attracted, the origins of this interest and the context of HRM in South Africa.

1.3.1 Background of the research problem

The use of HR metrics in South Africa for SHRM has attracted much attention, but there is still a need for much research and clarity on standardising HR metrics and linking them with strategic business needs (Grobler *et al.*, 2012:200). Meyer (2012) notes that for HR professionals to perform their new role as key strategic partners (like Accountants or Marketing professionals), they should provide specific data, measurements, figures and forecasts about HR functions for decision making. Lee (2011:410) indicates that executive teams would want to know the operational impact or return on investment of HR programmes and activities, hence the need for the examination of HR metrics for SHRM is justified.

In 2012 the South African Board of People Practice (SABPP) launched a project to generate HRM system standards and metrics for South Africa, which were meant to build on the National HR Competency Model. The purpose of the project was to lead and assist HR managers to generate integrated standards and metrics for the HR function aligned to business strategy. The SABPP noted that there were clear standards for Accounting, Engineering and other professions, but the same could not be said of HR. This research, therefore, seeks to add empirical information on the HR metrics that add the most strategic value, and also on the development of HR standards.

The SABPP initiated the debate on the establishment of HR standards and metrics at national level and encouraged organisation-specific consultations on possible standards

and metrics in line with the King III Report. This study focuses on organisations selected from within the hospitality industry in Cape Town. The argument of industry based or organisation-specific factors to be considered to create standards is of interest to both academics and HR practitioners, since it develops both academic debate and revolutionises HR practice. In recognition of the uniqueness and circumstantial issues in the creation of standards, Kurokawa (2005:35) explains that standards operate on various levels, namely corporate standards, industry standards and international standards. This idea concurs with that of Truss, Mankin and Keliher (2012:90) who recognise two approaches in HR theory: the 'universalist' approach and the 'contingency' approach. The universalistic approach arguably relates to the establishment of broad standards through the 'one best way' philosophy, while the contingency approach advocates for the 'best-fit' paradigm, which takes cognisance of unique circumstantial factors.

Modern conceptualisation of HR metrics is credited to the ground-breaking work of Fitz-en (1987) and the United States-based, Saratoga Institute (Carlson & Kavanagh, 2012:150). However, it is believed that the need for HR metrics in organisations was evident from the beginning of the HR profession during the Industrial Revolution (Fitz-en, 1987:3). Notions of HR measurements in the era of the scientific school of management were championed by Frederick Winslow Taylor in the 'work and motion' studies, which were conducted in search of the 'one best' method of doing work. In giving a brief history of HR metrics and analytics, Carlson and Kavanagh (2012:153) notes that most of the HR metrics that are in use today were developed during the industrial expansion period that followed the end of World War II. Taylor (1910), who is widely regarded as the father of scientific management, laid the foundations for HR metrics and measurements in his early work. According to the National Humanities Center (2005), Taylor argues that there is need to '...develop a science for each element of a man's work so as to replace the old rule-of-thumb methods.' Later on, Fitz-en (1987), in his first publication on HR measurements and metrics noted that:

'While their peers in other departments are focusing on income, assets, liabilities, sales, costs and profits, personnel people are talking about feelings and unquantified personnel issues which they do not know how to measure objectively.'

At about the same time the renowned management writer, Drucker (1988:92), observed that 'the measurements available for the key areas of a business enterprise are still haphazard. We do not even have adequate concepts, let alone measurements....' More recently, Fitz-en (2010:20) argued that there is a crisis in the HR measurement system whereby most indicators of human capital management are more closely related to processes and practices than to results. Kavukcuoglu (2012), writing for the HR Agenda, suggested the use of measures that will cause an action and not measures that create 'messtrics.'

Considering the above, it is noticeable that there have been challenges regarding the use of HR metrics. These challenges have ranged from what to measure, how to measure it and what use are the uses of the measurements. Clearly, there appears to be a need for more research on HR metrics. This study is, therefore, two-pronged, namely: (1) what should standard metrics and measurements focus on?; and (2) what factors should be considered to create credible standards in the selected organisations? Recently, interest in the standardisation of HR practices has been noticeable in the literature. At a global scale, research on streamlining and standardising HR metrics to focus on the most strategic analytics, are underway. Proponents of standardisation seek to advance the 'macro' paradigm of HRM as opposed to the 'micro' perspective (Wright & Boswell, 2002) by demonstrating that certain HR metrics are critical in strategic decision making. There are several viewpoints, which relate to the strategic role of HR metrics. Boudreau and Ramstad (2007:25) introduced the concept of HR 'decision science,' while Ulrich, Younger, Brockbank and Ulrich (2013:467), in their HR competency model, recognise HR as a 'strategic contributor'. Lawler (2005:168) instead advocates for HR as a 'strategic partner' in order for the organisation to realise the maximum value of HR.

This study pursues the general assumption that HR metrics should contribute to the strategic positioning of the organisation. Consequently, the strategic contribution of HR metrics is presumably a variable to determine the interest of top management in the metrics. In addressing the stated assumption that top management is more interested in HR metrics that measure issues with high contribution to the overall strategy of the organisation than those that have a low contribution, possible factors that are specific to the organisations under study deserve analysis as well. This research comes at a time

when the Global HR Metrics Survey of 2011, which was based on 160 organizations across the 7 continents observed that the current HR metrics do not focus on strategic value added to the organisations (Kavukcuoglu, 2012). Some researchers have found that compiling HR metrics is a challenge for a number of organisations. In 2013, 164 organizations across 7 continents were surveyed to rate HR challenges in terms of the most troublesome. The survey revealed that out of the 23 challenges that were analysed, the top three were: retention of key talent, high performers, high potentials (45%); measuring the effectiveness of HR function (36%); and transforming HR into a strategic business partner (34%), respectively. The second challenge of 'measuring the effectiveness of the HR function' is related to HRM metrics. Most previous research have focused on promoting the use of HR metrics without much emphasis on the most strategic ones. Despite the limited research on HR metrics for strategic management, organisations now accept HR metrics as a vital way to quantify the cost of HR, to calculate the impact of employee programs and HR processes, to analyse HR trends, and to measure the success (or failure) of HR initiatives (Hussain & Murthy, 2013: 23).

Even though there are many HR metrics in use, there is an increasing need for organisations to identify and focus on the most useful ones that have more strategic value (Schiemann, 2007). While taking note of this premise, this study focuses on organisation-specific factors that influence the use of HR metrics in the hospitality industry. An inspection of the view of Schiemann (2007) above becomes possible in this study when considering the assumption that management is mostly interested in those HR metrics that have a high strategic contribution amongst the selected organisations.

1.3.2 The hospitality industry

The hospitality sector is largely considered to be the largest sub sector of the tourism industry. The Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA) insists that the hospitality industry is diverse and consists of a wide range of services, which relate to food, accommodation, entertainment and recreation. This is possibly why some analysts such as Kork and Strydom (2014) regard 'the hospitality' sector as an industry on its own and prefer to use the term 'Tourism and Hospitality' industry rather than simply the 'hospitality' industry, prompting an agreement with Nickson (2013:2) that there is no single accepted characterisation of the tourism

industry, as well as the place of the hospitality sub sector even with the attempts of many academics, industrialists and policy makers to do so. According to the CATHSSETA, the Cape Town hospitality industry is dominated by Small, Medium and Micro-sized Enterprises (SMMEs), most of which are owner-managed. Zwane *et al.* (2014) further add that the tourism and hospitality industry is highly fragmented with small players, most of whom lack adequate management skills. Organisations that were selected from this broad spectrum of services were examined to identify possible factors to determine standardised HR metrics in this industry.

Given the above background, the researcher utilises the term hospitality industry for the purpose of this study.

A need for research in HR standards and metrics in the hospitality industry can be inferred from the observations made by some researchers. In their studies about the expectations of the hospitality industry from prospective employees, Kort and Strydom (2014) argue that the major challenge faced in this industry is the shortage of professional industry-related skills. Zwane *et al.* (2014) reiterate the same issue, stating that the tourism and hospitality industry is highly fragmented with many small players and small business most of whom lack adequate management and business skills. Nickson (2013:17) is of the view that the tourism and hospitality industry's main challenge is HRM. Furthermore, research about HRM in the hospitality industry is essential when considering that the industry is labour-intensive and working conditions are characterized by long and irregular hours and high informalisation of work (Labour Research Service [LRS], 2012). The LRS (2012) further reports that about thirty per cent of labour in the hospitality sector is classified as unskilled, with general workers making up about seventy-two percent of the workforce. It is, therefore, essential for studies to be undertaken to ensure best HRM practices in the sector.

The hotel sub sector (and hospitality industry in general) in South Africa is currently facing a difficult period after the 2010 Soccer World Cup with less demand for local accommodation. According to the Competition Tribunal of South Africa (2012), "...the worldwide economic downturn has had a negative impact on the Tourism industry and local travellers tend to return to their home towns after business appointments to save

costs rather than overnight at a hotel. The decrease in demand has led to an oversupply of accommodation in the main cities.”

1.3.3 The South African context

As mentioned in the opening sections of this Chapter, this study used a systems theoretical framework of analysis. Within this framework the organisations and their departments are viewed as an open system with subsystems. Such an orientation requires an understanding of the environment as it influences the systems. Furthermore, the researcher supports the position of the segment of the literature that believes that strategic practices should holistically consider both external and internal stakeholders. To analyse the context for the determination of HR metrics standards in South Africa, the concepts of ‘constituents’ (Boudreau, 1997; Boudreau & Ramstad, 1998) or ‘stakeholders’ (Ulrich & Brockbank, 2005) for the HR function become relevant. This section discusses this concept within the South African context and demonstrates that the expectations of ‘stakeholders’ for HR metrics play a role if the metrics are to be credible (Grobler *et al.*, 2012). Use is made of the ‘HR value proposition’ model of Ulrich and Brockbank (2005:10), fused with the pentagonal employment relationship system (Nel, Kirsten, Swanepoel, Erasmus & Poisat 2008:40) to study the South African context. The general assumption underlying the decision to use these two models is that they provide a holistic perspective of all parties that can be expected to have an interest in HR metrics.

1.3.3.1 The human resource value proposition

While developing the HR value proposition model, Ulrich and Brockbank (2005:2-4) discuss the ‘value premises’ that form the backbone of the value proposition model. These value premises are: (a) value is the bellwether of HR; (b) HR value proposition means that HR practices, departments and professionals produce outcomes for key stakeholders; and (c) HR will be credible when others receive value from HR work and any value proposition begins with a focus on receivers. This argument of value is consistent with the interdependence and equilibrium or dynamic equilibrium of systems. In the determination of standards for HR metrics, the question of value arises when considering that metrics have an influence on HR practice and the value that HR practice can add to strategic business imperatives.

Figure 1.1 below depicts the different HR value propositions among stakeholders. Chapter four of this study provides a more detailed theoretical and conceptual framework that gives further understanding of this value proposition.

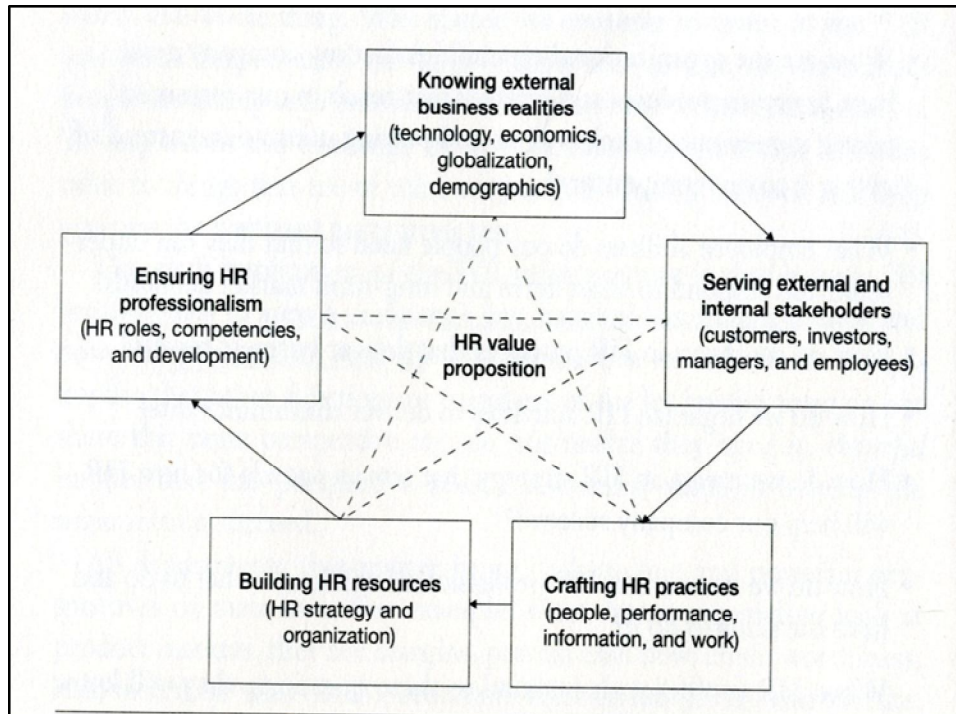


Figure 1. 1: The HR value proposition
Source: Ulrich & Brockbank (2005:10)

Referring to the HR value proposition model (Figure 1.1 above), the assumption is that strategic HR metrics are a value proposition and, therefore, the model can be useful in analysing the extent of their value addition among the various stakeholders. The HR metrics value proposition is a perspective, which is extensively discussed by Boudreau and Ramstad (1998), as well as in the work of Fitz-enz (2007). The main point of it all is that 'HR metrics create value (or harm) according to their effects on key constituencies' (Boudreau & Ramstad, 1998:6).

The uniqueness of the South African context is mainly based on the wide expectations that the society at large has on HR managers and their practices. When considering society's expectations on HR managers, a reflection of Carroll's (1991) hierarchy of

corporate social responsibility (CSR) becomes apparent. Carroll (1991) set out the economic, ethical, philanthropic and legal imperatives of CSR. In their paper on the contribution of HRM to human development in South Africa, Abbott, Goosen & Coetzee (2013) comment that there are few references in the literature that link HRM and human development. Given such a gap, the HR value proposition takes a wider perspective whereby the need and expectations of society to HRM are taken into consideration.

1.3.3.2 External business realities in South Africa

Having remarked that 'HR professionals must learn to help their stakeholders address the issues that matter most to them,' external business realities are one of those realities, which Ulrich and Brockbank (2005:21) subdivided into four factors, namely technology, economic, regulatory issues and globalisation. To be effective, HR professionals need facts and data about the trends of these realities (Ulrich & Brockbank, 2005:21). The link between the technological context of business and HR metrics is discussed extensively in Dulebohn and Johnson's (2013) paper, which analyses the interplay between HR metrics, decision support systems (DSS), HR information systems (HRIS) and business intelligence (BI). According to Dulebohn and Johnson (2013:71), technological advancements have modernised HR work through the use of electronic HRM (e-HRM) and HRIS, which are being used in conjunction with DSS and BI. The use of computers and specialised software or technology has the potential to leverage the collection and analysis of HR data and metrics. Notable evidence exists from several literature sources that the use of computer technology remains high in South Africa. In its Information Technology (IT) Report, the Business Monitor International [BMI] (2014:8) states that IT spending in South Africa will rise from ZAR100.89bn in 2014 to ZAR128.58bn in 2018. Anon (2006) further observes that:

'Information technology has revolutionised HR in many South African organisations, particularly in those larger environments that have instituted sophisticated systems that cope with all kinds of tasks, from leave administration to performance management reporting.'

Swaroop and Zafar, cited in Nilouei (2014:142), provide some functions or implications of e-HRM, which are: e-employee profile, e-recruitment, e-selection, e-learning, e-training, e-performance management system, e-compensation, e-leave management, paperless

HRM and a ubiquitous HRM system. Some of the consequences which are associated with the use of the internet in HR include the following: IT destroys traditional, intensive manual labour, but results in new jobs such as webmasters or html programmers; teleworking and flexible work arrangements; the disappearance of geographical barriers; multifunctional skills and teamworking become important, and modern organisational structures take from the traditional ones (de Juana Espinosa, Lujana-Mora & Milosz, n.d). The use of e-HRM facilitates the collection of HR data and enhances the use of metrics by using software and computer programs such as Microsoft Excel, as illustrated in Lee's (2011) book on HR metrics. The increased use of computer technology arguably promotes the use of HR metrics. It can be mentioned that computer technology, HRIS and e-HRM increase the speed and effectiveness at which HR metrics can be made accessible and usable to various stakeholders in the employment relationship.

1.3.3.3 External and internal stakeholders

Nel, Kirsten, Swanepoel, Erasmus and Poisat (2008:40) illustrate the stakeholders in the employment relationship by using a pentagonal diagram as shown in Figure 1.2 below. Standard HR functions and HR metrics provide value by satisfying the needs and expectations of the constituents within the employment relationship.

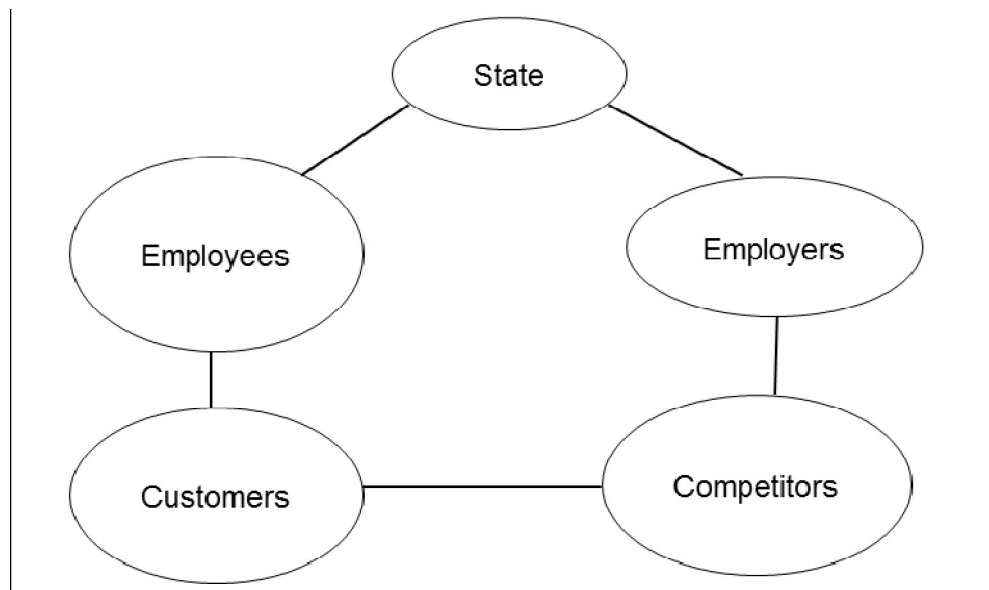


Figure 1. 2: The pentagonal employment relationship
Source: Nel *et al.* (2008)

Commenting on the South African context, Abbott *et al.* (2013) states:

‘Seventeen years after the first democratic elections in South Africa, the indicators of quality of life for the large majority of the population of the country show that insufficient progress has been made in reducing inequality, poverty and quality of life (UNDP, 2010a). Although the economic status of the country is, in international comparative terms, described as ‘upper middle income’, large numbers of extremely poor people have little opportunity to participate in and benefit from the economy (NPC, 2011). South Africa is a divided and unequal society (NPC, 2011), but, as Ramphela (2009) pointed out, we have only one economy and it is the distribution of the benefits that divides society.’

Stakeholders from the macro environment, foreign investors and macro-economic planners are interested in the suitability of South Africa for business. Human resource metrics that are valuable, therefore, are those that inform them about related issues that have macro-economic implications.

Year	Rank	Most problematic factor for doing business in South Africa
2008/2009	45 out of 134	Inadequately educated workforce
2009/2010	45 out of 133	Crime and theft
2010/2011	54 out of 139	Inefficient government bureaucracy
2011/2012	50 out of 142	Inefficient government bureaucracy
2012/2013	52 out of 144	Inadequately educated workforce
2013/2014	53 out of 148	Inadequately educated workforce
2014/2015	56 out of 144	Restrictive labour regulations

Table 1. 1: South Africa's rank in Global Competitiveness Reports (2008-2014)
Source: Adapted from the Global Competitiveness Reports, 2008-2014.

Table 1.1 above shows that South Africa has not had improvement in its ranking. As shown in the Table, the fact that an inadequately educated workforce and restrictive labour relations appear to be the most problematic factors for doing business in South Africa, suggest implications for HRM. An inference can, therefore, be made that standard HR metrics in the South African context add value to macro-economic planners if they are informative about developments in the workforce’s skills trajectory and the trends in labour relations at workplaces.

The International Monetary Fund [IMF] (2013:49) describes the situation in South Africa as follows: “South Africa has one of the highest unemployment rates, one of the lowest labour force participation rates and exhibits one of the highest income inequality in the world.” The unemployment rate has been hovering above 20%; since 2009 South Africa’s Gross Domestic Product (GDP) has averaged three per cent; the country has a high skills gap, bottleneck labour relations and serious labour tensions (IMF, 2013:49). To address these challenges, the government, through the National Development Plan (NDP), aims to create 11 million jobs by 2030. Human Resource Management in South Africa must, therefore, be considered within this context.

1.3.3.4 Crafting HR practices (people, performance, information and work)

According to Van Rensburg, Basson and Carrim (2011), HRM is an integral function in all South African organisations, and HR professionals play a supporting role within them. Swanepoel (2014:45) reveals the dark history of the employment relationship in South Africa. The Agrarian society of the San and Khokhoi changed with the arrival of the first Europeans in the Cape in 1488, while the shipment of the first slaves from Angola in 1658, the discovery of diamonds in the 1860s and 1870s, the Apartheid laws and the new democratic South Africa, are some of the notable issues in the development of the country’s employment relationship. In today’s global economy, and as a member of the BRICS (Brazil, Russia, India, China, and South Africa) group, South Africa is under pressure to become competitive (Swanepoel, 2014:65).

With people increasingly becoming the main source of competitive advantage in modern businesses, South Africa has a high need for strategic human capital development. In a study of the top human capital challenges which face South Africa, Deloitte (2014:10) established that leadership development is the most challenging, as shown in Figure 1.3 on the next page. HR standards, strategic metrics and measurements are arguably one way in which the development of HR leaders and professionals can be enhanced. Armstrong’s (2007:70-73) arguments for a business case for HR metrics and measurements suggest that HR measurements and metrics enhance progress monitoring and business focus, while Phillips (1999:24-25), cited by Swanepoel (2014:881) mention that HR measurements and metrics make good economic sense, enable HRM staff to

show proof of their results, isolate the causes from the problems, increase personal satisfaction, and can lead to competitive advantage and ultimately high market value.

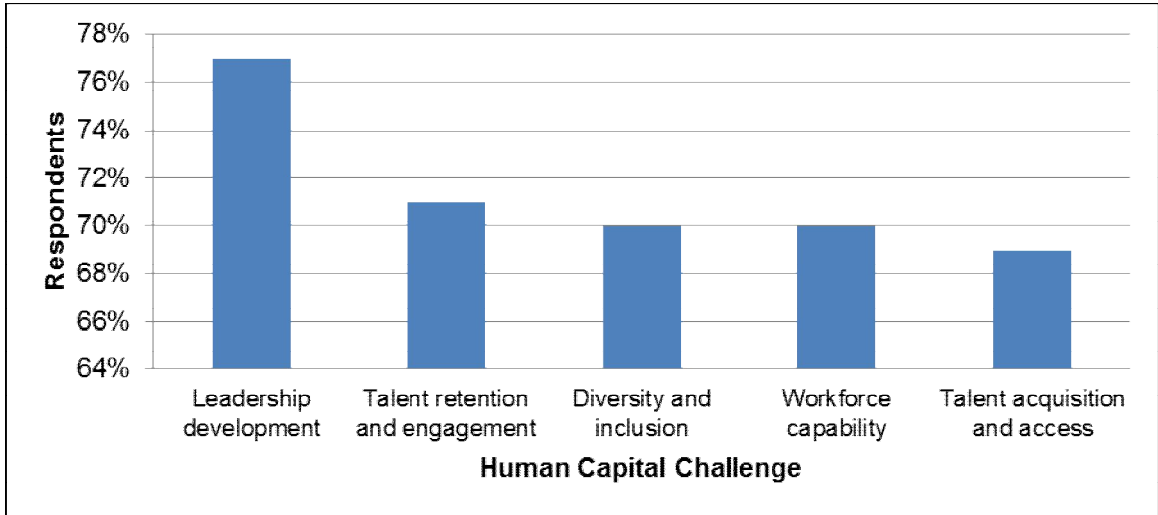


Figure 1. 3: Top human capital challenges for South Africa
Source: Deloitte (2014:10)

1.3.3.5 Ensuring HR professionalism (HR roles, competencies and development)

Van der Westhuizen, Van Vuuren and Visser (2003) conducted a study to ascertain whether HRM in South Africa can be considered as a profession, and thirty-one per cent of a sample of 398 managers indicated that other divisions and line managers held negative perceptions of the professional status of HRM. It was also found that the professional standing of HR lies in the question: Does HRM create value and deliver tangible results in the ever-changing business world? One of the recommendations made in this study is that "...the HRM function needs to strategically re-position itself by understanding the evolution of HRM. This transition has evolved from a typical personnel function with a focus on salary and benefits administration, to head office centred HRM..." Standard HRM metrics and practices can serve as important tools to enhance the strategic standing of HRM practitioners.

1.3.3.6 Building HR resources, strategy and organisation

This element blends with the concept of 'resources and capabilities' as sources of competitive advantage in business management. As noted from the previous sections

that reviewed the challenges that HRM faces, the strategic role of HRM remains problematic in South Africa as well.

1.4 Statement of the research problem

There is no clarity among HR practitioners and academics on what HR metrics should measure, as well as what factors can be used to determine strategic HR metrics (Fitz-en, 1987; Yeung & Berman, 1997; Fitz-en, 2010; Boudreau & Lawler III, 2014). Boudreau and Lawler III (2014:233) reiterate a problem stated by Cascio (2000:1) that key strategic business imperatives are missing from what HR currently focuses on. In brief, the reality is that measurement, which involves human resources is problematic for HR practitioners (Steen & Welch, 2011:60). The existence of numerous HR metrics has led to confusion on which ones to focus on, and to assist strategic decision making in the boardroom. As a result, HR professionals are taken less seriously than other professionals within organisations. In 2012 the SABPP embarked on a national project to address the absence of HRM standards, in general. Even though this project raised the need for HR measurements and metrics to show the impact of HR on the bottom line, it did not specifically focus on strategic HR metrics standards in any specific industry.

1.4.1 Sub problem 1

Without empirical data on which areas HR metrics should measure, there are no standard HR metrics for South African organisations, in general. In comparison, other business activities such as Production, Accounting and Engineering have clear standards (Meyer, 2013; SABPP, 2013). Meyer (2013) further argues that the absence of HR standards is the single biggest obstacle to sound people practices in organisations.

1.4.2 Sub problem 2

The lack of standards for HR metrics has resulted in numerous HR metrics that lack strategic relevance, and which are confusing to practitioners. According to the SABPP (2013), the absence of HR standards has led to inconsistencies in HR practices and measurements within organisations, between organisations, within and across sectors, and nationally. The SABPP (2013) further explains that without standards there is high variance in HR practices and a lack of benchmarks on what constitutes poor, as opposed to best practices. In a critique of the appropriateness of current HR practices in South

African socio-economic conditions, Abbott *et al.* (2013) refer to Crous (2010) and Sibiyi (2011) who argue that most HR practices in the developing countries (including South Africa) mirror those from the developed world, which result in them failing to address the socio-economic problems and poverty of developing countries, in general, and South Africa, in particular. These arguments point towards the need to have contextually relevant HR standards to address South Africa's unique problems.

1.5 Aim of the research

The aim of this study is to explore the HR variables (and factors) to establish standard HR metrics for the strategic management of the selected organisations within the hospitality industry.

1.6 Primary objective of the research

The main objective of this study is to identify factors to determine standard HR metrics for the selected organisations in the hospitality industry in order to be able to infer possible industry wide factors.

1.6.1 Sub objectives

To achieve the primary objective, the study strives to:

1.6.1.1 Sub objective 1

Establish what HR metrics should measure in order for them to be credible and strategic.

1.6.1.2 Sub objective 2

Describe the factors or variables that can be used to determine standardised HR metrics amongst the selected organisations.

1.6.1.3 Sub objective 3

Infer the main factors and contextual variables to determine standardised HR metrics in the hospitality industry.

1.7 Research questions

Even though the literature widely argues that HR metrics should have strategic relevance, the question of what exactly are the HR activities or issues that have a

strategic contribution, are missing. Further to this paradox, the postulated view in the literature that HR has become a basis for competitive advantage has not been complemented by research on specific HR functions and activities that yield high competitive value. This is especially problematic in South Africa, where there are no HR standards in a country, which faces many labour conflicts. Lastly, the available metrics lack comprehensiveness and are scattered and fragmented in several areas, thereby creating a need to research what and how to standardise. This scenario demands analysis when also considering the recommendations of the King III Report (2002) to create human reporting standards. Hence, the main research question and the sub-questions for this study are stated below.

1.7.1 Main research question

What are the HR factors (variables) to determine standard HR metrics for strategic management in the selected organisations?

1.7.2 Sub Questions

From the main research question and in line with the main problem and sub problems, the following are sub questions, which were formulated and answered in this study.

1.7.2.1 Sub question 1

What should HR Metrics measure for them to be credible and strategic?

1.7.2.2 Sub question 2

What are the most strategic HR metrics for the organisations?

1.7.2.3 Sub question 3

What are the possible HR metrics standards for the organisations?

1.8 Assumptions

In formulating the above research questions, the researcher held certain assumptions, which were based on the preliminary literature review and those that were

proposed by Fitz-enz (2010:22), which formed the premise of his value chain model for human capital management.

1.8.1 Assumption 1

Organisations seek to maximise value for shareholders and other stakeholders through the formulation and execution of a competitive strategy.

1.8.2 Assumption 2

HR metrics and measurements that are credible and that are of strategic importance are those that measure issues of strategic importance to the organisation.

1.9 Delineation of the study

In view of the research problem stated in the preceding section, this study focuses on strategic HR metrics; the factors to determine them; and possible standard values and measurement criteria for them. While there are numerous HR metrics available, the study sought those that aid strategic decision making either because of their economic dimension, business linkages within the organisation as a system, or because of their appeal to strategic stakeholders, units or other strategic criteria. The study did not focus on ordinary metrics such turnover, absenteeism and other efficiency and effectiveness ratios. While these are important ratios, this study was founded from the need to also have strategic metrics that are of interest to top management because of their link with strategic business imperatives.

1.10 Significance of the study

This study provides tools for HRM to fully gain credibility and to provide hard strategic data on the strategic table or in boardrooms. It provides HRM practitioners with the metrics that they can focus on in order to contribute to strategic decision making in their organisations. In this way the strategic role of HR can be realised, and the view from the literature that HRM is a source of competitive advantage, can materialise. In addition, the importance of this research lies in the contribution that it makes to the current efforts by the SABPP to promote the use of HR metrics and standards. Findings of this study could, therefore, form a foundation for setting HR metrics standards in the hospitality industry.

Individual organisations can benefit from the HR metrics standards through the development of benchmarks, and help to promote HRM practices within the industry.

1.11 Ethical consideration

Throughout the research, issues of confidentiality, integrity of information and the collection of data with permission, were satisfied. Ethical clearance from prospective organisations and from the University's Ethics Committee were sought to ensure informed consent. The following are the specific ethical issues, which were associated with this study and how the researcher ensured ethical standards.

1.11.1 Avoidance of harm (non-maleficence)

The researcher discussed with the managers before the interviews and observations the areas that could harm the employer, employees, clients or any other stakeholders. Any information that the managers foresaw as harmful was not explored. The researcher also ensured that the questionnaire that was used in this study focused on information that meets the purposes of the research only.

1.11.2 Beneficence

The selected organisations for this research were informed, via their managers, of the benefits that may arise from the research. The outcome of the research was a possible HR metric that organisations can use as a standard in strategic management. This HR metric was shown to the organisations at the end of the research; the organisations had the option to use it for their benefit.

1.11.3 Autonomy

The participants were informed of their liberty to cancel a session without explanation at any time, should they feel the need to do so. The managers were also informed of their right to request the discontinuance of the data collection process, should they feel the need to do so.

1.11.4 Justice

The researcher treated all the participants equally. Personal issues and characteristics of individuals did not form part of this research.

1.11.5 Fidelity

The researcher was bound by faithfulness and professional conduct. Promises and agreements that were made, were met. During data collection the researcher behaved like any ordinary customer, making sure that participants were sufficiently comfortable to complete the questionnaire.

1.11.6 Informed consent

Consent letters were sought to ensure participant consent. The risks and benefits of the study were discussed before the consent letter was granted. This was also reiterated before the questionnaire was administered.

1.11.7 Confidentiality

All information that was collected was treated with confidentiality. The information was protected and was unavailable to anyone other than the researcher. Information was securely kept and treated with confidentiality. All organisations and individuals were cited as anonymous, and no information that was collected was tampered with. Data was coded in a manner that protected the source.

1.11.8 Reporting back to organisations

Key findings of the research would be made available to the participating organisations before publication. This will ensure that the organisations are made aware of the final output of the research.

1.11.9 Relationship with organisations

The researcher maintained a professional relationship with members of the organisation even after the required data had been collected.

1.12 Outcomes of the study

The main outcome of this study is a list of factors for consideration in the setting of standardized HR metrics in the hospitality industry. Furthermore, the research proposes a certain metric to be the standard for use amongst the organisations.

1.13 Organisation of the study

To address the research problem, questions, aims and objectives that were stated in earlier sections, the study is organised into seven chapters. Chapter One, which is summarised in the section below, is essentially about problem identification and contextualisation. A literature review provided in Chapter Two and Chapter Three is followed by a theoretical framework set up in Chapter Four. While the research methodology is discussed in Chapter Five, discussion of the findings of the study is in Chapter Six. The study then ends by providing conclusions and recommendations in Chapter Seven.

1.14 Summary

The purpose of this Chapter was to identify the research problem and its context. The Chapter began with an introductory section, which stated the intention of the study and highlighted the increasing need for HR managers to play a strategic role; a role, which can be enhanced by an appropriate set of HR metrics. Some literature snapshots provided in the background of the research problem showed trends in the use of HR metrics. It was also shown in the background that a need has always existed to measure the value of HR, but measurements have always been a challenge in HR owing to challenges on what exactly to measure, and how to measure it. Preliminary literature reviews in this Chapter also showed that the confusion of what to measure and how to measure it has led to a plethora of HR metrics, which are not appealing to top management. The current efforts by the SABPP to develop HR standards were also noted. One key section of this Chapter discusses the South African context and its realities, which is based on the view that HR metrics are a value proposition if they measure what is important to strategic stakeholders within an organisation. The research problem was then explained together with its objectives. The next Chapter takes the study further by making a thorough analysis of literature to determine the pertinent issue of this study: What strategic HR issues should be measured?

CHAPTER TWO

BUSINESS STRATEGY AND HUMAN RESOURCE VARIABLES

“Peter Drucker was also quoted as saying that, if you cannot measure it, you cannot manage it. The fact remains that you need to know your current state of performance before you can look at methods to improve it. Measurement provides you with information on the status of any performance. It represents a feedback mechanism, indicating what is working well and what is not. But the trick lies in figuring out exactly what it is that you need to measure. You do not want to be measuring the wrong things. Taking in too many indicators could result in losing sight of the objective of measurement” (Kuranalan, 2010).

2.1 Introduction

The focus of this study was articulated in Chapter One, more precisely, the problem statement and the research questions were stated. To begin this Chapter, the quote above draws attention to the right puzzles. The quote creates a tone that connects both the previous Chapter and this Chapter. Three streams of literature are pooled in this Chapter and in Chapter Three that follows, namely strategic human resource management literature, HR metrics and HRM firm performance literature. The purpose of this Chapter is to identify patterns, trends and gaps in the strategic contribution of HRM. To achieve this intended purpose, the analysis in this Chapter seeks to determine the elements of HRM that add value to overall business performance. Indeed the Chapter follows quite a utilitarian philosophy, which translates to the argument that strategic HR metrics should focus on those elements of HR that give utility to the business. While doing the preliminary literature reviews for Chapter One, it was noted that several studies have attempted to identify the few HR best practices for organisations to focus on. Hence, this Chapter appreciates those studies and examines areas that have not received adequate attention. Perhaps it can also be mentioned that the unexplored areas that the literature review examines form the basis of an exploratory grounded theory methodology that was adopted for this study. Common logic argues that in depth analysis is attainable if the areas to focus on are few, specific and broad enough. If this is to be met in literature review, then this Chapter should provide some form of a scope or map for areas to be investigated. In the section immediately following this introductory note, an overview is provided to show the specifics of this review. The diagram that is shown in this section is like an agenda to a meeting, which informs the agenda for this Chapter.

2.2 Overview of literature

The study essentially revolves around three themes: (1) strategic HR variables; (2) HR metrics and measurements; and (3) HR standards. These themes are shown in Figure 2.1 below. Figure 2.1 also shows that strategic HR variables are the central theme. The study argues that HR metrics should focus on a certain finite and manageable set of strategic HR variables. In addition, the study also argues that standard HR practices should be based on the set of strategic HR variables. Classification of HR variables and metrics is an incidental theme, which is analysed in the context of the central theme. To address these themes adequately, schools of thought on these themes are debated in this Chapter and in Chapter Four which follows.

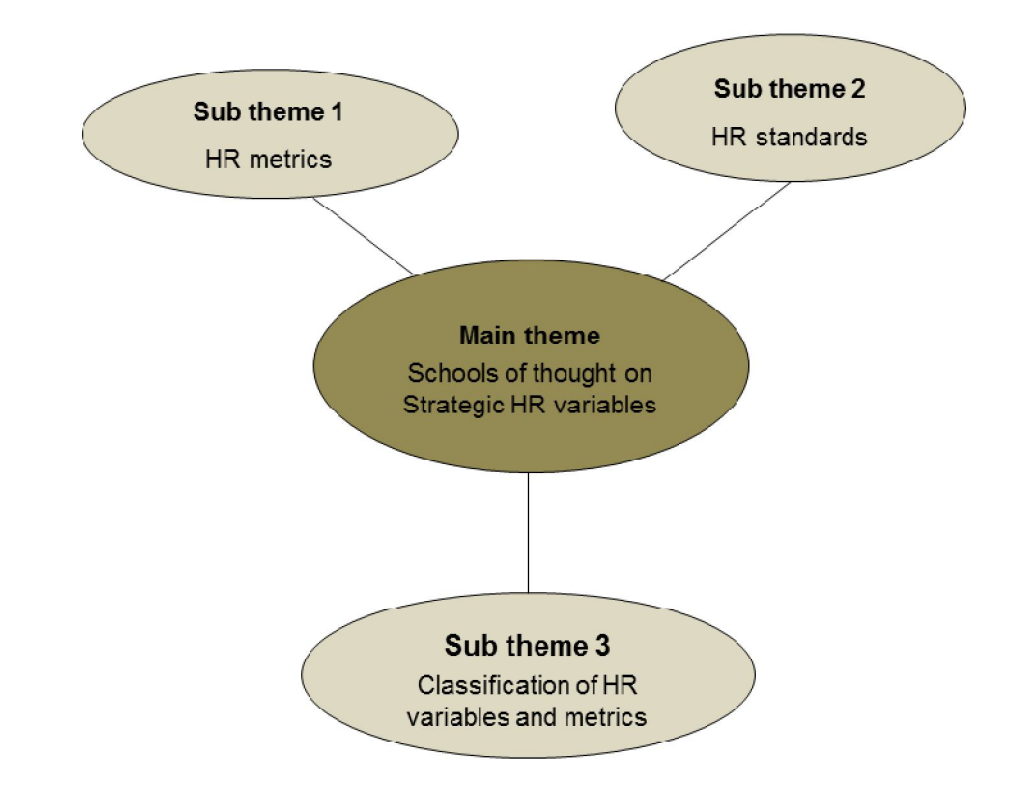


Figure 2. 1: Schema for literature review
Source: Author's construction

Chapter Three (which follows) essentially mark the end the literature review started in thisChapter by providing a summary of prominent studies that have anchored and supported the HRM-firm performance relationship. Also, the mean coefficient of determination (R^2) of the studies was calculated to show the variability in firm performance that HRM accounted for in the models that were used to analyse the HRM-performance relationship in the studies.

2.3 The notion of 'strategic human resource practices' and measurements

This study's main research question seeks to uncover HR factors that should be considered to set standard HR metrics that are useful for strategic business management. This, therefore, supposes that HR factors should be useful for strategic management. Thus, it is necessary to review literature on the notion of 'strategic human resources.' In reviewing the notion of 'strategic HR variables', the aim is to firstly explore those HR variables and factors that can be instrumental for strategic decision making in organisations, and secondly how these factors can be measured to build a set of HR metrics that can be of interest to strategic business management. This section addresses this matter through a number of sub sections that begin with simplifying the concept of strategy, and how it infiltrated the HRM field. It will also contrast views on what some segments of the literature describe as traditional HRM, as opposed to the recent adoption of strategic HRM. The last subsection reviews some general HRM strategies, which are found in the literature. This section and its subsections serve to create a broad understanding of the concept of strategy. If a synthesis of strategic HR factors should be made, then the concept should be well understood.

2.3.1 The 'strategy' concept

If one considers the unlimited observations by many scholars that the concept of 'strategy' is not originally from business management, one then wonders about its implications when it became a business concept. A link is discernible between the adoption of strategic HRM and the growth of interest in HR metrics. This link is at the heart of the confusion in the HR metrics and measurement systems. In short, what is strategic is not what has been measured. This need to unify the two has not been fully met yet. The purpose of the paragraphs below is to define the strategy concept and to show its development and how it has infiltrated HRM scholarship. Although the etymological meaning of the term has been left out to retain focus, a simplistic understanding of the concept has been provided.

Purcell and Ahlstrand (1994:27) state that the strategy concept is associated with the long term decisions taken at the top in the enterprise, and is distinguishable from operational matters and decisions. The literature is unanimous that the term 'strategy' originated from the military and was adopted both as an approach and as a concept in

business management. Truss *et al.* (2012) reveal that there are many definitions of the term ‘strategy,’ but the general idea of strategy is to foster organisational success. Strategy is what an organization does or plans to do with its resources in order to achieve and sustain a competitive position in the market that will enable the fulfilment of the organization’s vision (or mission) and objectives (Alagirisamy, 2013). The consequences of adapting a concept from one discipline to another discipline is that the moment its use attracts attention, interest in the concept leads to widespread scholarly work, which might need to be integrated to create a holistic understanding. The same can be said of the strategy concept. It has attracted much academic work with some gaps in HR metrics and measurements. Reviewing Michael Porter’s definition of strategy, Mathews (2014) notes that even though there is a plethora of definitions of the term ‘strategy’, the key element is about the uniqueness of the value or activities that a firm offers its clients. This assertion can be taken to imply that strategic metrics are, therefore, seen as those that add value to strategic decision making. In fact, Nimmanphatcharin (2003) earlier noted that:

“Many studies define the strategic management process in different ways, but the aim of the process is to build a market position that is strong enough and to develop an organisation capable enough to produce successful performance despite unforeseeable events, potent competition, and internal problems.”

According to Nimmanphatcharin (2003), the general strategic management process composes of tasks, which are shown in Figure 2.2 below.

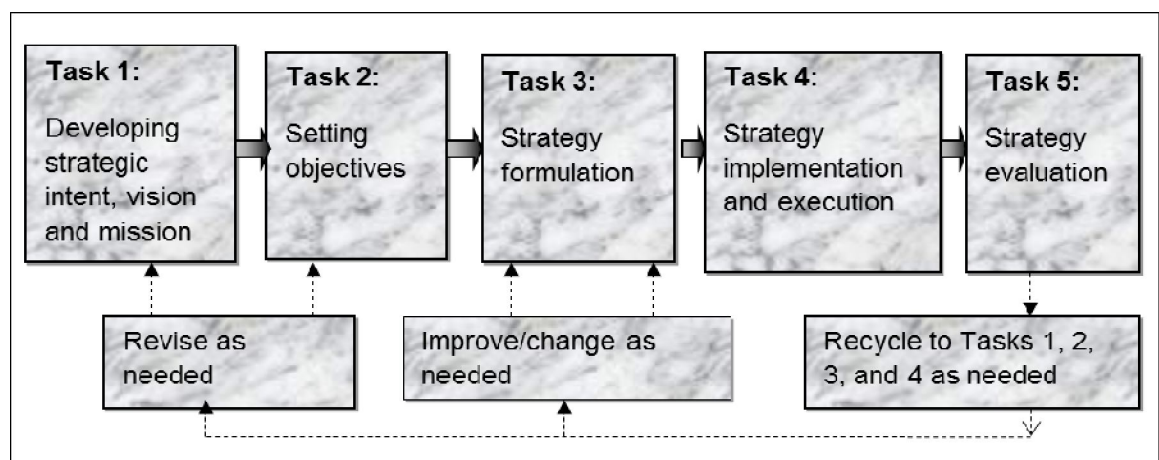


Figure 2. 2: The generic strategic management process
Source: Nimmanphatcharin (2003)

Figure 2.2 cannot serve as the golden framework of the strategic management process; however, it is a model that fits with many others in the literature. Its use here is simply to

create an idea of the strategic management processes. Some of the elements of Figure 2.2 such as strategy formulation, strategy implementation and evaluation are popular in strategic scholarship. As can be seen from Figure 2.2, the strategic management process is seen as a set of tasks, which is set up for the attainment of business objectives. Louw and Venter (2008) speculate throughout their work that a strategy should enable an organisation to develop hard-to-copy methods that yield above average returns. Such a view became a panacea for HRM, which has for long been seen as a cost rather than an asset. It can, however, be said that this view of HRM as a key strategic function had brought with it pressure for HR to add as much value as other functions. One such pressure element that can logically be deduced from earlier arguments is the need to show HR's contribution to the bottom line, a need which, arguably, might not be realised without sound measurement of HR variables. Salient impressions in the literature suggest, therefore, that the need for metrics became apparent with the strategic paradigm resulting in the development of a large pool of measures most of which, as argued earlier on in this report, lack strategic value. It has also been explained in the first Chapter that the inclusion of HR practitioners in boardroom scenarios is increasingly becoming notable and this development has brought about a strong need for the HR specialists to offer metrics that show the implications of HR factors on the bottom line. The current study, therefore, is significant to contribute to the effort of developing strategic HR metrics.

While giving a synopsis of the proliferation of the notion of strategy in HRM scholarship and practice, Huselid and Becker (2011) note that since the early 1990s, over 300 articles on HR strategy have been published in management journals. In support of the notable interest in HR strategy recently, Swanepoel (2014:36) claims that terms and concepts that are used to describe the field of HRM show a progression towards significant HRM influence within organisations. These concepts (written in order from the less strategic to the more strategic ones) include labour management, employment management, personnel management, manpower management, industrial relations, labour relations, employment relations, human resource management, strategic human resource management, human capital and talent management. According to Fitz-enz (1987:7), HRM has had a 'slow start': the HR department was staffed simply to meet recruitment and placement needs, or to occupy staff from other departments, as they wait for retirement. Reasoning from the above, one can conclude that as a profession, HRM is relatively new. The implication of this conclusion is to account for the reason why

HRM is lagging behind in objective analysis, metrics and measurements when compared to other business functions. However, observable developments in information and communication technology and the computerisation of workplaces have made it easier and faster to collect and analyse data unlike during classical times. This study, therefore, holds the perspective that the need for HR to become fully objective, analytical, quantitative, metric-based, mathematical, diagnostic and evidence-based can be a reality if the most strategic factors for HR to focus on can be identified. Some sections in the literature fully embrace the quantitative movement and have speculated about HR data and analytics. The whole idea has been to promote and aid the shift from an HRM system that focuses on administrative tasks to one that focuses on strategic tasks with organisationwide impact.

In a working paper that discusses business strategies and HRM, Purcell (2005) used a timeline by Grant (2002:22) to show the historical development of business strategy to illustrate how the two have merged. Table 2.1 below is an adaptation of the timeline, which shows the development of the strategy concept. The table has been adapted so that it does not show the strategic orientation prior to the 1970s, but a comment can be made that the period prior to the 1970s was a time during which strategy was mainly based on financial control. The table serves to show a clear longitudinal development of the strategy concept over the years. Furthermore, the table also shows the conceptual changes that have occurred over time. It is clear from the table that the proliferation of the strategy concept has been associated with the rise and development of sub concepts within the theory and practice of HRM. The analysis in this report is based on the view that without metrics and measurement systems, strategic HR concepts cannot be evaluated. Thus the need for HR metrics cannot be emphasized well enough.

Table 2. 1: Timeline for the development of the concept of 'business strategy'

Period	Early-mid 1970s	Late 1970s and early 1980s	Late 1980s and early 1990s	Late 1990s and early 2000s
Dominant themes	Corporate strategy	Analysis of industry and competition	The quest for competitive advantage	Strategic innovation and the new economy
Main issues	Diversification and portfolio planning	Choice of industries, markets and segments and positioning within them	Sources of competitive advantage within the firm	Competitive advantage through strategic innovation, competing on knowledge. Adapting to the new digital networked economy.
Principal concepts and techniques	Synergy, strategic business units. Portfolio planning matrices	Experience curve and returns to market share. Analysis of industry structure. Competitor analysis	Resource analysis. Analysis of core competencies	Organisational flexibility and speed of response. Knowledge management and organisational learning. Competing for standards. Early mover advantages
Organizational implications	Diversification, multidivisional structures. Quest for global market share	Greater industry and market selectivity. Industry restructuring. Active asset management	Corporate restructuring and business process re engineering, refocusing and outsourcing	The virtual organization. The knowledge based firm. Alliances and networks. The quest for critical mass

Source: Grant (2002:22)

Commenting on the Table above, Purcell (2005:12) states that:

“It is not until the last columns - late 1980s and early 1990s that the convergence between HRM and strategy becomes visible, but by the early 2000s the convergence became startlingly obvious with words like innovation, knowledge, networked, organizational flexibility, organizational learning, the virtual organization and the knowledge based firm.”

Anyone who has reflected on the development of HRM as a profession can agree that the metamorphosis of HRM practices from support and administrative to strategic practices is clear in its historical development. From the primitive societies of hunting and gathering through to the Agrarian Revolution, followed by the Industrial Revolution, the

World Wars and now the Technological Revolution, it is notable that HRM has gained a more strategic status. In the early days the value of people was based on their exploitability, hence slave-master relationships and worker-boss interactions existed (Swanepoel, 2014:45). The development of management science through the work of theorists such as Taylor, Fayol and Weber began to bring change into the field of management. The remarkable contributions of the Hawthorne experiments introduced the human side of the field of management. This subsection has taken a snapshot of the meaning and nature of the concept of strategy. The subsection below shows how the concept became embedded in HRM to create strategic HR practices. For completeness, strategic HR is discussed juxtaposed with traditional HRM.

2.3.2 Traditional human resource management and strategic human resource management

Based on earlier arguments, one can comment that the paradigmatic shift in HR roles to a more strategic orientation has come with the quantification challenge of measurements and metrics. Paradoxically, however, research on the strategic roles has not been complemented well enough by the relevant measurements and metrics for those roles. It is observable that the key element in the development of HRM has been about its role. Notably from a narrow traditional role of filing, hiring and firing to a value adding role, which involves providing strategic advice and implementing policies that make a strategic impact within the organisation. Even though a need for a robust HR measurement and metrics systems has been noted, there is not much scholarly work to support and complement the need. In a paper on HR benchmarking, Hussain and Murphy (2013:23) claim that in the past, 'HRM was viewed as an administrative function where decision making was based on prior experience, feelings and intuition.' In line with the shift from administrative roles to a strategic function, HR metrics communicate the data that is required for strategic change. Recently, some writers such as Armstrong (2009) distinguished between HRM and human capital management (HCM). According to Armstrong, the concept of HCM is a far more advanced perspective of HRM, which is premised on the treatment of people as valuable assets rather than as variable costs. In this view people's knowledge and skills create the intellectual capital that organisations may use to gain a competitive advantage. HCM involves obtaining, analysing and reporting on data that informs the direction of value-adding people management, strategic, investment and operational decisions at corporate level (Armstrong, 2009:66).

Consequently, the HCM perspective involves the collation, reporting and analysis of HR data, measurements and metrics.

Table 2.2 below shows the distinction between traditional and strategic HR roles and functions. A look at the table, which compares traditional and strategic HR roles may suggest that the strategic roles are more analytical and demand high levels of critical thinking skills, which quantification systems, measurements and metrics can enhance.

Table 2. 2: Traditional versus strategic HRM

Focus	Traditional HRM	Strategic HRM
View or organisation	<ul style="list-style-type: none"> o Micro o Narrow skill application 	<ul style="list-style-type: none"> o Macro o Broad skill application
Critical skills	<ul style="list-style-type: none"> o Organisation o Administration o Compliance o Transactional o Tactical 	<ul style="list-style-type: none"> o Strategic o Planning o Diagnostic o Analytical (metrics) o Consultative
View of employees	<ul style="list-style-type: none"> o Headcount o Cost based o Exploitable resource 	<ul style="list-style-type: none"> o Contributors o Asset based o Critical resource
Planning outlook	<ul style="list-style-type: none"> o Short term o Low risk o Traditional: utilises tried-and-true approaches 	<ul style="list-style-type: none"> o Long term o High-risk o Experimental: tries novel approaches
HR systems and practices	<ul style="list-style-type: none"> o Routine, traditional o Reactive o Responds to stated needs 	<ul style="list-style-type: none"> o Adaptive, innovative o Anticipatory, proactive o Recognised unstated needs
Education and training	<ul style="list-style-type: none"> o Traditional HR generalists and specialists o Other specialities 	<ul style="list-style-type: none"> o Business acumen o Comprehensive HRM body of knowledge o Organisational development

Source: Mathias and Jackson in Grobler and Warnich (2012:89)

The relevance of the above Table cannot be doubted if one considers that this study sought to determine HR metrics that measure strategic variables. The Table shows that strategic HRM has a macro view with diagnostics or analytics (metrics) as critical elements of it. In addition, people are seen as critical resources or assets rather than as costs. The Table reaffirms that HR metrics are a critical component of strategic HRM. HR metrics have a notably long history but critics have noted that where specific metrics exist, they do not measure what matters most. According to Carlson and Kavanagh (2012:153), measures to capture the effectiveness of an organisation's employees can be traced to the days of scientific management (Taylor, 1910) and industrial and organisational psychology (Munsterberg, 1913). At this time the concept of 'strategy' was not yet notable in management literature. The measures developed at this time were

mainly measures, which concerned effectiveness and efficiency. Through the experiments and observations that Taylor conducted at the Bethlehem steel company, in particular on the loading of pig iron into a rail car, Taylor laid the foundations for modern HR measurements and metrics. His work, however, did not establish any clear formulae or metrics. The philosophy of his work was based on the need for increasing efficiency. To him, measurements should focus on production processes while the purpose of these measurements should be to find the most optimal and economic 'best method' of doing a job. It may be argued that a major reason why his measurements focused on production processes is that they were done by operations managers. The literature does not indicate the presence of HRM as a profession at that time. Now that a distinction has been made between traditional HRM and strategic HRM in this section, it should be noted that strategy can be seen both as a theoretical concept and as a set of actions. Various strategies exist in practice. The subsection that follows discusses types of HR strategies.

2.3.2.1 Types of human resource strategies

The entry into human resource management literature of the strategy concept has manifested itself in the development of the field of Strategic Human Resource Management (SHRM). This is a fairly recent concept that focuses on the strategic role of HRM within organisations. Walker (1980) is one of the earliest scholars in this field. In his book on HR planning, Walker (1980:81) argues that HR has the capacity to influence the attainment of an organisation's strategic objectives through "cost economics, capacity to operate effectively and capacity to propel change in the organisation." He also argues that HR issues should be considered in the formulation of business plans. In an analysis of the development of SHRM, Truss *et al.* (2012:87) reviewed the perspectives of a number of authors and found out that at one time there was confusion between the meaning of HRM and that of SHRM, but a general agreement later emerged that HRM is a function within the broad function of SHRM. According to Salamon, Storey and Billsberry (2005), "there is a fundamental paradox at the heart of any attempt to define or otherwise engage with SHRM...it is virtually impossible to define SHRM." However, Becker and Huselid (2006) note that:

"The field of HR strategy differs from traditional HR management in two important ways. Firstly, SHRM focuses on organisational performance rather than individual performance. Secondly, it emphasises the role of HR management systems as solutions to business problems (including positive and negative complementarities) rather than individual HR management practices in isolation.

But strategic means more than systems focus or even financial performance. Strategy is about building sustainable competitive advantage that in turn creates above-average financial performance. The simplest depiction of the SHRM model is a relationship between a firm's HR architecture and firm performance.”

The literature on strategic management has a multitude of HR strategies, approaches and perspectives, some of which are shown in the Table below from Armstrong (2009). Later sections in this Chapter review empirical studies on HR's impact on firm level strategic necessities. It will be shown that these strategies are empirically supported and involve combinations of HR practices about which the literature is not unanimous.

Table 2. 3: Types of HR strategies

HR strategy	Explanation
High commitment HR strategies	Wood (1996) cited in Armstrong (2006:34) define this strategy as a set of management practices that are aimed at eliciting employee commitment so that “employees’ behaviours are self-regulated rather than controlled by sanctions and processes. In the study of McClean and Collins (2011) high-commitment HR practices positively relate to firm performance.
High involvement strategy	When following the high involvement strategy, management seeks to give employees a sense of ownership in the organisation by facilitating their treatment as partners in the enterprise whose interests and contributions are taken as valuable (Armstrong, 2006:35)
Best fit strategy	Defined by Boxall and Purcell (2002:186) as the “...appropriate integration of HR strategy with an organisation’s context and environment.”
Best practice strategy	This is the strategy that involves implementing a set of practices that are known or believed to give significant benefits (Pfeffer, 1998)

Source: Armstrong (2006)

In their study of the traditionalism inherent in HRM, Boudreau and Lawler (2014) remarked that there have been many arguments, which point to HRM as a key strategic issue, but there have not been adequate research in support of this argument. HRM has made progress in transactional roles and efficiency functions, but not in strategic functions (Boudreau & Lawler III, 2014:233). The kind of argument that runs throughout this study is based on the supposition that if HR professionals should perform their new role as key strategic partners, like accountants or marketing professionals, they should provide specific data, measurements, figures and forecasts about HR functions for decision making. This is the crux of HR metrics. Executive teams want to know the

operational impact or return on investment of HR programmes and activities (Lee, 2011: 410).

Where there are many views about a phenomenon, the study of these views as schools of thought helps to manage them and create order. The previous sections simply sought to reiterate the meaning and nature of strategy, in general, and HR strategy, in particular. The section that follows discusses schools of thought on the strategic role of HR variables. Now that the meaning of strategy is clear, the sections that follow broaden the available knowledge by showing the rich scholarship on strategy, similarities and differences among the scholars. Thus, the next section focuses on the need to identify strategic HR factors. It was mentioned early in this report that the study is composed of two key components: (1) identifying strategic HR factors or variables; and (2) identifying factors to determine strategic HR metrics. The schools of thought discussed below, therefore, form the first component by providing various views and perspectives on strategic HR variables.

2.4 Schools of thought on the strategic role of human resource variables

While there are a number of perspectives and schools of thought on the strategic role of HR variables and factors, the generation and use of appropriate HR measurements and metrics have been problematic. Becker, Huselid and Ulrich (2001:1) support this claim when they mention that “HR’s influence on firm level performance is difficult to measure.” Moreover, the measurements that are available have been notably disconnected from the strategic matters. While research has shown a number of HR factors to be of strategic importance, research on metrics to measure those factors have been lagging behind. Becker *et al.* (2001:30) call this, ‘the metrics challenge,’ and propose that to integrate HR into a business performance measurement system, managers must identify the points of intersection between HR and the organisation’s strategy. The strategy perspective has brought with it a number of other perspectives, approaches and paradigms to the role of HRM within organisations.

Table 2. 4: Summary of HR roles

Authors	Operational(tactical roles)	Strategic roles
Legge (1978)	1.Conformist innovator 2. Problematic solver	3.Deviant innovator
Tyson and Fell (1986)	1. Clerk of works 2. Contracts manager	3. Architect
Storey (1992)	1. Regulators 2. Handmaidens	3. Advisors 4. Change makers
Ulrich (1997a)	1. Admin expert 2. Employee Champion	3. Change agent 4. Strategic partner
Ulrich and Brockbank (2005a)	1. Employee advocate 2. Functional expert	1. Human capital 2. Strategic partner 3. HR leader
Caldwell (2001)	1. Adapter 2. Consultant	1. Synergist 2. Champion

Source: Truss *et al.* (2012:68)

HRM research and theory have promoted the move of HRM in the direction of becoming more strategic (Abbott *et al.*, 2013). Some of the most prominent advocates of the strategic role of HRM include Ulrich (1998); Ulrich and Brockbank (2005) and Ulrich, Younger, Brockbank, Johnson and Sandholtz (2008). Ulrich (1997) created a model, which shows the HR manager as a strategic partner, change agent, administrative expert and employee champion. These roles were later amended in Ulrich and Brockbank (2005) in which the HR manager is seen as an HR leader whose main roles are: human capital developer, employee advocate, functional expert and strategic partner. The latest model by Ulrich *et al.* (2008) advances the strategic school of thought by splitting the role of HR into business roles and people roles. In the model, the roles of HR are organised into levels: relationships (credible activist); systems and processes (operational executor and business ally); and organisational capabilities (talent management or organisational designer, culture and change steward and strategy architect). The inference that can be drawn from this discussion is that strategic HR variables are based on the kind of role that the HR function has within an organisation. It is clear that an organisation that sees its HR manager as an administrative expert widely differs from that, which sees its manager as a business partner. To add more, general logic also implies that strategic HR should make organisational level impact. In other words, there should be a link between

certain HR factors and organisational success, and those HR factors, which form this link are arguably strategic.

The literature on the HRM-firm performance relationship forms part of a group of studies of which HR factors are significantly associated with the paradigmatic shift of the role of HR from being a transactional function to being a strategic source of competitive advantage (Grobler & Warnich, 2012:39). Studies on the HR practices and firm performance relationship are in line with the 'best practices' paradigm, which has been supported by evidence from numerous studies. Grobler and Warnich (2012:42) grouped approaches to the studies on this relationship into three, namely the universal approach, the contingency approach and the configurational approach. These approaches have been identified by several scholars on HRM research. For the purpose of this study, these approaches are seen as schools of thought.

2.4.1 The contingency (best fit) school of thought

The contingency theory, which was made popular by the works of Kochan and Barocci (1985), Schuler and Jackson (1987) and Delery and Doty (1996) stipulates that conditions, which arise in organisations necessitate the requisite remedies (Watson, 2009). While this study appreciates the ideas of the contingency school of thought that management decisions are situational and depend on various factors, which may be unique from one organisation to another, it assumes that if the HR profession should have standards like other professions then the best practice view is vital. Kaufman (2010:287) describes the contingency school of thought as follows: "This perspective maintains that the relationship between HRM practices and performance is moderated by various contextual factors external and internal to the firms." According to Armstrong (2006), the best fit school of thought is founded on the belief that the starting point of any strategic issue is the needs and the context of the business. Abbott *et al.* (2013) advocate for the contingency school of thought in their research on the contribution of the human resource function to human development. One of the observations that they made was that HR practices should be tailored to suit local conditions. Based on their study, they concluded that strategic HR functions should consider both the company context and the wider social context. In making such an argument, like other scholars, they also did not provide how such a proposition can be measured.

The contingency school of thought is not prescriptive on standard metrics. Hence it leaves it up to organisations to study their context and to set contextually relevant standards rather than best practices. Measures (according to the contingency school of thought) must have a context (Lawler III, Ulrich, Fitz-enz& Madden, 2004:50). Studies of HR metrics, following a contingency philosophy, have investigated the most commonly used HR metrics. The problem with such an enquiry is that it lacks the creativeness and the innovativeness, which are required to inspire change in organisations. The second school of thought is discussed in the next subsection.

2.4.2 The universalistic (best practice) school of thought

According to Truss *et al.* (2012:89), the universalistic approach asserts that there is a “one best way” of managing people, which is applicable to all organisations. In HRM scholarship it is observable that this is one of the oldest schools of thought that emanates from the scientific school of management. Universalistic approaches to HR practices are found in the works of Pfeffer (1994), Pfeffer (1998), Huselid (1995) and Delery and Doty (1996). Pfeffer (1998) analysed various studies, related literature, observations and his experience to develop a set of seven HR dimensions that characterise successful organisations. His findings revealed that these practices are: employment security, selective hiring of new personnel, self-managed teams and decentralisation of decision making as the basic principles of organisational design, comparatively high compensation contingent on organisational performance, extensive training, reduced status distinctions and barriers, and extensive sharing of financial and performance information.

2.4.3 The configurational school of thought

This school of thought holds that the relationship between HRM practices and performance is moderated by interactions among the individual HRM variables (Kaufman, 2010:290). The interactions among the individual HRM practices and systems provide a fit (both vertical and horizontal), which contributes to strategic success (Grobler & Warnich, 2012:43). Further explanation is provided that the concept of ‘fit’ is twofold as follows: horizontal fit is defined as the internal consistency of the organisation’s HR policies and practice, while vertical fit is explained as the congruence of the HR system with other organisational characteristics such as company strategy (Grobler & Warnich,

2012:43). Scholars who have analysed trends in HRM literature have observed that HRM research has been based on these three schools of thought. From these three schools of thought the universalistic school seems to suit the development of HR metrics and standards.

One puzzle in determining factors to establish strategic HR metrics is to figure out whether the metrics should measure single or multiple factors. This question makes the following subsections relevant, as they discuss the literature on multiple HR factors making a combined organisational level effect and single HR factors, which impact on organisational success.

2.4.4 The multiple variable school of thought

According to Wright and Boswell (2002), strategic aspects of HRM operate on a macro level as opposed to a micro (meso) level, which is based on individual operational areas. In their analysis they identified two areas of research on HRM practices at a macro level, namely the study of multiple practices as they affect firm level performance (strategic HRM, industrial relations and high performance work systems-HPWS), and the study of isolated single HRM practices as they affect firm level performance.

Now that the interpretation of multiple HR factors and single HR factors have been provided, the following sections are more specific regarding which multiple HR variables have been found to have a strategic role for organisational success. It is shown in the ensuing sections that there are various empirical studies, which have been conducted in this area. This is a relevant part of this study in line with what has already been observed, namely that if HR metrics should be credible and strategic, then they should measure what is of most importance to organisations. The sections that follow are quite specific in this regard.

2.4.4.1 Strategic multiple human resource practices

There is significant literature on this. Most of the research refers to HR practices as high performance work systems (HPWS). As acknowledged by Wright and Boswell (2002:251), Huselid's (1995) study on the relationship between HR practices and corporate finance became the seminal and most cited work on HPWS. Other most

notable studies were conducted by MacDuffie (1995); Delery and Doty (1996); and Huselid, Jackson and Schuler (1997). According to Cascio (2005:17), a substantial amount of research has been conducted on the relationship between productivity and HPWS. Huselid's (1995) studies demonstrated a set of HR practices (HPWS), which were related to turnover, profits and firm market value (Wright *et al.*, 2005). Since the introduction of HPWS, widespread studies have been conducted to support the idea of HPWS and to offer new perspectives, for instance, MacDuffie (1995) argues in favour of the concept of HR bundles that compliment organisational performance, while Pfeffer (1998) proposes some HR best practices. Interest in HPWS and HR best practices has led to similar research studies being conducted across countries such as Korea (Bae & Lawler, 2000), China (Tang, Wang, Yan & Liu, 2012), Russia (Fey & Bjorkman, 2001), and India (Singh, 2000). In Africa, however, no notable research has been conducted on HPWS. The literature, however, does not agree on which HRM practices correlate with corporate performance even though there are notable patterns on certain common areas, which were identified in the studies. Some studies have also investigated different HRM concepts, systems and themes that correlate with high performance. Wright and Boswell (2002:253) note that there is consensus, which emerges around the conceptual categorisation that yields high firm performance. These conceptions are employee skills (practices that aim to attract and develop the skills of the workforce), motivation (practices that elicit high motivation) and empowerment (practices that enable employee voice and influence).

In a meta analytic study of how HRM influences organisational level outcomes, Jiang, Lepak, Hu and Baer (2012) acknowledge that scholars do not concur on which HR practices constitutes HPWS. The literature generally agrees that HPWS involves HR practices that work as systems, which complement one another, but the impact of the individual practices that make these systems is not equivalent. Studies of HPWS are actually based on the premise that HRM practices have a cumulative effect rather than an individual impact (Subramony, 2009). Systems and bundles of HR practices have been found to influence performance. Macduffie (1995) separated innovative HR practices (work teams, problem solving groups, job rotation, decentralised quality related tasks and employee suggestions) from traditional practices; Ji, Tang, Wang, Yan and Lin (2012) distinguished between collective-oriented HRM practices (collectivism in recruitment, training, evaluation, reward and compensation) and ordinary HR practices; Bartel (2004) mentioned three dimensions of HPWS, namely high skills, opportunity to

participate, and effective incentives. The literature is actually divergent, wide and not conclusive on which HR variables, practices, bundles and systems have the most significant influence on firm performance. An attempt to summarise these practices through a meta-analysis by Subramony (2009) resulted in the identification of three HRM bundles: (1) empowerment-enhancing bundles; (2) motivating-enhancing bundles; and (3) skill-enhancing bundles. According to this classification, empowerment-enhancing bundles include employee involvement, formal grievance procedures, job enrichment, employee participation and self-managed teams, while motivation-enhancing bundles include formal performance appraisal, incentive plans, linking pay to performance, opportunities for internal career mobility, healthcare and employee benefits. Conversely, skill-enhancing bundles include job descriptions generated through job analysis, job based skill training, recruitment for the ability of a large pool of applicants and structured personnel selection. The study of what constitutes HPWS is still unclear and might need more examination.

The need for metrics and measurements can be inferred from the comments made by various scholars on the relationship between HRM practices and firm performance. Standard metrics, if developed, are capable of showing the impact that HR factors make on the bottom line, facilitate benchmarking, forecasting and promote strategic improvements. Even though studies in many countries on the HRM-firm relationship have found correlation between HRM practices and firm performance, there is an absence of evidence for causality between the two variables (Katou & Budhwar, 2009; Wright *et al.*, 2005). Such evidence can best be provided by a system of metrics and measurements, which relate HR factors and firm performance. This has resulted in debates about whether HR practices have a direct business case or are mediated by some factors. Katou and Budhwar (2009) also mention the lack of clarity on the possibility of reverse causality within the HRM-firm relationship. The argument of 'reverse causality' is based on the likelihood that high firm performance can result in a positive impact on the HR practices. Indeed, this area remains grey within the literature. The following paragraphs provided details of the variable measurement techniques that researchers of the HRM-firm performance relationship have used.

The HRM-firm performance relationship is based on studies of HRM variables as predictors of firm performance. HRM practices form the independent variables of the studies, while firm performance is the dependent variable of such studies. Methodologies

used by researchers to investigate the HRM-firm performance relationship can basically be grouped into two: (1) those that are based on a single regression model in which changes caused by HRM variables are analysed; and (2) those that group HRM practices into systems and then correlate each system with measures of firm productivity. Researchers who group HRM activities into systems normally have one system that is regarded to be made up of 'best practices,' while the other systems lack some of the practices (Arthur, 1994; Bae & Lawler, 2000; Fey & Bjorkman, 2001; Lin, 2012; Messersmith & Guthrie, 2010; Ichniowski, Shaw & Prennushi, 1997). Conversely, research that are based on single regression models normally involve the use of an index (for example the Human Capital Index) that sums up all HR practices into a single value and compares it with the productivity measure (for example Wyatt, 2001). These models have shown significant relationships between HRM practices and firm performance. In these studies, R^2 is often used to determine the quality of multiple regression analysis (Stolzenberg, 2009:177).

Measurements of firm performance in the literature include both financial and non-financial performance (Huselid, 1995; Hurmelinna-Laukkanen & Gomes, 2012;). Singh (2000:7) states that corporate financial performance is often measured by using indicators such as Price-Cost-Margin (PCM), Return on Capital Employed (RoCE), Return on Net Worth (RoNW) and share value. Another measure of firm performance found in the literature is labour productivity, which is often measured by considering employee outputs (MacDuffie, 1995; Bartel, 2004).

Armstrong (2006:21-23) provides a list of research studies that have been undertaken to investigate the link between HR practices and organisational performance. Table 2.5 below provides a summary of the findings.

Table 2. 5: Outcomes of research on the link between HRM and organisational performance

Researcher (s)	Outcome
Arthur (1990; 1992; 1994)	Firms with a strategy of high commitment to HR matters had significant higher levels of both productivity and quality than those with a control strategy
Huselid (1995)	Productivity is influenced by employee motivation; financial performance is influenced by employee skills, motivation and organisational structures
Huselid & Becker (1996)	Firms with high performance values on HR systems index had economically higher levels of productivity
Becket et al. (1997)	High Performance Work Systems (HPWS) make an impact as long as they are embedded in the management infrastructure
Patterson et al. (1997)	HR practices explained significant variations in profitability among organisations
Thompson (1998)	HR practices were linked to organisational success

Source: Armstrong (2006)

Another review of the business case for standards or best practices is provided in Ingham (2007:65-81), as shown in Table 2.6 below.

Table 2. 6: Review of the HRM-firm performance relationship

Researchers	Findings
Guest et al. (2000)	There are some basic people management practices that generally contribute to organisational performance
Purcell et al. (2002)	Dissatisfaction with existing HR policies has a greater demotivating effect than the absence of the same HR policies
West et al. (1997)	Identified some management actions that were significant predictors of both change in profitability and change in productivity (acquisition and development of skills and design)
Wyatt (2002)	There is a link between companies' Human Capital Index (HCI) score and their market value
Pfeffer (1998)	Identified seven dimensions of people management practices that improve organisational performance differences and sharing information

Source: Ingham (2007:65-81)

As shown in the findings from the research studies, a positive relationship has been observed between some HRM practices and firm performance. These are the strategic HR practices that this study is focused on. Research on HPWS has established groups

or bundles of HR practices that have a strategic role for an organisation. Taking the idea of multiple HR practices on one side, the other side is that of single HR practices that have strategic impact. The section below takes the study to the single variable school of thought. In analysing the single variable school of thought, this study is strengthened by showing those single HR practices that have a strategic role. Such identification will suggest that HR metrics should measure those single practices that have strategic impact.

2.4.5 The single variable school of thought

The study of single variables, which directly affect firm performance has also received attention in the literature. Studies such as 'most critical HR functions' or 'functions on which HR personnel spends most of their time on' have also received wide attention. Most of these studies have been conducted in the form of major global or international surveys. As mentioned earlier, these studies are part of the micro level of analysis of HRM. Wright and Boswell (2001) assert that the micro perspective can be on an organisational level or on individual levels: that is, functional studies can inquire about relationships between a certain HR function and its impact on an individual, or they can inquire about the relationship between a certain isolated HR function and the performance of the organisation. The following sections review some of the major published studies.

There have been some major global and international surveys, which probe top HR practices that businesses require today. The relevance of these surveys to this study is that their results have provided a ranked list of the most critical HR factors. If one abides by this school of thought then one would argue that HR metrics should measure those particular issues that have been identified as critical.

2.4.5.1 Studies by the Institute for Corporate Productivity (i4cp)

A study in the form of a survey, which was conducted by the United States based Institute for Corporate Productivity [i4cp] (2013) on the top 10 human capital critical issues identified the ten issues, shown in Table 2.7 below which are ranked in descending order of importance.

Table 2. 7: The overall top 10 critical issues for 2013

1. Managing/coping with change
2. Managing organisational change
3. Knowledge retention
4. Workforce analytics
5. Strategy execution/alignment
6. Embracing change in the current culture
7. Measuring human capital
8. Performance management
9. Succession planning
10. Leadership development

Source: i4cp (2013)

The i4cp is a US based company that succeeded the Human Resource Institute (HRI). To arrive at the top 10 human capital issues shown in Table 2.7, i4cp, in collaboration with the American Management Association (AMA) and the Training Magazine, analysed 1030 responses from 642 organisations with 1000 employees or more.

Of these issues that the i4cp (2013) reported, six of them (managing or coping with change, knowledge retention, strategy execution/alignment, performance management, succession planning and leadership development) have been on the list for the past four years (since 2009). This has been interpreted to mean that they are highly critical or HR managers have not attended to them. The fact that issues, which relate to change management are on top of the list reinforces arguments raised in the contextualisation section that the changing workforce, global competition, advances in information technology, new knowledge, and demands for sustainable performance, have implications on the HR value proposition (Boudreau & Lawler III, 2014). HR has to adapt and offer value to stakeholders in the changing environment.

The i4cp (2014) study on the top 10 critical human capital issues identified the same issues as those from the 2013, study but with a reshuffled order, as shown in Table 2.8 below.

Table 2. 8: The overall top 10 critical issues for 2014

1. Leadership development
2. Succession planning
3. Managing/coping with change
4. Knowledge retention
5. Strategy execution/alignment
6. Managing organisational change
7. Coaching
8. Talent shortages in critical areas
9. Embracing change in the current culture
10. Performance management

Source: i4cp (2014)

The 2014 i4cp study analysed responses from 1400 executives from organisations with more than 1000 employees around the globe. A limitation of both the i4cp 2013 report and the i4cp 2014 report, with respect to this study, is that the sample that was analysed was composed of large organisations with more than 1000 employees. As noted in Chapter One, this study is based on the hospitality industry, which is highly fragmented and comprises of a myriad small organisations. In addition, the i4cp is a human capital development institute in the USA and as a result the results of its studies might not address some of the South African issues that were mentioned earlier on in Chapter One. Such issues include the high unemployment rate, social inequalities and labour conflicts, as noted previously. The implication of the results of the i4cp study, however, is that the identified top 10 issues are of strategic importance. Therefore, HR metrics would have relevance and credibility if they focus on these issues. While the i4cp report highlights the top 10 critical areas, which HR metrics might focus on, the reports do not give the specific HR metrics that companies can use to track and manage them.

The question of what strategic HR metrics are, is not directly addressed in the literature. While surveys such as the ones conducted by the i4cp have been done to establish the most highly rated skills, there have also been research studies on key HR areas that HR managers spent most of their time on. Such surveys can help to provide an indication of HR areas and skills that organisations require most, or that are frequently in use. An assumption becomes inherent that such HR issues and skills can be considered as being strategic.

2.4.5.2 The Global Human Capital Trends 2014 Report

In a study of the top 12 global human capital challenges, Deloitte (2014:10) classified the 12 critical human capital trends that organisations face today into three areas. These ‘three key areas for strategic focus’ are: leadership and development; talent attraction and engagement; and transformation and engagement. To arrive at their results, Deloitte (2014) surveyed 2,532 businesses and HR leaders in 94 countries around the world. The results of the survey were also categorised in terms of urgency. Figure 2.3 below shows the top 12 global trends categorised by urgency.

Very urgent	Urgent	Very important	Important
Leadership	Reskilling HR	Performance management	Workforce capability
Talent and HR analytics	Talent acquisition and access	Retention and engagement	Diversity and inclusion
	Overwhelmed employee	Global HR and talent management	Learning and development
	HR technology		

Figure 2. 3: Global trends categorised by urgency
Source: Deloitte (2014:8)

A comparison of Deloitte’s (shown above) critical human capital trends and that of i4cp (2014) shows some similarity among issues that were raised in these studies, especially with respect to leadership development, performance management and talent management. While concluding its report, Deloitte’s (2014) recommendations are evident from the remark cited below:

‘Our global survey shows that 81 percent of large organizations (10,000 employees or more) report that implementing an HR global operating model is “urgent” or “important” today. This urgent need aligns with our research into ways to create a high-impact HR operating model that combines global with local optimisation. Key features of this model include: implementing a global technology platform that provides common HR standards, frameworks, and tools; empowering local teams to innovate and to customize corporate programs; defining HR success not simply in terms of cost-cutting, but by HR’s ability to drive business performance and growth’ (Deloitte, 2014:141).

The remark above is consistent with previous discussions in Chapter One of this report, where the researcher argues that in order to optimise global strategic HR issues, local issues, specifically within the South African context, had to be understood. The Watson Wyatt study, which is summarised below, provides the percentage contribution of certain HR practices to market share. The implication of this is that the HR practices that have

the largest impact on market share are more strategic. Essentially, strategic HR metrics should measure what is important for the organisation.

2.4.5.3 The Watson Wyatt 2001/2002 study

The Watson Wyatt 2001/2002 human capital index survey was undertaken over a period of three years and involved countries from North America and Europe. The study identifies 49 specific HR practices that play the greatest role in creating shareholder value. This study is unique, since it established the percentage contribution of HRM practices, as shown in Table 2.9 below.

Table 2. 9: Key links between human capital and shareholder value creation

HR practice	Impact on market share
Total rewards and accountability	16.5%
Collegial, flexible workforce	9%
Recruiting and retention excellence	7.9%
Communications integrity	7.1%
Focused HR service technologies	6.5%
Prudent use of Resources	-33.9%

Source: Watson Wyatt (2001/2002)

Table 2.9 shows that reward management contributes to 16.5% of shareholder value, while a flexible workforce is capable of contributing 9% of the shareholder value. These findings can be argued to show that reward management is a strategic HRM practice. The Society for Human Resource Management conducted a study which is described in the section below. The study aimed to find out to what extent HRM functions were critical to the organisation's strategy. The relevance of the findings of this study is based on the argument that strategic HR metrics should measure what is critical within an organisation. Therefore, the results of the Society's study provide some possible HRM practices, which are highly critical to organisations and can be used for the development of strategic HR metrics.

2.4.5.4 Study by the Society for Human Resource Management

As part of a survey to investigate HR's evolving role within organisations and its impact on business strategy, the Society for Human Resource Management [SHRM] (2008) collected data about HR functional areas that are most critical in contributing to the current strategy of organisations. Table 2.10 below shows the results of the collected data.

Table 2. 10: Criticality of HR functions to organisational strategy

HR function	Criticality to strategy
Staffing/employment	52%
Training/development	29%
Employee benefits	29%
Employee relations	27%
Strategic planning	27%
Administrative/transactional	18%
Change management	17%
Compensation	15%
Organisational development	15%
Legal compliance	13%
Communications	10%
Workforce planning/forecasting	10%
Human resource information systems (HRIS)	10%
Health, Safety, security	9%
Diversity	8%
Labour/industrial relations	7%
HR metrics/measurement data/ return on investment	6%
EEO/Affirmative action	5%
International HRM	3%
Research	0%
Other	1%

Source: SHRM (2008)

Despite ranking the HR functional areas in terms of their contribution to strategy, the study did not examine the reasons why certain functional areas were more critical than others. Hence, it was found that recruitment and training were the top two HR functional areas with the highest strategic contribution. What remains unknown from their findings is the specific contribution of these areas to organisational efficiency, effectiveness and productivity.

So far this study has looked at the contingency school of thought, the universalistic school of thought, the configurational school of thought, and the multiple and single HR

practices schools of thought. One school of thought that is important in understanding the strategic role of HR is the resource based view (RBV). The view firmly holds that people are a source of competitive advantage. The section below describes the RBV school of thought in more detail.

2.4.6 The resource based school of thought

The strategic value of people today is based on the acceptance that all other sources of competitive advantage have become less important (Pfeffer, 1994:4; Ulrich & Brockbank, 2005:6). The view that people are a strong source of strategic competitive advantage is well embedded in the RBV theory. From strategic management literature, the RBV theory explains how HRM can add value to the organisation. The relevance of the RBV theory to this study is particularly informed in the propositions by Boudreau (1997), which have been mentioned in the previous section. Boudreau (1997) also argues that the RBV of the firm has gained increasing popularity as a way of articulating the strategic relevance of human factors within organisations. A brief description of the RBV theory is found in Kachru (2005:28) who state that the RBV theory originated from the 'Dynamic Capability' School of thought of Hamel and Prahalad, but its modern interpretation has roots in Edith Penrose's work in the 1950s. Further explanation is proposed to show that the RBV theory was introduced to the field of Strategic Management in the 1980s. The theory is based on the concept of economic value and economic rents, derived from valuable resources (Kachru, 2005:28). In one of his first articles on the RBV, Barney (1991) exposed the fundamental axiom of the RBV theory that a firm is a bundle of tangible and intangible resources, which are sources of sustainable competitive advantage. The following are attributes of the resources of a firm that are capable of fostering sustainable competitive advantage: the resource must be valuable in the sense that it exposes opportunities and/or neutralises threats in a firm's environment; the resource must be rare among a firm's current and potential competitors; the resource must be imperfectly imitable, and there cannot be strategically equivalent substitutes for this resource.

The first axiom of the RBV theory, the axiom of 'value' has also been identified by many researchers as well and is related to Strategic Human Resource Management (SHRM). According to Huselid *et al.* (2005:12), human capital will have greatest value when it provides benefits to organisations, and these benefits take the form of workforce behaviours that execute strategy. A further argument to that effect is that employee skills

and behaviours have a market value based on what they are worth to other companies, but their strategic value is based on the role that they play in the firm's strategy execution. A further proposition from Huselid *et al.* (2005:14) is that HR metrics have value if they make a strategic contribution to the whole organisation. This proposition advances the view that HRM, as a practice, and HR metrics compiled as part of HRM activities, have a strategic value that depends on their role within the strategy execution process.

2.4.5 Summary

Before moving on to the next Chapter, it is necessary to provide a summary of the schools of thought that this Chapter has reviewed. The analysis of the schools of thought began with the first key perspectives in HRM research: the contingency view, the universalistic view and the configurational view. From the contingency view it was found that what matters or what is strategic depends on the situation, which differs from one organisation to another. In contrast, the universalistic view holds that there are best practices that can be adopted by any organisation and that are of universal strategic importance. Conversely, the configurational view holds that it is the relationships among HRM practices that is of strategic importance to the organisation. This study is more inclined to the best practice view, because it holds that standard HR metrics can be created which any organisation can use in spite of its circumstances. The next schools of thought, namely multiple strategic variables and single strategic variables, have provided a number of empirical studies. The multiple HRM practice school of thought, as discussed in detail previously, claims that groups of HR practices (HPWS) are linked to organisational performance. Several research studies have been conducted and have validated this view. Researchers have, however, not concurred on a universal HPWS. Researchers have studied different practices. The school of thought on the strategic single HR practices believes that there are some HR practices that singly have a more critical impact than others. Several international and global surveys have been conducted to establish these practices. It is important to note that a key question for this study is the determination of the most strategic HR factors. No clear consensus can be found in the literature to provide an answer to the question. The next section focuses on HR metrics. It should be kept in mind that this study intended to uncover two main issues, namely (1) what are the strategic HR factors? and (2) how can metrics be developed for them? The literature review done so far is in line with the first element of this study.

CHAPTER THREE

HUMAN RESOURCE METRICS

“... a measure is only a representation of reality. That is, a measure is a way of capturing a concept, like speed..... There may be other ways to capture speed besides a speedometer used in your automobile. Airplanes and boats, for example, use different methods to capture the concept of speed (air speed, knots). There are also less formal measures, like my wife’s windblown hair measure while driving in our convertible.”

3.1 Introduction

The crust of this study, as mentioned in the first Chapter One is twofold. Firstly, it seeks to identify strategic HR variables and secondly to consider how the identified variables can be measured to generate strategic HR metrics. The previous Chapter reviewed available literature related to strategy, HR variables and strategic HR variables. In this Chapter, the second area of focus (that of considering existing measurement techniques) is considered. It commences with a discussion of the notion of ‘measurement in HRM’ followed by the available measurement techniques and attempts to deduce their adequacy.

3.2 Human resource metrics

HR metrics are the outcomes of HR measurements (Pease, Byerly & Fitz-enz, 2013:67). A metric is the actual reading on the measure at a given time (Schiemann, 2007). Standard HR metrics are key performance metrics, which are based on accepted definitions and measures. These standard HR metrics can be organisational, industry-wide or national norms on certain HR metrics, for example, the standard rate of absenteeism per year in a certain industry is 3% which is calculated by using an agreed formula.

When one considers asking: If staffing is a critical HR function, how do you measure an organisation’s level of staffing? In addition, which organisational level outcome is staffing linked to? Which organisational outcome is directly influenced by staffing, and how can we constantly track the staffing function as it affects a strategic organisational output? The essence of HR metrics is evident when considering questions such as the ones above. While a number of HR metrics can be found in the literature, they are not well tied to the organisational impact of related functions.

While advocating for a strategic HR architecture in their argument for an HR scorecard; Becker, Huselid and Ulrich (2001:4) state that ‘the most potent action HR managers can take to ensure their strategic contribution is to develop a measurement system that convincingly showcases HR’s impact on business performance.’ This strategic HR architecture will show how people in the organisation create value and how to measure the value creation process. Becker *et al.* (2001:8) further note that intangible assets have become a critical source of competitive advantage. To prove this they analysed trends in the US equity markets and found that the market value of firms to their book values had doubled in the last 10 years. This phenomenon was more pronounced on firms that strongly relied on intellectual capital as a source of competitive advantage. They concluded that organisations, which performed measurements that link business functions to business performance had a better perception in the market and a better market value.

HR measurements and metrics that are available in the literature are numerous (Armstrong, 2009:883) and fragmented relative to those in the Sciences or in disciplines such as Accounting. Critiques (Fitz-enz, 1997; Ingham, 2007; Boudreau and Ramstad; 2007) of the confusion in the HR measurements and the lack of standards have added their own contributions, thereby widening and deepening the crisis and creating vicious circles of best measurements and counter-best measurements. Kaplan and Norton’s (1992) balanced scorecard has been followed by Becker *et al.*’s (2001) HR scorecard and then Huselid, Becker, and Beatty’s (2005) workforce scorecard. While these methods are in use, several other measurements and evaluation techniques are also in use. Armstrong (2009:883-896) discusses measures such as HR Accounting, HR value models, HR cost benefit analysis, HR auditing, evaluation of HR intervention programs and employee attitude surveys. The work of Likert (1967) on likert scales, HR indexes, analytics and ratios all add to the plethora of methods that are available. Frameworks such as that of Boudreau’s (2007) HR decision science framework, Fitz-enz’s (2010) human resource analytics framework and standards such as those from the Saratoga Institute have all added to the mass of methods that are available.

Researchers such as Phillips *et al.* (2001), Cascio and Boudreau (2010), and Fitz-enz (2010) have written about the progression of HR metrics from simple to mature systems. Phillips *et al.* (2001:3), for instance, diagrammatically illustrate approaches to HR measurement from the 1960s to the year 2000. Their illustration shows the development

of HR metrics from simple Management by Objectives that were individual or departmental based to organisational measurement of HRM on return on investment. Conversely, the model of Cascio and Boudreau (2010:7) shows development of the metrics from efficiency measures through to measures of talentship. Fitz-enz (2010:9) believes that HR metrics evolve from transaction monitoring to predictive analysis. Cascio (2000:1) grouped HR measurements into three forms: behavioural measures, statistical measures and economic measures. These measurement groups provide a pointer to the content of strategic HR metrics. According to Cascio (2000:1), behavioural measures include measures of the reactions of the various groups (top management, HR specialists, applicants or trainees), statistical measures (include ratios, for example, accident frequency rate or severity; percentages, for example, labour turnover; measures of central tendency; and measures of variability and correlations). Strategic measures and metrics can be regarded as economic measures that measure the economic impact of HRM programs on the strategic direction of an organisation.

Table 3. 1: Proponents of HR measurements and metrics

HR measurement/metrics proponents	Models/postulates
Likert (1967)	Likert scales for measuring HR issues
Fitz-enz (1987)	How to measure HR functions
Kaplan & Norton (1992)	The balanced scorecard
Boudreau (1998)	Strategic HR metrics propositions
Becker, Huselid & Ulrich (2001)	The HR scorecard
Phillips, Stone & Phillips (2001)	HR scorecard and measuring return on human capital investment (ROI)
Huselid, Becker & Beatty (2005)	The workforce scorecard
Boudreau & Ramstad (2007)	The LAMP framework

Source: Author's construction

While the authors listed in Table 3.1 above are prominent in their work on HR metrics and measurements, their perspectives have not been integrated. Ulrich (2005:69) asserts that the value or utility of HR measurements lies in the measurement of outcomes or deliverables and not activities or 'doables.' However, Fitz-enz (2010:20) observes that there is a crisis in the measurement system concerning whether to prioritise measurement of 'processes' or results of measurement. Hence, the standardisation of HR metrics depends on concerns of value of the HR metrics and what the metrics should measure in order to give the maximum utility. Further to this dilemma, Huselid *et al.* (2005:15) recognise that some types of workforce performance are more valuable than others, but insist that HR has strategic value that is derived from its role in the execution

of strategy. This view resembles that of Kaplan and Norton (1996) in their scorecard when they argue that measures should be consistent with the strategy of the organisation. When considering the model of Robbins *et al.* (2009:7) on organisation behaviour, it is clear that the ultimate test for the impact of metrics in an organisation lies in impacting outputs such as productivity, turnover, absenteeism or job satisfaction. A point that deserves consideration about the literature was observed by Robbins *et al.* (2009:7) that most of the Southern African approaches to management are based on USA and western literature. There is, therefore, a need for more localised research studies.

Employee motivation, job satisfaction and work engagement are some HR factors that have received voluminous empirical study. The benefits of these intangibles of HR to employee performance and organisational success are well documented. If these intangibles of HR are so strategically important, then their measurement becomes important. There is a need, therefore, to consider metrics for these HR intangibles. The following sub section discusses the measurement of intangibles.

3.3 Measurement and metrics for intangibles

The outcomes of the HRM function are ultimately intangibles such as employee satisfaction, motivation, a high performance work culture, and work engagement. There has been increasing recognition of the role of 'intangible assets' in fostering a sustained competitive advantage for business. Perhaps one of the most notable advocates of this view is Pfeffer (1994). Indeed, Pfeffer (1994: 4) raises the argument that all other sources of competitive advantage have become less important than the workforce. Following up on this view, other prolific proponents of this perspective such as Ulrich and Brockbank (2005) who wrote about HR value proposition, and Huselid, Becker and Beatty (2005), who ushered in the concept of the workforce scorecard, have emerged and advanced the essence of human resources intangibles in enhancing competitive advantage.

A key distinction from the literature is the study of HRM practices and the study of intangible HRM outcomes. While HRM outcomes involve concepts such as employee motivation, engagement, cooperation, employee satisfaction, innovation and organisational citizenship behaviour (Katou & Budhwar, 2009), HRM practices include people resourcing, training and development, performance management, employee

reward management, employee relations and other HRM functional areas (Armstrong, 2009). These intangible outcomes of the HRM function normally falls under the field of organisational behaviour. The measurement of these intangible outcomes was made easier by the work of Likert Rensis who introduced the use of Likert scales. The Likert scales are often used as part of survey research designs to collect ratings about several intangible concepts. Major studies on the HRM-firm performance relationship have focused on the link between HR practices and firm performance rather than on HRM outcomes and firm performance.

There is a disconnection between what is measured and what is important. This is part of the extensive argument that Becker *et al.* (2001:30) have had regarding HR measurement challenges that organisations face. The solution to the metrics challenge lies in the identification of HR performance deliverables, which can be grouped into performance drivers and performance enablers. It has been noted that HR metrics have not been effective in demonstrating the business case for HR drivers. Figure 3.1 below shows that studies on HRM outcomes are a vital link between HRM practices and business performance variables. While a number of studies have been conducted on the intangible variables of HRM, no particular attempt has been made to set up a metric, which measures these intangibles (apart from the Likert scale style of measurement).

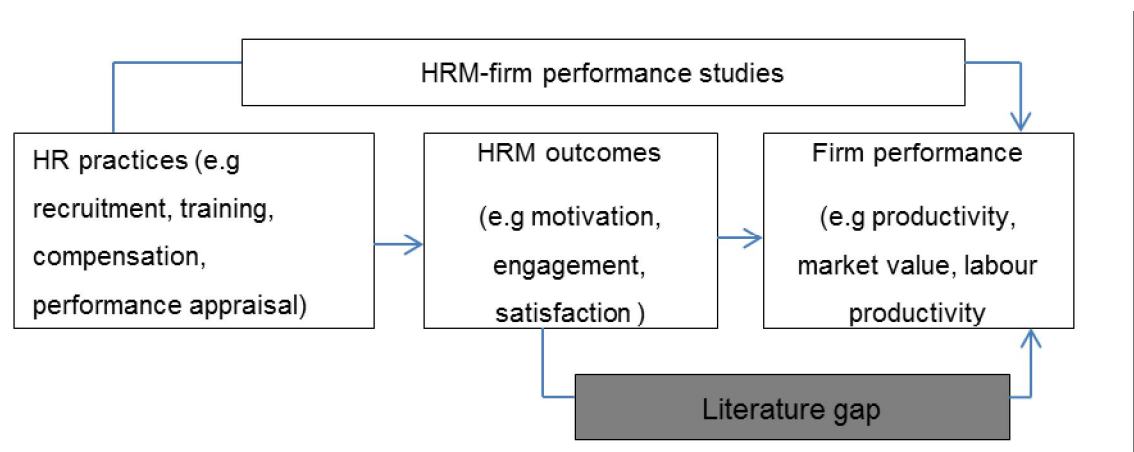


Figure 3. 1: The HRM-firm performance causal model
Adapted from: Katou and Budhwar (2009)

An apparent gap exists in HR literature, whereby most empirical studies on the HR-firm performance relationship have focused on the impact of HR practices and bundles on firm level performance, while no similar direct research studies on the impact of HR intangibles (motivation, satisfaction and engagement) on firm level outputs such as market share and competitiveness have been made. The impact of HRM outcomes (deliverables) on the financial performance of business organisations or simply on firm level strategic issues, has not received equal attention. In addition, the availability of HR metrics that empirically measure the impact of intangible firm HR outcomes on firm level performance measures is also limited. Table 3.2 below shows some studies that have been conducted on the impact of intangible HR outcomes on certain firm level variables. In these studies the HR concepts were found to be related to organisational level dependent variables.

Table 3. 2: Studies on the impact of intangible HR outcomes on firm level variables

Researcher	HR concepts (independent variables)	Organisational level dependent variable
Van Zyl (2010)	Employee remuneration gaps	Labour productivity
Van Zyl (2011)	Employee satisfaction	Labour productivity
Waal and Pienaar (2013)	Psychological capital	Work engagement
Sheepers and Shuping (2011)	Human resource practices	Psychological contracts
Mendes and stander (2011)	Leader behaviour	Work engagement
Goldenhuis and Venter (2014)	Meaningful work, work engagement	Organisational commitment
Van Zyl (2013)	Age-skill	Labour productivity
Stander and Rothmann (2010)	Psychological empowerment	Employee engagement
Castro and Martins (2010)	Organisational climate	Employee satisfaction
Takawira, Coetzee and Shreuder	Job embeddedness	Work engagement
McLaggan and Bezuidenhout (2013)	Leadership style	Organisational commitment
Chinomona, Dhurup and Chinomona (2013)	Job embeddedness	Job performance
Van Zyl (2011)	Informal employment	Productivity

Source: Author's compilation

So far the term 'HR metrics' has been in use and no particular example of these metrics has been provided. The section below considers one of the oldest set of HR metrics that have been popular in HR. At this point of the study it remains unclear what HR metrics should measure in order for them to be strategic.

3.4 Fitz-enz (1987) and the Saratoga metrics

Many of the HR metrics that are frequently used in organisations can be traced to the pioneering work of Fitz-enz and the Saratoga Institute. These metrics further developed through the efforts of the Saratoga Institute, the American Society for Personnel Administration and the Society for Human Resource Management (Carlson & Kavanagh, 2012). The metrics, however, have been criticised for not addressing the connection between HR factors and strategic organisational level outcomes. Table 3.3 below shows some of the HR metrics that appear on the Saratoga list of HR metrics.

Table 3. 11: HR metrics that appear on the Saratoga metrics list

Revenue per Employee
Expense per Employee
Compensation as a Percentage of Revenue
Compensation as a Percentage of Expense
Benefit Cost as a Percentage of Revenue
Benefit Cost as a Percentage of Expense
Benefit Cost as a Percentage of Compensation
Retiree Benefit Cost per Retiree
Retiree Benefit Cost as a Percentage of Expense
Hires as a Percentage of Total Employees
Cost of Hire
Time to Fill Jobs
Time to Start Jobs
HR Department Expense as a Percentage of Company Expense
HR Headcount Ratio—HR Employees: Company Employees
HR Department Expense per Company Employee
Supervisory Compensation Percentage
Workers' Compensation Cost as a Percentage of Expense
Workers' Compensation Cost per Employee
Workers' Compensation Cost per Claim
Absence Rate
Involuntary Separation
Voluntary Separation
Voluntary Separation by Length of Service
Ratio of Offers Made to Acceptances

Source: Fitz-enz in Carlson and Kavanagh (2012:154)

As shown above, these metrics do not address key business issues such as market share, customer satisfaction or customer retention. The use of computer technology and packages has also made it easier to use statistical and quantitative HR data. The section below briefly discusses the use of statistical techniques in HR analytics. While these techniques are helpful, they might be seen as too mathematical and mere numbers, figures and graphs that do not link with business objectives.

3.5 Statistical techniques and HR data analytics

In the past, quantitative and statistical techniques in HR measurements were not linked to business strategy. This observation reiterates what has been noted previously, namely that studies of HR metrics were often conducted without any link to the organisational strategy, resulting in a lack of appeal to top management.

According to Cascio and Boudreau (2011:14), HR analytics concerns drawing the right conclusions from data. The problem with these analytics and statistical techniques has been the lack of a clear link to business strategy; they have been too mathematical and sometimes too sophisticated to prove their worth in HR. Lee's (2011) publication of various statistical techniques to analyse HR data illustrates a number of techniques to analyse data. While Lee grouped HR data into employee records, performance records, operational data, job related information and survey data, the techniques to analyse the data, as well as predict various HR practices, concepts and systems, are discussed separately without reference to the organisational strategy.

3.6 Strategic human resource metrics

A particular focus of this study is the determination of HR metrics that are relevant to strategic benchmarking and decision making. This concept is explained in a number of scholarly works in the literature such as those of Huselid *et al.* (2005:15) who argue that the value of HR activities is based on the extent to which the activities make a contribution to strategy execution. Pfeffer and Sutton (2002:161) assessed the balanced scorecard based on the premise that the measures in it embody a theory of organisational performance. In addition, Ulrich *et al.* (2005:111) believe that good HR standards and measures should be aligned to organisational strategy. Another view that is in agreement with the above is that of Grobler *et al.* (2012) who postulate that effective

HR metrics have strategic HR deliverables that are of interest to executives. The strategic role of HRM has gained prominence in the literature, and the assumption held for this study is that HR metrics should have a strategic impact for them to add value to the business. Boudreau and Ramstad (2007:25) propose the idea that HR is evolving to a 'decision science,' which is characterised by data measurement and analysis aligned with its decision framework. The purpose of HR metrics is singled out by the SABPP (2013) as that of showing the impact of HR on the bottom-line of the business. Boninelli and Meyer (2004:96) believe that HR measures or metrics should include HR alignment measures, HR development measures, HR value creation measures, HR efficiency measures, HR business-impact measures and individual performance measures. A study in the United States by Gates (in Truss, *et al.*, 2012:151) found that common HR metrics that are in use are turnover, compensation, average workforce age, diversity, seniority, absenteeism and accident rates. Boudreau and Ramstad (2007:187) seemed to observe some form of a relationship between mathematics and HR decision making when they pointed out that many experts had asserted that HR would dramatically be improved, if only the profession would develop more or better numbers to provide evidence that HR investment payoff. HR measurements and data affect decisions that have a large impact on the sustainable strategic success of the organisation by working synergistically with decision frameworks. HR data, numbers and measurements can provide logic for decisions (Boudreau & Ramstad, 2007:188). Boudreau and Ramstad (2007) further argue that HR measurements can be a catalyst for organisational effectiveness through better talent and organisational decisions.

The question of what really constitutes strategic HR metrics has not been answered even up to this point of the literature review. One reason for this is the existence of varied perspectives and views on the matter, as has been seen so far. Another way of considering this question is to consider some classifications of HR metrics. Some sections of the literature advocate for hard HRM and thus hard HR metrics, while other sections argue for soft HRM and soft HRM metrics.

3.6.1 Hard (quantitative metrics) and soft (qualitative metrics)

Stone (2002:10) mentions that a distinction can be made between two types of HRM practices: instrumental (or hard) HRM and humanistic (or soft) HRM practices for strategic consideration. According to Stone (2002:10), the instrumental approach stresses the rational, quantitative and strategic functions of HRM, while the humanistic approach

emphasises that competitive advantage is achieved by employees with superior knowhow, commitment, job satisfaction, adaptability and motivation. This classification of hard and soft HRM is inconsistent with the ideals of the Chartered Institute of Personnel Development [CIPD] (2011). CIPD argues that there should be a balance of hard quantitative measures and soft non-quantitative metrics. Another popular classification is discussed in the section below.

3.6.2 Efficiency, effectiveness and strategic impact metrics

The CIPD follows the contingency school of thought, which argues that efficiency, effectiveness and strategic impact metrics should be based on the organisational context. In its tool to determine what strategic HRM variables and metrics should focus on, the CIPD (2011) set out a matrix to assess the areas in which HRM can make a strategic impact. The table below shows areas that should be considered.

3.6.3 The Chartered Institute of Personnel Development model to identify strategic human resource metrics

While the CIPD provides a model to identify strategic HR metrics, it does not specify these metrics since it follows a contingency perspective. The Tables below present the two models to identify the metrics.

Table 3. 12: Step 1 - In what areas can HRM make a strategic impact in your organization?

Organisational strategic priority areas	Which are most important for your organisation (not more than four)?	Who are the people responsible for these areas?	What does HR already do to contribute to achievement of these organisational priorities?	For each of these priority areas, what more could HR do?
Growth in revenue/profit	-	-	-	-
Maximise shareholder value	-	-	-	-
Service delivery	-	-	-	-
Growth through acquisition or mergers	-	-	-	-
Growth in production services	-	-	-	-
Product development	-	-	-	-

Market development	-	-	-	-
Price/cost market leadership	-	-	-	-
Cost control	-	-	-	-
Innovation	-	-	-	-
Productivity	-	-	-	-
Customer service	-	-	-	-
Quality	-	-	-	-
Other	-	-	-	-

Source: CIPD (2011)

Table 3. 13: Step 2 - How can HRM achieve maximum strategic impact

Strategic HR drivers	Most important (choose no more than 4)	What HR initiatives/processes are needed to make maximum impact in these areas?
Innovative capacity within the organisation		-
Employee skills to maximise added value of service/product		-
Productivity levels		-
Agility of workforce and organisation		-
Customer service excellence		-
Quality of products and service		-
Stakeholder satisfaction (investors, shareholders, employees, elected representatives)		-
Price/cost leadership		-
Other		-

Source: CPID (2011)

The CIPD(2011) also explains that impact measures show the results of bundles of activities on the achievement of strategic priorities, which include horizontal and vertical fits.

This section establishes what strategic HR metrics are. It is notable that some scholars do not prefer to use the term 'strategic HR metrics', and instead have other classification criteria for HR metrics. Some of these classifications resemble those of strategic HR metrics. Therefore, it is essential to consider the differences. The section below is one classification system in which human capital measures actually resemble strategic HR metrics.

3.7 Human resource measures and human capital measures

Some sections of the literature make a distinction between HR measures and Human Capital (HC) measures. HR measures tend to look inward, while HC measures tend to look outward (Birkman, 2008). While Birkman (2008), argues that it is the HC measures that have a strategic impact, no specific measures were proposed. This is a consistent gap in the literature, whereby views about strategic HR variables and HR metrics have not been merged. It would add much value if the strategic areas are identified and the measures are provided to ensure a holistic comprehension. Birkman (2008:13) appears to follow a universalistic approach to the ways in which HR can address the business requirements by specifying and ranking 10 areas of concern to top management which HR measures can focus on to be strategic. These areas are shown in the Table below.

Table 3. 14: Areas of concern for top management

Strategic business need	Level of need	Strategic HR activities to meet strategic business needs
Sustained and steady top-line growth	37.5%	Sourcing critical talent, refocusing on supporting high growth business units, helping business evaluate and implement outsourcing and offshoring, anticipating and addressing leadership talent gaps and aligning performance and reward metrics with speed, flexibility and adaptability
Profit growth	36.1%	
Consistent execution of strategy by top management	33.4%	
Speed, flexibility, adaptability to change	33.1%	
Customer loyalty	29.4%	
Stimulating innovation, creativity/enabling entrepreneurship	23.9%	
Corporate reputation	22.9%	
Speed to market	22.7%	
Product innovation	20.3%	
Improving productivity	20.3%	

Source: Birkman (2008)

One of the most popular and well documented measurement systems is the balanced scorecard. It was developed to serve as a strategic tool to measure the performance of organisations. The section below discusses the balanced scorecard.

3.8 The balanced scorecard

The balanced scorecard is a tool which was developed by Kaplan and Norton in 1992 to analyse the functions of any business from four perspectives, namely the financial perspective, internal perspective, customer perspective and the learning and development perspective. In a conference paper, which explained the conceptual origins of the balanced scorecard, Norton (2010) mentioned that if companies were to improve the management of their intangible assets, they had to integrate the measurement of intangible assets into their management systems. This is by far one of the most influential works in the measurement of intangible business factors such as HR related factors. The inspiration and motivation for the balanced scorecard was inspired by several strategic considerations, including the popularity of the Japanese production system of Just-in-time and Lean production systems. Although the balanced scorecard widened perspectives of the key strategic business functions, it did not prescribe any methods or metrics that can be used in the determination of measurements. The

balanced scorecard indicated the four perspectives of measurements in any organisation and left it to organisations to use the guidelines as a yardstick to determine their measurements and HR metrics.

The work of Kaplan and Norton (1996) on the balanced scorecard can be seen as an advancement of the evidence based management perspective, which is based on quantification of key areas of management. Figure 3.2 below depicts the balanced scorecard.

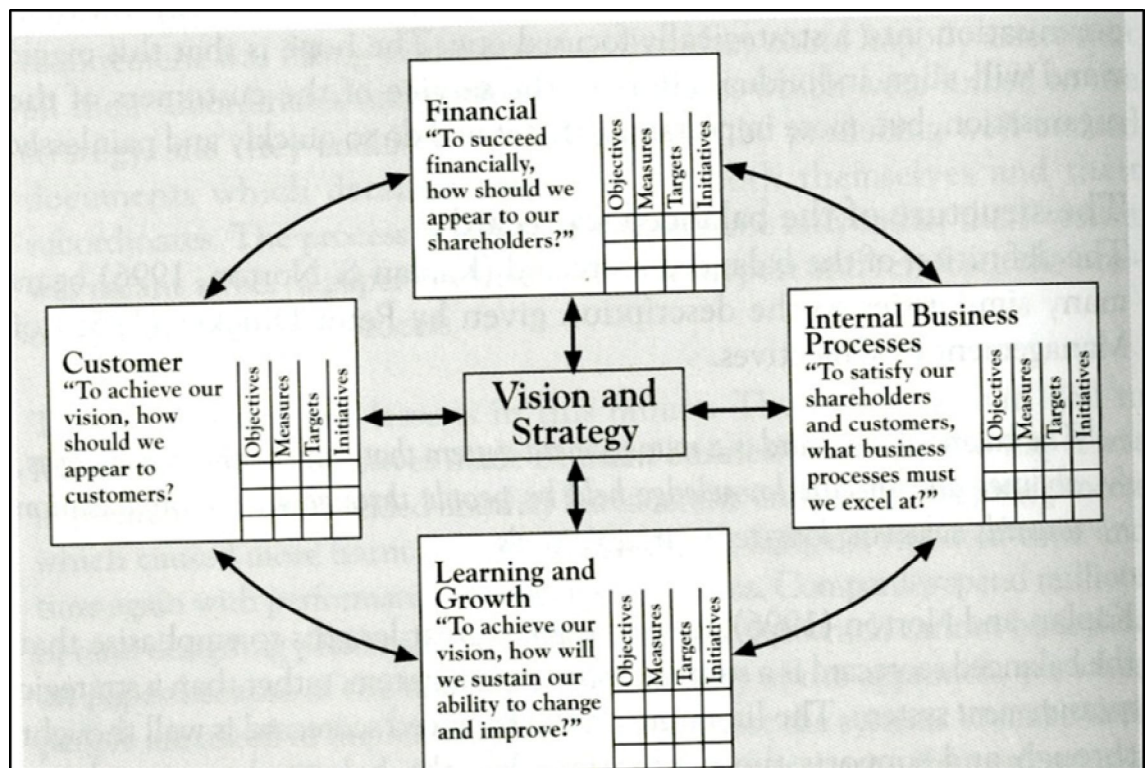


Figure 3. 2: The balanced scorecard
Source: Kaplan and Norton in Viedge (2011:207)

Ulrich (1997:310) notes that the use of balanced scorecards is not new in terms of accountability and tracking the impact of HR within the business. In addition, Boudreau (1998) believes that balanced scorecards should be strongly linked to an organisation's strategic imperatives in order for them to be useful. Reflecting on how the idea of the balanced scorecard originated and acknowledging that the balanced scorecard is a strategy tool to communicate objectives, Kaplan (2013) reveals that 80% of companies

face problems in strategy execution because the strategy is not well communicated across the organisation. The use of the balanced scorecard has inspired the articulation of the HR scorecard and workforce scorecards.

'A recent development in the measurement area, which takes the balanced scorecard to the next level of sophistication, has been the arrival of the HR scorecard. The HR scorecard seeks to strengthen an aspect of the Balanced Scorecard approach which Norton and Kaplan acknowledge to be its weakest: the question of how best to integrate HR's role into the company's measurement of business performance' (Grobler & Warnich, 2012:180).

As a model of measurement, the balanced scorecard provides perspectives for HR measurement, which are enunciated in HR and workforce scorecards, which were developed by Becker *et al.* (2001). Ulrich (2005:69) asserts that the value or utility of HR measurements lies in the measurement of outcomes or deliverables and not activities or 'doables.' However, Fitz-enz (2010:20) observes that there is a crisis in the measurement system concerning whether to prioritise measurement of 'processes' or results of measurement. The standardisation of HR metrics, thus depends on concerns of value of the HR metrics and what the metrics should measure in order to provide maximum utility. Further to this dilemma, Huselid *et al.* (2005:15) recognise that some types of the workforce performance are more valuable than others but insist that HR has strategic value that is derived from its role in the execution of strategy. This view resembles that of Kaplan and Norton (1996) in their scorecard, when they argue that measures should be consistent with the strategy of the organisation.

To complement the balanced scorecard, the logic, analytics, measures and processes (LAMP) framework provides organisations with a method with which they can successfully use measurement systems. The LAMP framework is discussed in the section below.

3.9 The logic, analytics, measurement and processes framework

Taking note of the confusion in the HR measurement system, Boudreau and Ramstad (2007) proposed a framework to effectively develop an HR measurement system. According to this framework, for HR metrics to be strategic, there are certain aspects that should be considered. These include the right metrics, the right measures, the right logic and the right process. Cascio and Boudreau (2010:10) call this the 'LAMP'

framework(Figure 3.3). The essence of having a good combination of the elements of the LAMP framework is emphasised below.

“Effective HR measurement systems must integrate and balance all the elements of the LAMP framework. Every element plays its part, but is best when used in concert with the other elements. Over-emphasizing Logic can create frameworks that are too abstract for action, or impossible to measure and analyse. Over-emphasizing Analytics can lead to wasted time and energy on analyses that are technically rigorous but have little connection to real issues and little effect on decisions. Overemphasizing measurement can lead to information overload, with the evermore elegant measurements achieving little additional relevance. Overemphasizing the change processes can lead to misguided energy and enthusiasm directed toward objectives that cannot be measured and may not be relevant. Frameworks like LAMP can provide diagnostic logic to help avoid information overload and be more certain that HR measurement efforts will actually affect organization change.” (Boudreau & Ramstad, 2004:10).

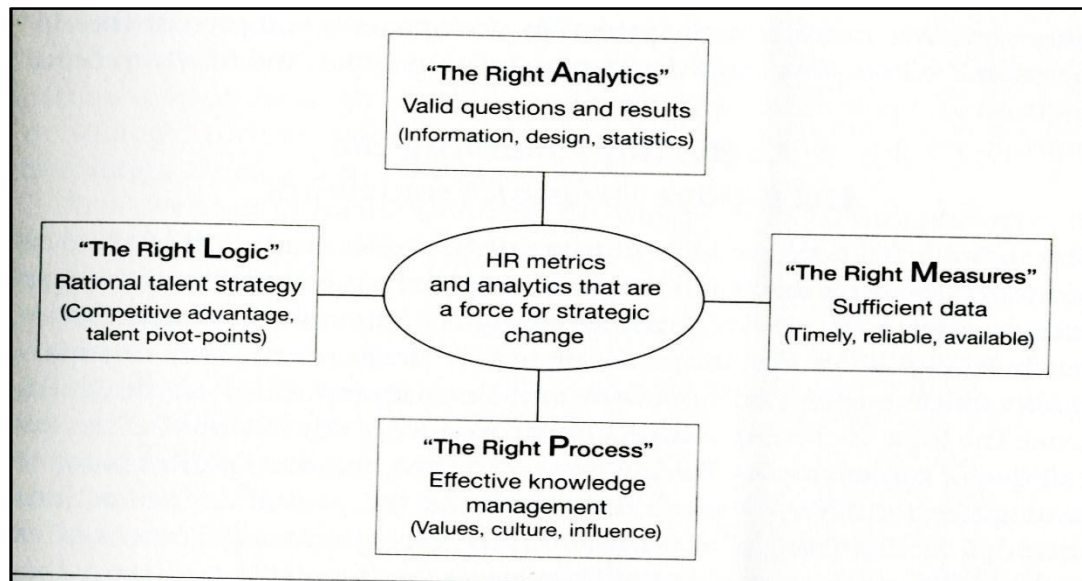


Figure 3. 3: The LAMP framework
Adapted from Cascio and Boudreau (2010:10)

Despite providing the LAMP framework, Boudreau (1997) and Boudreau and Ramstad (1998), in their working papers, provided a set of propositions on strategic HR metrics. These propositions, however, have not been developed into a fully developed theory. The propositions are shown below in Table3.7.

Table 3. 15: Strategic HR metrics propositions

Propositions
1. Constituents will evaluate HR metrics as more useful based on the greater their perception that such metrics could improve important decisions.
2. Constituents will evaluate HR metrics as more useful when they have had experience using metrics to improve decisions or when metrics are presented within a decision making framework.
3. HR metrics that incorporate multi-level measures will be better predictors of strategic outcomes, be more credible and persuasive to decision makers and will have a greater effect on strategic decisions than metrics that reflect only one level.
4. HR metrics that reflect bidirectional effects between levels will be better predictors of strategic outcomes, be more credible and persuasive to decision makers and will have a greater effect on strategic decisions than metrics that reflect only single-direction predictions between levels.
5. HR metrics that reflect capability, opportunity and motivation will be better predictors of strategic outcomes, be more credible and persuasive to decision makers and will have a greater effect on strategic decisions than metrics that reflect only one or two elements.
6. HR metrics that reflect multiple HR activities will be better predictors of strategic outcomes, be more credible and persuasive to decision makers and will have a greater effect on strategic decisions than metrics that reflect only single HR activities.
7. Changes in turnover contribute to enhanced strategic outcomes through their effects on enhancing capability, opportunity and motivation.
8. HR metrics that explicitly articulate linkages in planning and execution will be better predictors of strategic outcomes, be more credible and persuasive to decision makers and will have a greater effect on strategic decisions than metrics that fail to articulate such links.
9. HR metrics that articulate key organisational value propositions will be better predictors of strategic outcomes, be more credible and persuasive to decision makers and will have a greater effect on strategic decisions than metrics that fail to reflect these value propositions.
10. HR metrics that explicitly link individual attributes (performance, attitudes, skills) to behaviours, organisational processes and value propositions will be better predictors of strategic outcomes, be more credible and persuasive to decision makers, and will have a greater effect on strategic decisions than metrics that reflect only individual behaviours, even when translated into monetary value.
11. HR metrics that link individual behaviours to individual, group and organisational outcomes will be better predictors of strategic outcomes, be more credible and persuasive to decision makers and will have a greater effect on strategic decisions than metrics that reflect only group level outcomes.

Source: Boudreau (1997)

A gap exists in the literature on strategic HR metrics with regard to empirical studies that test and approve or refute these propositions in order to develop a theory for strategic HR metrics. A look into these propositions reiterates some of the ideas that have already been raised in this study with regard to the HR value proposition in Chapter One. Chapter One notes that the HR value proposition is based on the value that HR presents to key stakeholders. This aligns with Boudreau's (1997) propositions, which use the term 'constituents' to denote stakeholders. The concept of 'value' that is repeatedly notable in

the literature relates well with the resource based view (RBV) of the firm that is discussed in the following sections.

A number of authors (Fitz-enz, 1984; Kaplan & Norton, 1996; Cascio, 1999; Phillips, Stone & Phillips, 2001; Boninelli & Meyer, 2004; Boudreau & Ramstand, 2007 and Lee, 2011) have written about HR metrics and measurements. Their works have been complemented by attempts by Personnel Boards to publish HR metrics and standards. Notable Boards include The International Public Management Association for Human Resources (IPMA- HR) from the USA, The Society for Human Resource Management in the USA, the British Columbia Human Resource Management Association (BC HRMA) in Canada, the Human Resource Institute of Alberta (HRIA) in Canada, the Human Resource Management Association of Manitoba (HRMAM) in the Canada, and the Saskatchewan Association of Human Resource Professionals (SAHRP).

Literature on HR measurements and metrics is quite confusing when one considers the dual issues of what to measure and why measurements and metrics should be taken. These two problems interlock with each other because the conception of why measurements should be taken affects what should be measured. It would appear that there has been much focus on why measurements and metrics should be taken. Some of the notable reasons include the following: metrics are useful for benchmarking performance (Anon, 2013); measurements and metrics enable the conversion of HR information into business language (Makwana, 2013); to add analytical skills to the human resource area (Lee, 2011:iii) and to show return on investment or impact of HR investments (Phillips *et al.*, 2001; Boninelli & Meyer, 2004).

Eidson (2011) classifies available HR measurements and metrics into two groups. Firstly, humancapital metrics, which measure the optimisation of human capital (that is how well the enterprise is optimising on its HR investment), and secondly, HR productivity metrics, which focus on the ability, efficiency or effectiveness of the HR function to do its tasks, which are mainly administrative. This classification is evident in the literature, since it has resulted in a reactive crop of metrics that are void of innovative prowess, but simply reports on the situation. In line with this argument, Ulrich and Brockbank (2005:110) remark that people often measure what is easy, and not what is right.

When Huselid *et al.* (2005) introduced the concept of the workforce scorecard, they also attracted attention to the measurement of intangible assets. The basic principle was that the role of intangible assets, as drivers of firm performance, was increasing. Whereas measures of productivity, efficiency and effectiveness (the tangibles) have largely been expressed in the form of precise formulae, measurements proposed by Huselid *et al.* (2005) were based on Likert scales, which are not formulated.

If one considers results that were reported by Kavukcuoglu (2012) from a global HR metrics survey shown in Figure 3.4 below, one can conclude that organisations mostly use HR metrics to either report on what has happened or to report on the current situation within the organisation. The findings displayed below show the HR metrics that were most rated by the respondents. As can be seen, the most rated metric was headcount followed by turnover. Human Economic Value Added (HEVA) and Human Capital Return on Investment (HCROI) were the least rated.

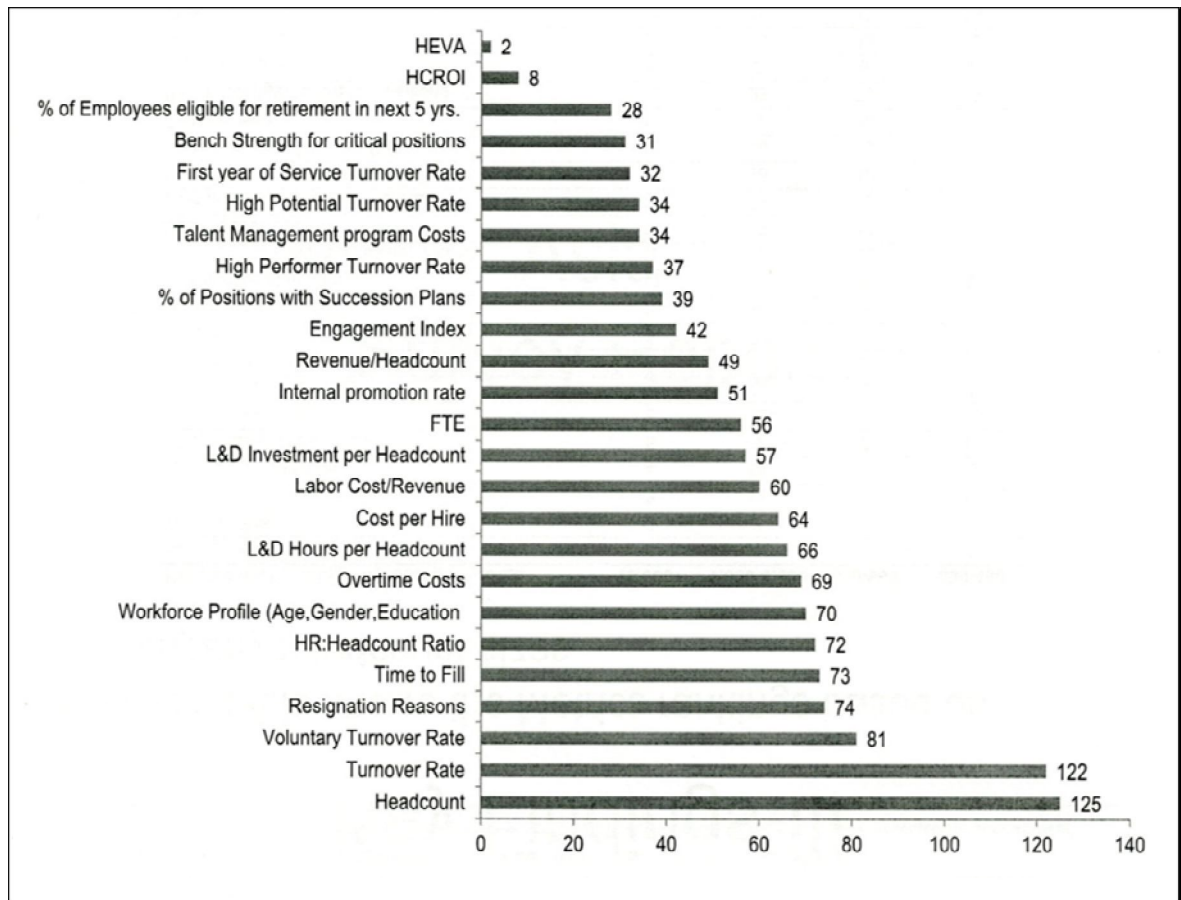


Figure 3. 4: The most rated HR metrics
Source: Kavukcuoglu (2012)

These findings substantiate a problem in the HR measurement system that is reported in the literature. Fitz-en (2010:21) noted that “most measurements are based on the past, an unchanged past,” and recommended that “factors measured should be limited to a few strategic concerns.” Moreso, Vaillancourt (2007) provided a set of the top 10 metrics mistakes that organisations make, and one of them is that of ‘measuring activity rather than impact.’

It should be noted that the concept of ‘value’ has repeatedly appeared in discussions about strategic HR metrics. One is made to believe that in order to be strategic, value should be added. In addition, it also makes sense to analyse the way that HRM adds value. Such an analysis can then demonstrate the strategic value of HRM. The section below considers the HR value chain. This HR value chain helps to analyse the strategic role of HRM and can guide on what HR metrics should focus on.

3.10 The human resource value chain

Armstrong (2009:68) notes that human capital theory emphasises ‘the added value that people can bring to an organisation.’ This argument relates to Barney’s (1991) RBV theory, which proposes that sustainable competitive advantage is attained when the firm has a human resource pool that cannot be imitated or substituted by its rivals. Boxall (cited in Armstrong, 2009:68) uses the term ‘human capital advantage’ to describe a situation when an organisation has a superiority of talent, which competitors find frustrating and difficult to imitate.

There are various forms of the HR value chain. In fact, it appears that each scholar that writes about the HR value proposition would propose one value chain different from the others. Figure 3.5 is the HR value chain by Lee (2011:20). While this HR value chain might be different from others, there are particular components of it that are relevant to this study. According to Lee’s (2011:20) value chain, HRM adds value through what it aims and believes in, what it does, what happens within it (provision of human capital, HR behaviours and reactions), and what the people achieve within the company. All this will affect what the company achieves in the market or in society. Figure 3.5 also shows examples of assessment criteria (measurements) for the various ways in which HR adds value. For the development of HR metrics, this HR value chain is a model that one should have in mind, as it shows key HR value addition elements.

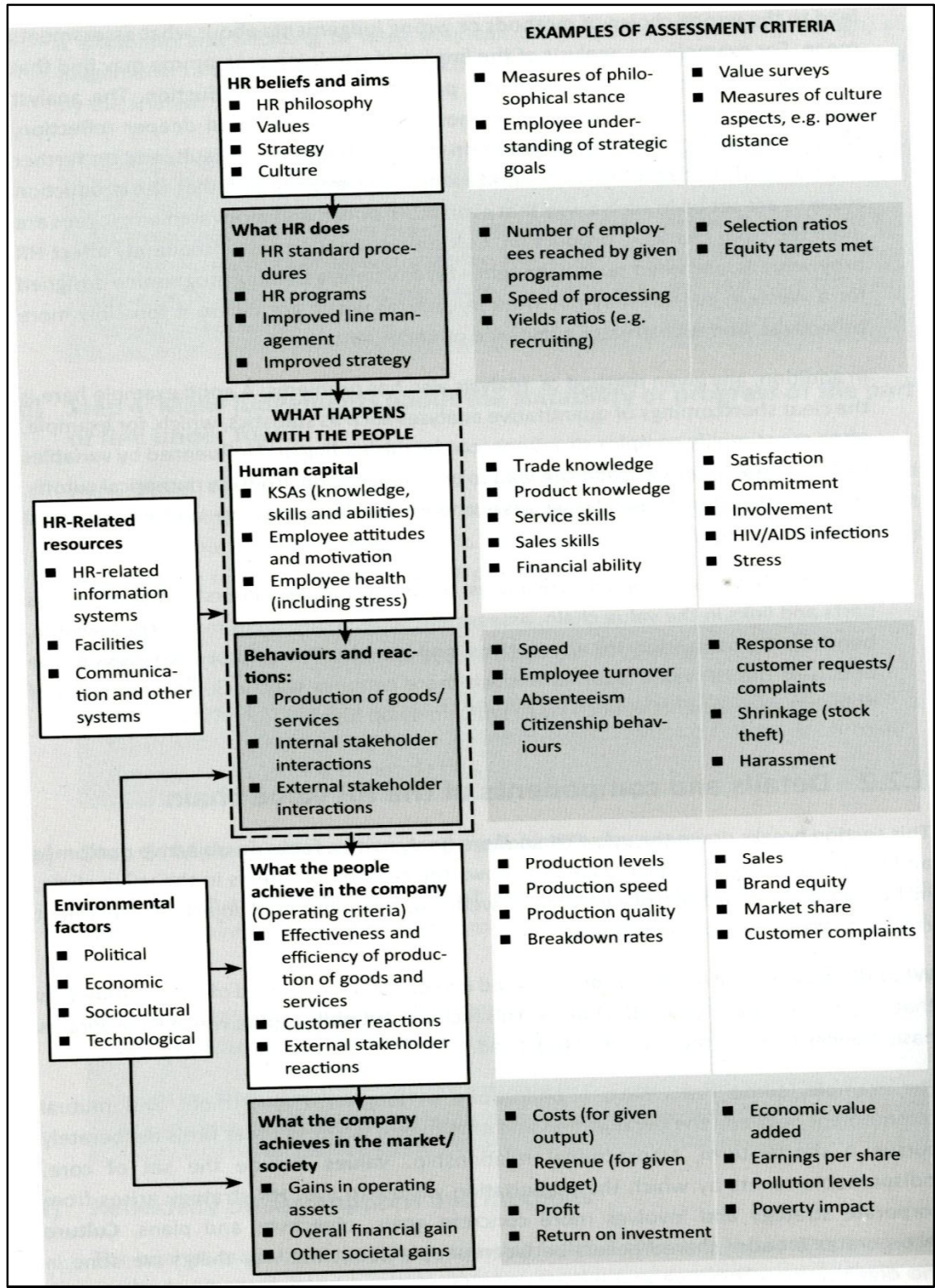


Figure 3. 5: The HR value proposition
Source: Lee (2011:20)

3.11 Summaries and implications

This Chapter has reviewed the literature so widely that this section aims to summarise the elements that have implications for this study and that set direction for the next chapter. The aim of the review was to assess HR factors that have strategic value.

3.11.1 Lack of unanimity on the components of high performance work systems

While there is empirical support for the relationship between HRM practices and firm level organizational performance, there is no specific agreement on the HR practices and processes that have strategic impact. While certain patterns and intersections exist among the research studies, there is no fully integrated and agreed set of HRM practices that have been identified to drive strategic business imperatives.

3.11.2 Absence of strategic metrics

Another problem exists with regard to measurement of the HR processes and practices as they impact on business performance. To facilitate benchmarking and to evaluate the magnitude of the impact of these practices, measurements are important. Several views have been raised in previous sections, that without metrics and measurements the work of HR practitioners will be difficult to manage and to link to business strategy, since it will not be possible to justify HR investment. While there are HRM practices that have been investigated and found to have positive firm level impact, no metrics in the form of ratios exist to compare certain strategic factors such as customer care, quality or market share with HRM practices.

Table 3.8 below shows studies that were conducted on the relationship between HRM practices and firm performance. 'X' denotes the HRM practices, while 'Y' denotes firm performance. The number of organisations that participated in the studies is denoted by N , while R^2 is the coefficient of determination, which shows the strength of the relationship that was found.

Table 3. 16: Summary of studies on the relationship between HRM and firm performance

	X	Y	N	R ²
Ichniowski, Shaw and Prensushi (1997)	Innovative HRM practices (System 1)	Productivity uptime	2190	R ² =0.283
Huselid, Jackson and Schuker (1997)	Strategic HRM	Firm performance (data from financial performance)	293	R ² =0.246
MacDuffie (1995)	HRM policies (organisation wide policies affecting commitment and motivation)	Labour productivity (hours of actual working effort required to build a vehicle)	62	R ² =0.649
Bartel (2004)	High performance work environment (HR indexes)	Organisational performance (growth in deposits)	330	R ² =0.245
Bartel (2004)	High performance work environment (HR indexes)	Organisational performance (growth in loans)	330	R ² =0.560
Huselid (1995)	High performance work practices	Productivity (corporate financial performance)	85	R ² =0.167 when elements of HPWs are included in the calculation model
Huselid (1995)	High performance work practices	Productivity	85	R ² = 0.498 when elements of HPWs were included in the model
Arthur (1994)	Human Resource systems	Manufacturing performance (labour hours)		R ² =0.65 for high commitment work systems
Chadwick, Ahn and Kwon (2012)	HR practice variables	Total sales	1579	Adjusted R ² =0.489 (for the model with the highest R ² out of the four models used).
Tang, Wang, Yann and Liu (2012)	Collectivism – oriented HRM	Firm performance	314	R ² =0.21 (for model 4, with highest R ² as moderated by product diversification).
Bae and Lawler (2000)	Presence of high-involvement HRM strategy	Firm performance	138	Adjusted R ² = 0.35

Huang (n.d)	Strategic HRM	Organisational performance (behavioural performance, financial performance and overall performance)	315	$R^2 = 0.168$ (relationship strongest for behavioural performance)
Singh (2000)	HR practices (HR practices Index, HRPI)	Firm performance (productivity)	82	$R^2=0.07$
Singh (2000)	HR practices (HR practices Index, HRPI)	Firm performance (Price-Cost margin)	82	$R^2 = 0.06$
Singh (2000)	HR practices (HR practices Index, HRPI)	Firm performance (Return on Capital employed)	82	$R^2= 0.04$
Singh (2000)	HR practices (HR practices Index, HRPI)	Firm performance (Return on Net Worth)	82	$R^2 = 0.06$
Fey and Bjorkman (2001)	HRM-strategy fit	Firm performance	101	$R^2=0.339$
Lin (2012)	HRM systems	Non-financial firm performance (products services and programs)	324	$R^2=0.270$
Lin (2012)	HRM systems	Non-financial firm performance (customer satisfaction)	324	$R^2=0.245$ Adjusted $R^2=0.209$
Lin (2012)	HRM systems	Non-financial firm performance (productivity)	324	$R^2=0.255$ Adjusted $R^2=0.218$
21 Lin (2012)	HRM systems	Financial firm performance (sales growth)	324	$R^2=0.226$ Adjusted $R^2=0.188$
Lin (2012)	HRM systems	Financial firm performance (profitability)	324	$R^2=0.211$ Adjusted $R^2=0.172$
Wickramasinghe and Liyanage (2013)	HPWS	Job performance	220	$R^2=0.415$
Messersmith and Guthrie (2010)	HPWS	Sales growth	215	$R^2=0.185$
Katou, Pawan and Budhwar (2007)	HRM policies	Overall organisational performance	178	$R^2=0.834$ Adjusted $R^2=0.791$
Hurmelinna-Laukkanen and Gomes (2012)	HRM strength	Financial performance	69	$R^2=0.191$
Lo, Mohamad and La (2009)	HRM factors	Firm performance	85	$R^2=0.404$ Adjusted $R^2=0.380$

Source: Author's compilation

As a measure of how well models fit, R^2 is always between 0 and 100% (or 0 and 1): 0% indicates that the model that is used explains none of the variability in the response data around its mean, while $R^2=100\%$ indicates that the model explains all the variability of the response data around its mean (Frost, 2013). An analysis of R^2 for the models used to investigate the HRM-firm relationship reveals the change in productivity or firm performance that is explained by HRM. The business case for HRM practices on firm productivity is, therefore, based on the change in productivity that HRM variables account for. As an index of fit, R^2 is interpreted as the total proportion of variance in the dependent variable (Y) that is explained by the independent variable (X) (Schindler, 2011). For a simple statistical analysis of R^2 , Table 3.9 below shows the values of R^2 as means to calculate basic measures of central tendency and variability.

Table 3. 17: Values of R squared for the studies on the HRM-firm performance link

Study	R^2	Study	R^2
01	0.283	15	0.04
02	0.246	16	0.06
03	0.649	17	0.339
04	0.245	18	0.270
05	0.560	19	0.245
06	0.167	20	0.255
07	0.498	21	0.226
08	0.65	22	0.211
09	0.489	23	0.415
10	0.21	24	0.185
11	0.35	25	0.834
12	0.168	26	0.191
13	0.07	27	0.404
14	0.06		

Table 3.10 below summaries some of the basic measures of central tendency (mean, median and mode) and measures of dispersion (sample variance, s ; sample standard deviation, s^2 ; maximum value and minimum value) for the data. The mean of the observed R^2 is, therefore, 0.308148. This means that the models that were used to analyse the HRM-firm performance relationship accounted for about 31% of the variability in the observed R^2 values. In other words, HRM variables in the models that were used explained for about 31% of firm performance. This finding shows that the models that were used in the studies established that HRM accounted for about 31 per cent of variation in productivity in the studies.

Table 3. 18: Basic statistical computations for the studies

Mean (\bar{x})	s	s^2	Max	Min	Median	Mode
0.308148	0.039533	0.198828	0.834	0.04	0.246	0.245

The range for the values of R^2 values (0.834-0.04) is 0.74, which is quite high, suggesting that there are some studies that have shown that HR variables account minimally for variability in performance, while at the same time there are some that have indicated a high contribution of HRM. This could be logically explained by the differences in firms with regard to the moderating effects of industries and other unique firm specific or environmental specific factors.

Based on this chapter’s review, there is strong empirical support that HR practices have a significant influence on organisational performance. What is yet to be agreed upon is the actual set of practices that have firm level impact. In addition, there is no clear metrics available to measure the level of impact that the strategic practices have on organisational performance. The section below seeks to emphasise the essence of standards in management practice.

3.7 Standards

Drucker’s (1988:92) observation that ‘the measures available for the key areas of a business enterprise are still haphazard’ was followed by similar sentiments from Ulrich (1997:303) who noted that there is confusion about ‘what to measure, how to measure it, when to measure and where to measure. Boudreau and Ramstad (2007:39) expressed

dissatisfaction about the ‘...lack of a more comprehensive decision framework’ for HRM, and Ingham (2007:8) states that there is no standard specifically for people management.

Reflecting on the essence of standard measures and metrics, in general, Wong (2014) notes that ‘the urge to standardise is part of the story of human civilisation.... all the ancient civilisations had advanced standards in astronomy, astrology and calendars to mark the passage of time, standard measures for length, area and volume.’ While disciplines such as Accounting and Economics have effective standard systems, the same cannot be said of HRM. HRM is lagging behind in the use of HR metrics and standards. There are many inconsistencies in the standard of HR work within organisations, between organisations, within and across sectors, and on a national basis. These inconsistencies are based on a variance in standards at best, and the absence of standards at worst (Moyo, 2014). While a further problem exists in developing appropriate quantifications and metrics for the various HR activities and functions (Higgins, 2013), organisations face a limitless choice of HR metrics. There are two types of standards: content standards and performance standards (Czek, 2012:4). Whereas content standards are concerned with the components of a standard system, performance standards are concerned with the level of performance on the components. In this study it is clear that content standards refer to strategic HRM practices, while performance standard is the level of performance which is required for those components.

3.8 Summary

Two key areas were attended to in this and the preceding Chapter: firstly, HRM practices or factors that are strategic and have a firm level impact; secondly, metrics or measurement for the strategic HRM practices. To effectively analyse these areas, the literature review began in Chapter Two which began by discussing the concept of strategy and how it infiltrated into HRM. Schools of thought on the strategic role of HR variables were then discussed. It was observed that interest in the study of HPWS has been notable. Several studies of HPWS have confirmed that certain sets of HR practices are related to organisational performance. Scholars, however, are not unanimous on a common set HPWS. There is also an absence of HR metrics for practices within HPWS. The balanced scorecard is one well known model for the measurement of organisational

functions, but it does not have specific metrics. This chapter did not provide enough information about strategic HR factors. Consequently, strategic HR metrics cannot be specified or formulated when the strategic factors are not known. The next chapter explores factors which determine strategic HR metrics using general systems thinking. This will help to integrate the literature into a conceptual framework for the study.

CHAPTER FOUR

THEORETICAL FRAMEWORK

“A theoretical framework can be thought of as a map or travel plan. When planning a journey in unfamiliar country, people seek as much knowledge as possible about the best way to travel, using previous experience and the accounts of others who have been on similar trips. ‘Survival advice’ and ‘top tips’ enable them to ascertain the abilities, expectations and equipment that may help them to have a successful journey with good outcomes, to achieve their objectives and return to base safely” (Sinclair, 2007:39).

4.1 Introduction

The previous Chapter advanced the objectives of this study by fitting the key themes of the research problem into existing literature. The strategy employed in the literature review was based on an analysis of various schools of thought on HR measurements, strategic HR variables, metrics and standards. A pertinent area of concern that was identified from the review was that research on strategic HR practices has not been integrated with studies, which were conducted about HR metrics. The implication of this problem is that while various HRM practices have been identified to be of strategic importance to the success of organisations, there is a lack of related HR metrics to measure the real impact of identified HRM practices. Furthermore, there is no agreement on which HR practices have the highest strategic relevance. Research has established many practices, which remain scattered. In this chapter the theoretical thinking to explore the factors to determine strategic HR metrics is set forth. The general systems theory was adopted in this study in order to show the interrelationships of the HR function and other key business areas. To effectively employ the general systems theory, the research problem is first conceptualised and then analysed by using the general systems theory to develop a conceptual framework.

4.2 Problem conceptualisation

It should be kept in mind that the research problem for this study revolved around the absence of HR metrics that measure valued matters of strategic importance. Following the literature review, two key distinctions in HRM have been noted, which conceptualise the research problem. These are ‘HRM practices’ and ‘HRM outcomes’

(Wright, Gardner & Moynhan, 2003; Collins, Ericksen & Allen, 2005; Marescaux, De Winne & Sels, 2012).

4.2.1 Human resource management practices and outcomes

Collins *et al.*(2003:4) concur with Wright *et al.*(2005:23)that HRM practices are done at employee level and, if done successfully, they lead to employee outcomes that make an impact on organisational outcomes. This relationship is shown in the conceptualisation framework in the next section. HRM practices include recruitment and selection, training and development, compensation, leadership, performance management and so on, while employee outcomes reflect results of successful practices. Employee outcomes include commitment, motivation, satisfaction and engagement. Literature confirms that HRM outcomes ultimately lead to business outputs or organisational outcomes, and these organisational outcomes can be intended or unintended. The study also adopts the well postulated perspective that organisational outcomes are the core interests of management and, therefore, the view held in this study is that for HR metrics to be strategic, they should measure the relationship between business outcomes and HRM outcomes.

4.2.2 Theoretical view

In accepting the view in the literature that HRM practices lead to HRM outcomes and these HRM outcomes influence organisational outcomes, the study assumes a chain relationship that can be effectively analysed by using the general systems theory. Thus, the research problem can be conceptualised within the tenets of the general systems theory, specifically that the foundations of a system are inputs, processes and outputs (Hunter, 2012:24). It portrays the HRM function as a system with inputs, processes and outputs. The inputs to the HRM function are basically labour, which are acquired through HR processes and practices such as recruitment and selection. Conversely, the processes involve HRM practices and outcomes, while the outputs are the strategic or organisational outcomes. Once labour has been acquired, HRM processes and practices that seek to retain and develop labour become more prominent. These include reward management, training and development, employee participation and involvement, and so on. The results of these HRM practices are a set of HRM outcomes or outputs, which include employee engagement, motivation, commitment, embeddedness, satisfaction and high work values. These HRM processes and outcomes are expected to influence strategic business level outcomes such as profitability, productivity, customer service

excellence and market domination. This conceptualisation of the research problem recognises that some outputs can be intended while others can be unintended; tangible or intangible. It should be noted that most existing HR metrics measure the effectiveness and efficiency of HRM practices, as discussed under the literature review. Few metrics exist that connect HRM outcomes with strategic business outputs. Strategic metrics are, therefore, conceptualised as those that focus on strategic business outputs and HRM outcomes. One other aspect of problem conceptualisation for this study is that it describes the HRM processes and practices as part of an open system, which is influenced by the business strategy, the HRM strategy, the environment, stakeholders, other business functions and competitors.

This kind of conceptualisation of the study deviates from that, which most proponents of HR metrics have used. The current generation of HR metrics measure the practices and hence seem to attract more interest from operations managers and not from top management. The implication of this seems to be the existence of metrics that do not communicate with organisational outcomes, and so lack strategic relevance. Further analysis of the conceptualisation of the research problem is done in subsequent paragraphs, using the general systems theory to show that existing models of HRM do not support the strategic view, and hence the HR metrics that result from such models lack strategic relevance.

4.2.3 A general systems framework for the problem

Following the general systems theory and the conceptual image stated in the previous section, Figure 4.1 below depicts the key elements, components and relationships between the concepts of this study. As noted earlier, the key concepts that are analysed further in the study from Figure 4.1 are the HRM outcomes and the business outputs. Since this study has adopted the view that strategic HR metrics should link HRM outcomes and business outputs, the development of strategic HR metrics is supposedly premised on these concepts.

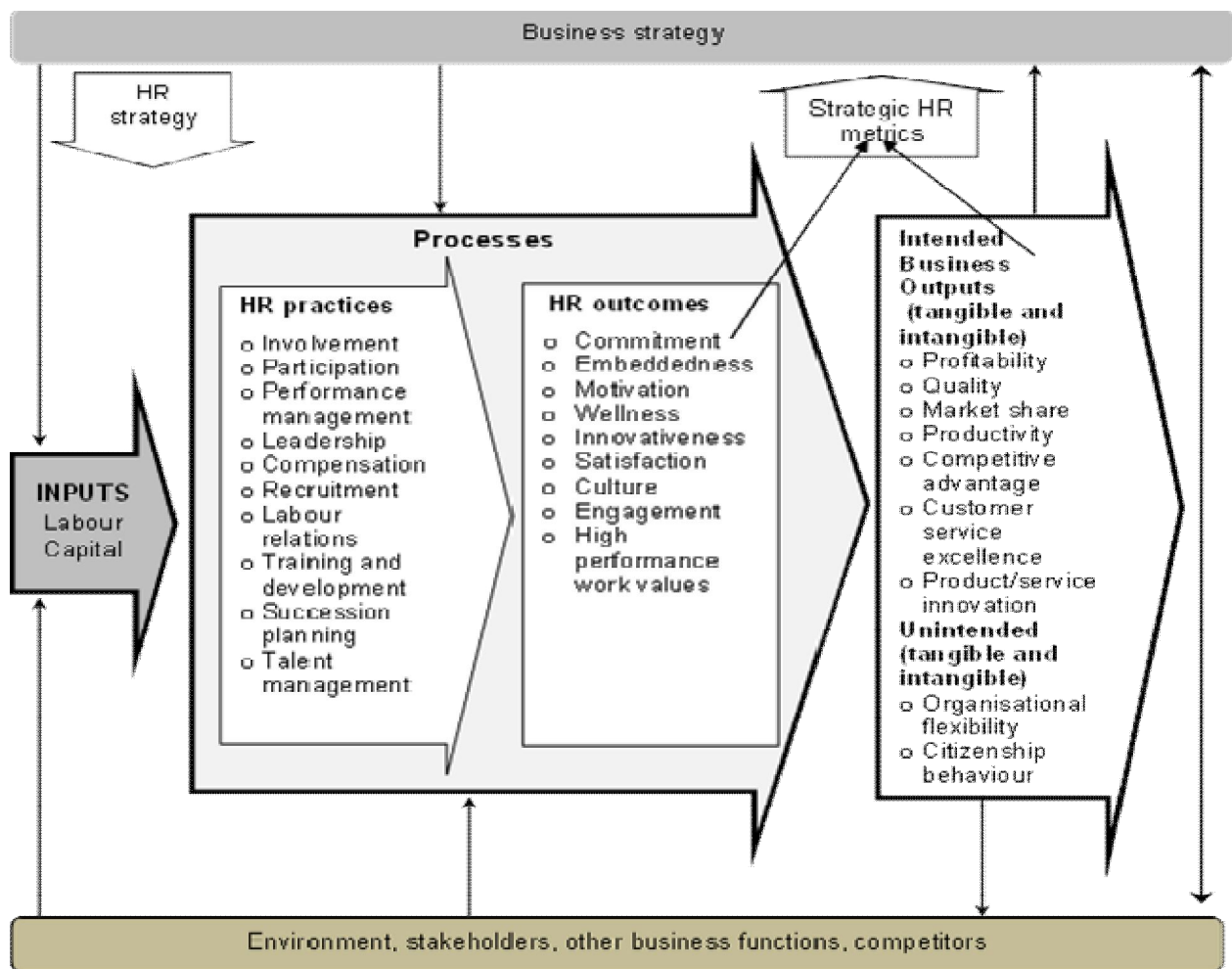


Figure 4. 1: A general systems framework for the research problem
Source: Author's construction

The sections below provide more analysis of the general systems theory and how it fits this study. The appropriateness of the conceptualisation framework shown in Figure 4.1 can only be realised if it is compared to other HRM models. This is important in order to show the gaps in the other frameworks and how it covers those gaps. In the end this analysis singled out the concepts that were analysed further in the next chapters. An illustration of these concepts in the form of a conceptual framework is provided at the end of the Chapter.

4.3 The General systems theory

4.3.1 Introduction to the general systems theory

Mele, Pels and Polese (2010:126) claim that the origins of systems theory can be traced back to the philosopher Aristotle, who advocated the principle of 'holism,' which has been widely quoted as 'the whole is greater than its parts.' Systems, like the human body, have parts, and the parts affect the performance of the whole. All of the parts are interdependent (Reed, 2006:11). The systems approach was first used in the 1920s in the field of Biology to explain the order and functional relationships of living organisms. Hunter (2012:24) also observed that:

The systems approach to management started developing during the 1950s and influenced the development of management techniques such as Total Quality Management (TQM), the learning organisation concept popularised by Peter Senge during the 1990s, Management by objectives (MBO) and the Balanced scorecard (a development of the MBO).

The extract above serves to show how powerful systems thinking has been in the development of the most popular and successful management theories of our time. It is also of scholarly interest that the historical roots of the use of metrics and measurements, through the balanced scorecard, can be traced back to Peter Drucker's management by objectives concept, which was developed from a systems philosophy. Hunter (2012:24) further asserts that the systems approach has been influential in the development of the functions of HRM such as job analysis, performance appraisals and performance management. Following this significant role that systems thinking has had both in management science and in HRM, this study is based on the argument that systems thinking is a lens through which strategic HR metrics can be understood and interpreted.

The literature shows that the seminal work on the general systems theory was first presented in the 1930s by a biologist named Ludwig von Bertalanffy at the University of Chicago. A definition of a system by Von Bertalanffy, cited by Mele *et al.* (2010), is that: a system is a complex of interacting elements. Earlier, Laszlo and Krippner (1998) had postulated that "a system may be described as a complex of interacting components together with the relationships among them that permit the identification of a boundary-maintaining entity or process." One broad classification of systems is that of 'open' and 'closed' systems (Von Bertalanffy, 2008). In the simplest interpretation, closed systems are merely the opposite of open systems. For purposes of this study, the current focus will

be on open systems because business organisations are generally described as open systems in the literature.

4.4 The general open systems model

Open systems theory refers simply to the concept that organizations are strongly influenced by their environment (Bastedo, 2006). The main elements of a system are the inputs, processes, outputs, feedback and subsystems. Fleetwood and Hesketh (2007:132) refer to Jackson and Schuler (1995) who expose that “in General Systems Theory (GST), skills and abilities are inputs from the external environment, employee behaviour is the cellular mechanism and organisational performance is the output.”

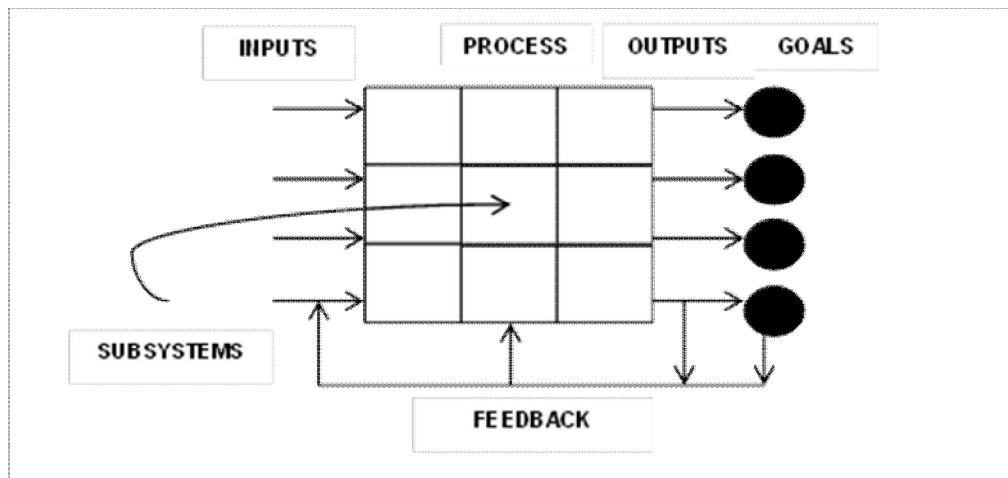


Figure 4. 2: The general components of a system
Source: Hunter (2012:24)

4.5 General systems theory and business systems

As revealed in Chapter One, the main research question for this study is: What are the factors to determine standard HR metrics for strategic management within selected organisations? The underpinning theory in this study is the systems theory. De Vos (2005:36) refers to Kerlinger who defines a theory as “a set of interrelated constructs (concepts), definitions and propositions that present a systematic view of phenomena by specifying relations between variables with the purpose of explaining and predicting the phenomena.” In de Vos’s (2005:36) view, a social science model consists mainly of words, a description of a social phenomenon and abstracting the main features of the phenomena without an attempt to explain it or predict anything from the description.

Business organisations, as economic institutions within society, can be viewed from the systems perspective. According to Hunter (2012:24), “it is helpful to view organisations and the people that work in them as systems as this approach provides a framework for managing people and the understanding of the relevant concepts.” They acquire resources (as inputs) and process them (through business processes) and provide goods and services as outputs. In addition, the systems theory aligns well with the idea of the HR value proposition, which was discussed in Chapter One and the concepts of the RBV approach to analysis of business organisations. The relevance and suitability of the tenets of the systems theory to the analysis of business organisations, HR functions, and HR metrics are apparently implicit in many concepts and constructs, which widely match the views of proponents of this theory.

4.5.1 General systems theory and human resource systems

Research in management, in general, and in HRM, in particular, has followed the systems approach remarkably. For purposes of this study, the sections that follow show that the systems models available to explain the relationships within the HRM functions and with the whole organisation lack the sophistication that is good enough for the development of strategic HRM metrics. This means that they are not linked to strategic outcomes, as noted from the literature review. It will be shown in the models below that the ultimate link is missing from most of the models available for strategic link between HR systems and the organisational outcomes. As a result, strategic HR metrics cannot easily be determined if there are no conceptual links. Of the old and widely cited HRM system frameworks are the Harvard framework for human resource management and the Michigan human resource system frameworks, which are analysed in the sections below

4.5.1.1 The Michigan human resource system framework

The Michigan framework does help to explain key human resource functions in a clear and simplistic manner, but there is no link between this system and the overall business strategy. It does not specify how HR links to the final outputs of the organisation. This system could, therefore, not be used for purposes of this study. Figure 4.3 below shows the Michigan HR systems framework.

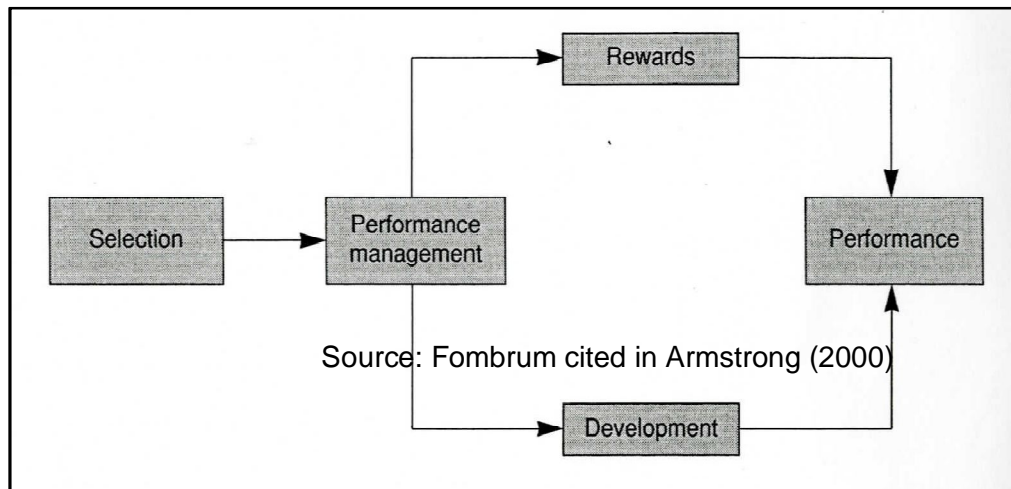


Figure 4. 3: The Michigan HR systems framework
Source: Fombrum in Armstrong (2000:10)

In contrast, the Harvard model includes links with organisational level outcomes, as shown in the following sections.

4.5.1.2 The Harvard framework

In recognising the links between long term consequences of HR outcomes on stakeholder interests, the Harvard HR systems framework added more detail that is not clear in the Michigan systems framework. The model, however, provides a limited scope in the interpretation of HR outcomes. As noted in the literature review section, a number of HR outcomes such as employee engagement, motivation, citizenship behaviour, innovativeness and satisfaction are not explicit in the model. Furthermore, regarding stakeholder interest, the model again does not add a number of issues that were identified in the literature such as customer care, service quality, market share and so on.

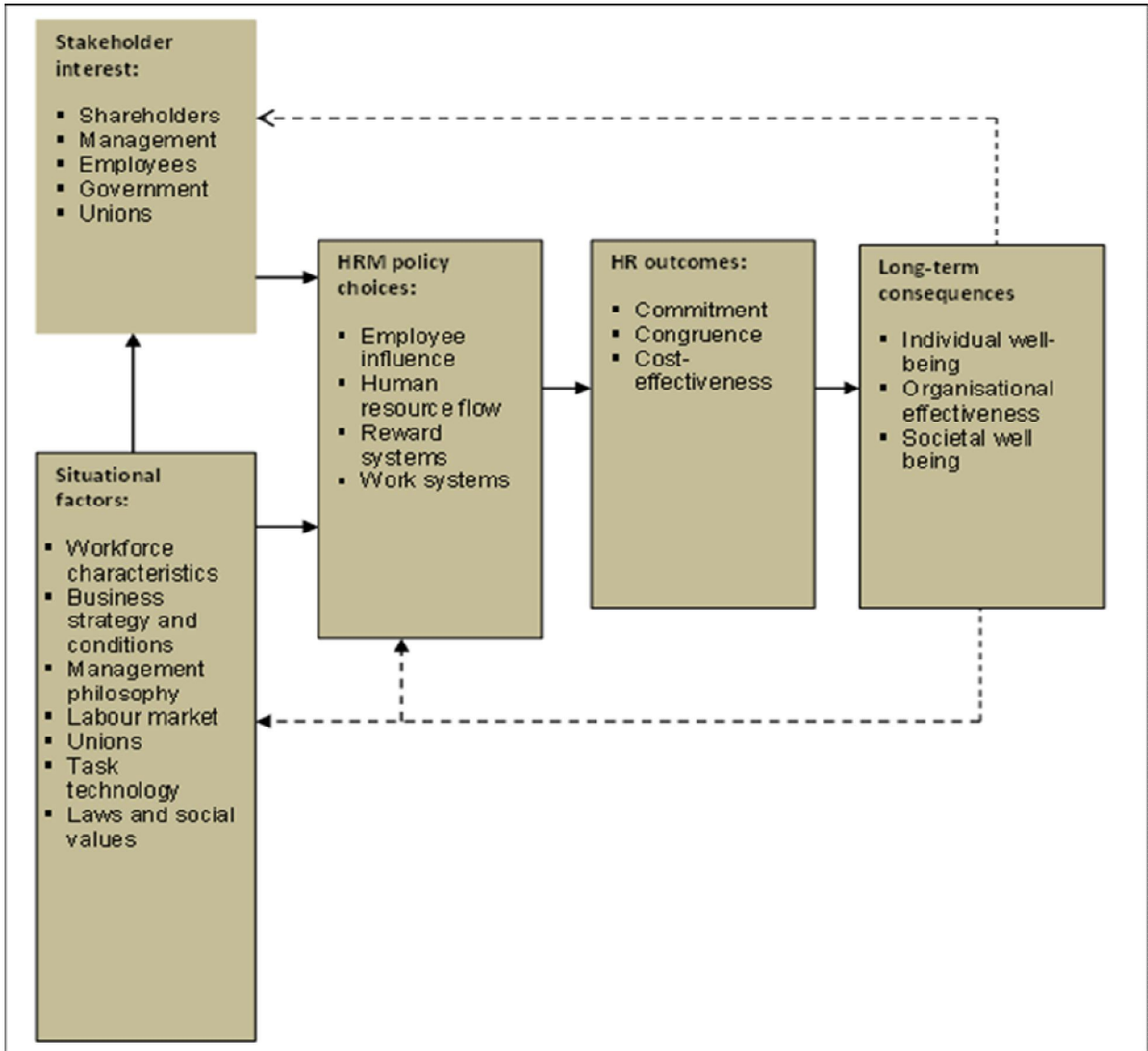


Figure 4. 4: The Harvard systems model
Armstrong (2000:11)

Figure 4.5 shows a more recent model found in Grobler, Warnich, Carrell, Elbert and Hatfield (2006:123) citing Kavanagh, Guetal and Tannenbaum (1990).

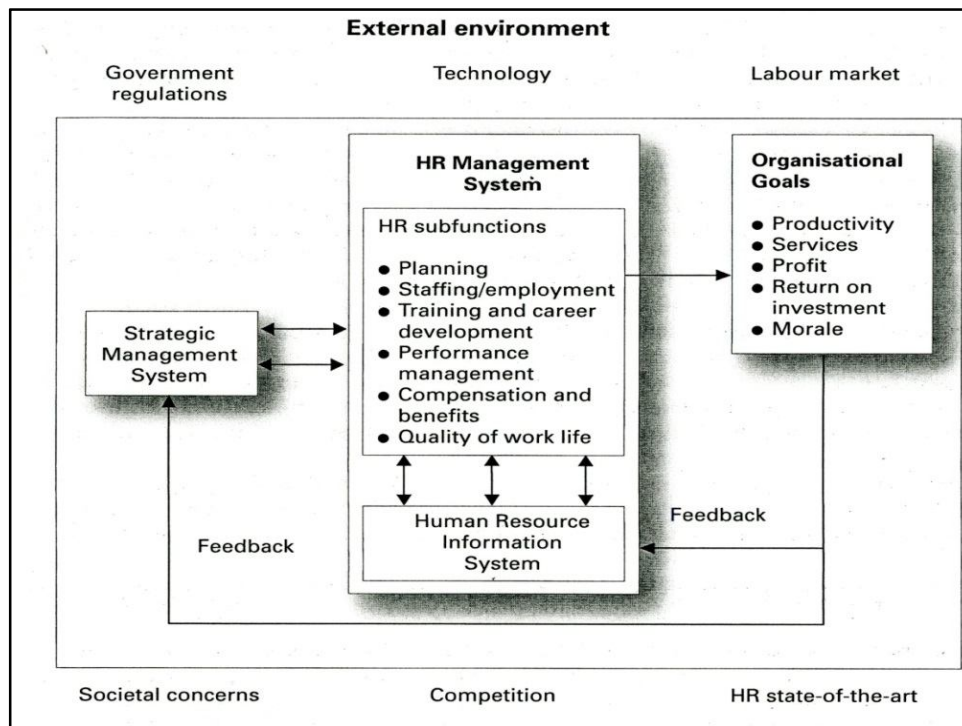


Figure 4. 5: HR systems
Source: Kavanagh, Guetal and Tannenbaum in Grobler *et al.* (2006:123)

While the above systems model expands the view of the models that have already been analysed previously, by increasing the number of role players that influence the HRM subsystem, a key section of the outcomes of the HRM system is missing. The missing link can, arguably, be the various intangibles between the HR management systems and organisational goals. For a more strategically oriented system, Mello (2011) provides a simplified representation of how HR value can be realised within the HR system framework. This is shown in Figure 4.6 below.

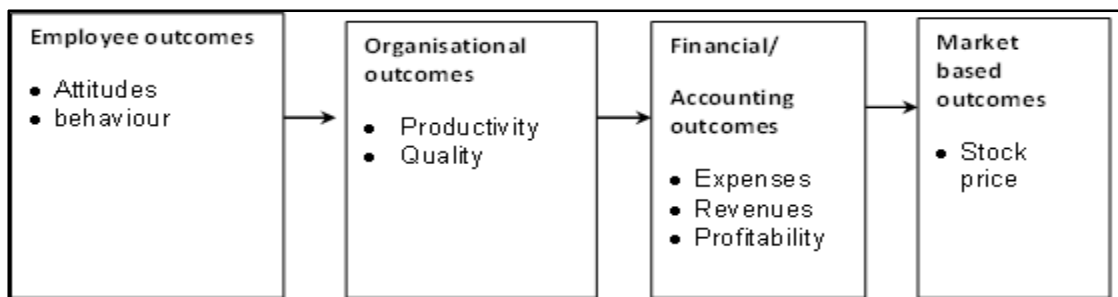


Figure 4. 6: An HR value chain system framework
Source: Mello (2011:8)

Although the above provides a general direction into how HR provides value when employee outcomes impact on organisational outcomes, which include financial outcomes and finally market based outcomes, it is not sophisticated enough to demonstrate the various links and HR factors that could assist in the determination of HR metrics.

4.5.2 Human resource metrics as subsystems

The first two of the following HRM subsystems identified in Boxall, Purcell, and Wright (2007) are relevant to this study: (1) the micro HRM subsystem; (2) the strategic HRM subsystem; and (3) the international HRM subsystem. These subsystems are consistent with the discussion on HRM research from Chapter Two and Chapter Three. According to Boxall *et al.* (2007), the micro HRM subsystem covers the subfunctions of HR policy and practice at both individual and group level, including the management of intangibles such as labour relations, employee engagement and commitment. The strategic HRM subsystem includes management of HRM practices, as they impact on organisational level outcomes. The international subfield is beyond the scope of this study. These subsystems were discussed in Chapter Two in relation to schools of thought on strategic HRM.

4.5.2.1 Domains of human resource metrics

The domain of this study rests on strategic HRM concepts, sub concepts and models provided for the measurement of HR functions, activities and related issues. From the functionalist perspective, HRM measurements and metrics are part of the roles that add value to the organisation. According to Haralambos and Holborn (1991:9), any institution is a structure that comprises of interconnected roles and norms. Consequently, it can be argued that the HRM function comprises roles and sub roles, which connect to the overall business strategy. In this regard, the compilation of HR measurements and metrics can be viewed as a sub role of the HRM function, which is meant to fulfil some of the 'functionalist pre-requisites' of the organisation. The term 'functional pre-requisites' is used by proponents of the functionalist theory to mean the basic needs or requirements, which must be met in order for an organisation to survive (Haralambos & Holborn, 1991:9).

4.6 Conceptual framework

The key areas for this study are HR metrics and strategic business management. The connection between these two is noticeable from the research question: what should HR metrics measure in order for them to be credible and useful for strategic business management? Based on the literature review, and using general systems thinking, a conceptual framework was developed for this study. It was noted from the literature review that available HR measures and metrics are not linked to issues that matter most to business organisations (strategic matters). Furthermore, an analysis of various HR system models done in this chapter revealed that they lack a clear connection with the ultimate objectives of business such as profitability, market share and competitive advantage. The conceptual framework (shown in Figure 3.7) was developed to fill a gap that was noted in the literature review and in the HR systems models that were considered earlier in this chapter. The conceptual framework (as shown in Figure 3.7) is based on the premise that the HR factors or outcomes shown influence the strategic outcomes shown. This view implies that it is critical to have HR metrics that assess the level of impact that the HR factors are making on the strategic imperatives of the business.

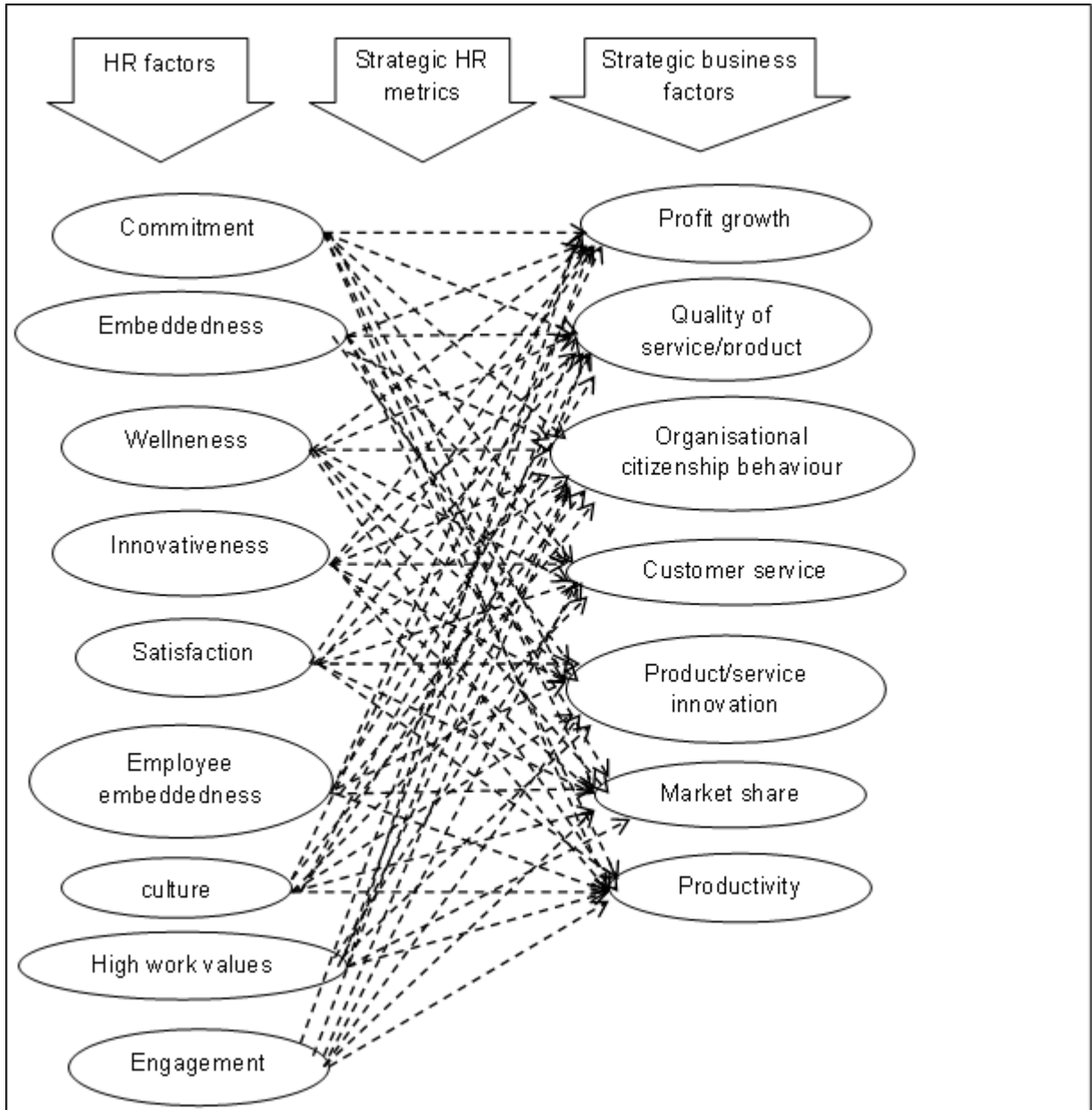


Figure 4. 7: Conceptual framework
Source: Author's construction

Figure 4.7 above depicts the key argument that this study has advanced. It hypothesises that HRM factors have an impact on strategic business factors and strategic HR metrics should come from that relationship. While this view has been mentioned in some sections of the literature, Becker *et al.*(2001), in particular on the HR scorecard, noted that it has not been conceptualised and advanced extensively. In the current study further analysis of the relationships shown in Figure 3.7 above was done, and the outcome of this was a key metric that is useful to management.

4.8 Summary

The progression of a study of this nature required a relevant theoretical framework to analyse the key concepts. The choice for the general systems framework as a relevant theory was based on its applications in management theory and practice. In addition, several HRM models that depict HRM functions are based on the systems approach. It was also of interest to learn that concepts related to HR measures and metrics such as management by objectives and total quality management emerged as a result of systems thinking. Therefore, the choice to use the general systems approach in this study was justified. This chapter is significant since it analysed several HRM models that are available to search for missing links, considering the strategic role of HRM. It was noted in this chapter that the HRM models that are available do not clearly link HRM and strategic business outcomes such as market dominance, competitive advantage, profitability and customer service excellence. With this discrepancy in mind, a conceptual framework was developed that covers the links and at the same time identifies possible areas for the development of strategic HR metrics. This conceptual framework, as well as the discussions provide the foundation for the research methodology, as discussed in the following chapter.

CHAPTER FIVE

RESEARCH DESIGN AND METHODOLOGY

“There is a tremendous opportunity for us to demonstrate in the annual report how effective people management really does add value. But there is also a tremendous difficulty: Just what do you put in there? Labour turnover rates? But these vary substantially by sector. Is a total growing workforce a good or bad thing? What is the best measure of productivity? Would you risk using your employees’ attitudes survey data? And if you revealed your organisation’s commitment to staff development in the form of a major training spent, are the financial and investment communities likely to applaud you or see it as an opportunity for savings” Brown cited by Ingham (2007:11).

5.1 Introduction

The methodology described in this Chapter was designed specifically to answer the research questions. It is important tonotethat the literature review did not provide adequate clarity on which direction the study can take, but with the use of the systems theoretical framework a much more microscopic analysis became possible,which lead to the development of the theoretical framework. With a conceptual framework and an unfamiliar area of study (strategic HR metrics), it became reasonable to adopt the grounded theory approach and its methodological design in order to successfully execute thisstudy. This Chapter discusses the methodology that was used in this research study in detail. The main objective was to develop an appropriate, valid, ethical and reliable methodology to ensure that the results of the study are credible and scientific. To ensure the credibility of the results, a mixed approach was adopted. Both qualitative and quantitative data wascollected and analysed. At the end of the Chapter one was expected to be convinced that the methodology has merit and, therefore,provides grounds for the next Chapter, which deals with the research findings. The Chapter begins with a description of the research design, followed by a discussion of the data collection methods that were used.

5.2 Research design

Creswell (2003) claims that a research design has three components: (1) a philosophical worldview, including the ontology and epistemology of the study; (2) strategies of inquiry;and (3) research methods. In conducting this study, a more pragmatic approach was adopted. Creswell (2003) also believes that the pragmatic approach “opens the door

to multiple methods, different world views and different assumptions, as well as to different forms of data collection and analysis.” The decision to be more pragmatic in this study is based on the realisation that the study follows a line of inquiry that is not well defined in the literature. Furthermore, the study is exploratory in nature and the pragmatic approach appears more suitable for this inquiry. Both qualitative and quantitative methods were used within a grounded theory strategy. The next section describes the grounded theory, and how it was adopted in this study.

5.2.1 The grounded theory approach

In order to explore HR factors to establish standardised HR metrics, a grounded theory research design, embedded within the general systems theory, was used. The justification for this design is that while the general systems theory provides a grand and holistic perspective of the complex interactions among the inputs, processes and outputs of organisations, its strength in addressing the specific interactions between HR factors and strategic factors from the conceptual framework is limited. Creswell (2012:423) defines a grounded theory design as a systematic procedure, which is used to generate theory at a broad, conceptual level, a process, an action or an interaction about a substantive topic. According to Creswell (2012:423), the grounded theory design is used when there is a need for a broad theory to explain a phenomenon when existing theories do not address the research problem. The general systems theory was explained in Chapter Three to illustrate that business functions operate as open systems with inputs, processes and outputs. This was important to derive the conceptual framework, which illustrates the connection between the various HR concepts from the literature review with business level outputs. The systems theory, however, is not adequate to explain the nature of interaction between HR factors and strategic business level factors to determine strategic HR metrics. As a theory generating methodology, the grounded theory becomes relevant to this study. Cullinane (1998:487) notes that there is no holistic HRM theory; as a result, practices that are carried out under the ambit of HRM often have separate and distinct theoretical premises from each other. Most of the HRM practices are based on theories from Industrial psychology, Industrial sociology and Organisational Behaviour (Cullinane, 1998:487; Bloom & van Reenen, 2010:2). Even though there is no well-defined theory of HR metrics and measurements, there exists a number of models and methods for HR metrics and measurements, which do not address the problem, which this study

addresses. The use of the grounded theory framework was also justified, given that the study was generally exploratory in nature.

5.3 Ontology

In adopting the grounded theory research design as the basic methodology for this study, the researcher held the ontological view of the systems theory, which implies that the world consists of “systems” or “integrative levels”. Note should also be taken that the research was exploratory in nature and that there was limited specific theory on factors to determine the HR metrics, while both qualitative and quantitative data collection and analysis methodologies were used in order to effectively answer the research questions.

5.4 Epistemology

The systems thinking epistemological view implies a holistic perspective, which emphasizes the interplay between the systems and their elements in determining their respective functions (Hjorland & Nicolaisen, 2005). In view of such an epistemological perspective, a pragmatic approach which Creswell (2012:433) described as an ‘emerging approach’ was adopted in order to obtain comprehensive knowledge of the strategic factors to determine standard HR metrics. The approach follows the Grounded theory perspective which was described in more detail earlier in this Chapter. The researcher firmly assumes that in order to compile relevant data that reflect the reality of the situation and adequately answer the research questions, both objective and subjective forms of inquiry needed to be considered. The use of a content analysis technique and questionnaire to collect data for this study is justified when considering that HR metrics and measurement standards are still a challenge to organisations, as mentioned in earlier Chapters.

5.5 Focus of the study

Bless, Higson-Smith and Kagee (2006:72) claim that there are three categories of focus of a research study. These categories are conditions (exploring current state of subject), orientations (concerned with subjects’ attitudes and beliefs), and actions of subjects. Of these three, this research has focused on the orientation of subjects with respect to the interaction between HR factors and strategic organisational factors. Specifically, it sought to determine, which HR variables are linked to certain strategic level factors, and how

metrics can be derived from the linked factors in order to determine some standard HR metrics for strategic business management.

5.6 Research variables

5.6.1 Human resource variables

Nine HR variables have emerged from the conceptual framework and these are commitment, embeddedness, motivation, wellness, innovativeness, satisfaction, culture, engagement and high performance work values. Robbins *et al.* (2009:72) discuss some of these concepts as job attitudes and claim that the major job attitudes are employee commitment, involvement, satisfaction, engagement and motivation. Based on the literature, employee embeddedness was added on to create six HR variables for analysis in this study. To realize how important these concepts are for strategic business management, two data collection methods were used. Firstly, content analysis was conducted and the analysis was conducted using the Atlas.ti software. The purpose of this content analysis was to determine how these HR concepts link with organisational level strategic outcomes, and to find out the specific strategic outcomes which the HR factors have impact. Secondly, a questionnaire was distributed to employees to determine which HR concepts inspired them to perform to their maximum levels.

5.6.2 Strategic business variables

The strategic organisational variables that this study focused on included profitability, productivity, organizational competitiveness, customer service excellence and product/service innovation. The study was set to explore how HR variables can have a positive impact on these key business strategic variables.

5.7 Population

The study was set up for organisations in the hospitality industry. This was limited to hotels and restaurants. The decision to conduct the study in this industry was based on the realisation that this industry is service based and HRM is an important component of such a labour intensive industry. In addition, Enz (2009) reports that HRM is a troubling issue within the hospitality industry while the industry is important to developing countries, including South Africa. The selection of hotels was done in the Cape Town

central city. Cape Town central city is 1.6km², and lies between Table Mountain and the Atlantic Ocean (Cape Town Central City Report, 2012). The Cape Town Central City Report (2012) states that there are 57 hotels in the central city, of which 8 of them are 8-star hotels. Therefore, the entire population from the hotels sub area was 57 hotels. In the restaurants sub area, the exact number of restaurants could not be ascertained; however, The Cape Town Central City Report (2012) also mentions that the city has more than 1 200 retailers, of which more than 200 of them are restaurants, coffee shops and take-away outlets.

5.7.1 Sampling

5.7.1.1 Sampling frame

Of the 57 hotels in the city, the sampling frame was taken to be the 3-star and 4-star hotels in the city. This decision was taken following an analysis of the South Africa hotel market sentiment survey (2010), in which the 3-star and the 4-star hotels provided the majority of respondents, and also because the average person would choose a 3-star or 4-star hotel. The report by the Labour Research Service (2012), which showed that more beds were in the 3-star and 4-star hotels, was also taken to imply that most of the clients in the hotel sub sector are accommodated in 3-star and 4-star hotels. Therefore, it was implied that employees who work in 3-star and 4-star hotels face more clients daily, resulting in a need for high performance, since profits are realised by serving many clients, as compared to higher star hotels where service is likely to be based on higher prices for a quality service to a few clients. Based on this consideration, the number of 3-star and 4-star hotels within the Cape Town City Centre was considered for this study. A total of 24 3-star and 4-star hotels operate within the delineated area. This was determined by referring to a report by the Cape Town International Convention Centre (2013). To select restaurants for the study, only the 6 major fast food restaurants in the city were considered, based on a list provided in the Euromonitor Consumer Food Service in South Africa (2005).

5.7.1.2 Sampling organisations

The N=1 sampling technique, whereby employees from all the hotels (24) and restaurants (6) from the sampling frame, was attempted for the study. This attempt was made by e-mailing letters of request for consent to conduct the study within the

organisations. This was also done following the University's ethical requirements through which this study was supervised. Only 10 (42%) of the 24 hotels responded positively to the request. Of the 14 that did not accept the offer, 5 (21%) did not respond, while the other 9 (38%) cited business pressure and could not accommodate the researcher. On the restaurant side, 5 (83%) of the 6 fast food restaurants to which the request letter was sent responded positively. Therefore, 10 hotels and 5 restaurants participated in the study. Stoker in De Vos *et al.* (2005:196) suggest guidelines for sample size, which show that for populations less than 30, all the units should be selected. This study, however, could not follow the same guideline owing to the convenience sampling technique that had to be adopted for ethical purposes. This may be taken as a limitation for the study even though the samples were above 30% of the population, noting that samples that are at least 30% are considered large for statistical purposes.

5.7.1.3 Sampling participants

The questionnaire was self-administered to waiters in restaurants and their supervisors, till operators and office employees in the restaurants, while in hotels the participants were front office employees, receptionists and office employees. Permission was first sought from the managers to administer the questionnaire, while appropriate dates and times were allocated for the researcher to administer the questionnaire. Over a one month period the researcher was able to complete the data collection process. Through interaction with the organisations prior to administering the questionnaire, the managers of the organisations indicated that, generally, at most fifteen employees maybe available, but less than ten will be able to complete the questionnaire owing to business imperatives. The researcher then expected eight employees per organisation, thereby issuing 120 questionnaires, of which 75 of them were returned and 71 of them were considered useful after screening them for usability of responses (removing those that severely omitted responses and those with unclear responses).

5.8 Research strategy and methodology

This study incorporated two data collection approaches, which were done in series, and following the 'zigzag data collection and analysis strategy' suggested by Creswell (2012:433). According to Creswell (2012:433), the zigzag data collection method forms

part of the ‘emerging design’ approach to data collection in which a researcher collects data, analyses it immediately rather than wait until all data is collected, and then bases the decision about what data to collect next on this analysis. In this study the conceptual framework was used as the first data point from which concepts for content analysis emerged.

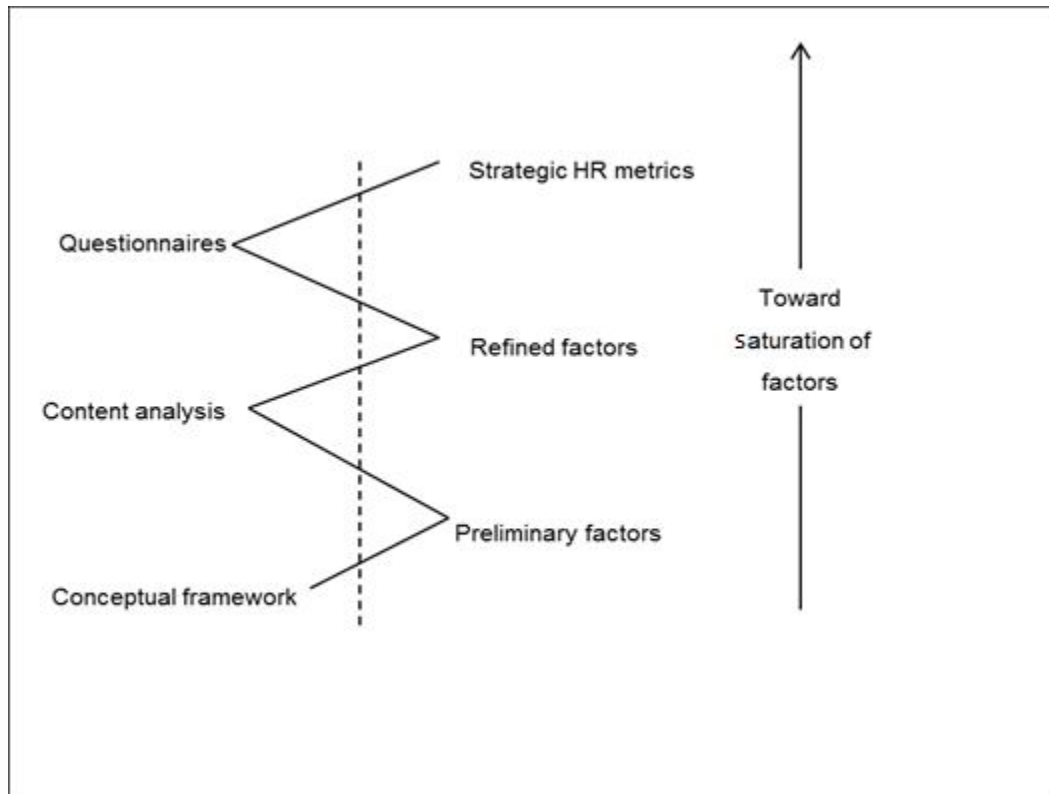


Figure 5. 1: The zigzag data collection method
Source: Adapted from Creswell (2012:433)

5.9 Data collection

Two data collection methods were used in this study. Firstly secondary data was collected for analysis from academic research papers, which were published in the South Africa Journal of Human Resource Management (SAJHRM) and the South Africa Journal of Industrial Psychology (SAJIP), and secondly, a questionnaire was distributed to collect more data on the findings from the analysis of documents. From the conceptual framework HR outcomes were linked to strategic business level outputs; therefore, the documents that were used for this study were those that identify such studies in their abstracts in the ‘implication’ section of the research paper. A purposive sampling technique was used to select the relevant documents.

5.9.1. Content analysis (secondary data)

The sampling universe for the content analysis was two journals, which were accessed from the online library portal of the Cape Peninsula University of Technology (CPUT). The documents that were used for content analysis were selected from the SAJHRM and the SAJIP, which are accredited South African journals. These journals publish empirical studies on human resource management. Of the 262 South African journals that are in the 2012 Department of Higher Education and Training's List of Approved South African Journals, the SAJHRM and the SAJIP are more specific to HRM and are primarily for empirical studies that have more direct implication on HR practice in organisations. The SAJHRM was selected because it focuses on latest developments in HRM in South Africa. One measure of how frequently a journal is cited is the global impact factor, which can be useful in determining the importance of the journal. The SAJHRM has a global impact factor of 1.92. In 2012 the SAJHRM had about 413518 page views. On the other hand, the SAJIP was selected because it is a premier southern African journal that focuses on innovative research and scholarship from both local and international sources within the fields of Industrial and Organisational Psychology. The SAJIP is indexed in various international research repositories, among them Gale, Cengage Learning, Elsevier's Scopus, ProQuest, Google Scholar, SciELO SA, and SA ePublications.

5.9.1.1 Sampling documents for content analysis

A purposive sampling technique of the relevant documents was used in this study. The documents were retrieved by entering the 10 key words based on factors from the conceptual framework. The selection criteria for a document was that: firstly, it had to contain one of the HR factors from the conceptual framework and, secondly, it had to relate that factor to one of the strategic factors from the conceptual framework or any other HR factor. The key words (from the conceptual framework), which were used to retrieve relevant articles were productivity, employee commitment, culture, innovativeness, satisfaction, engagement, culture, wellness, embeddedness, creativity and motivation. The table below shows the number of documents identified from each journal and per concept and the totals of the possible documents that appeared after entering search terms. The number of documents recorded is simply the total search results, which appeared when a key word was typed into the search portal of a journal. A total of 1568 possible documents appeared. These documents were then analysed to select a few, which were useful for this study.

Table 5.1: Search results

	SAJHRM	SAJIP	Total
1. Commitment	93	140	233
2. Satisfaction	90	174	264
3. Embeddedness	5	10	15
4. Motivation	120	193	313
5. Engagement	53	109	162
6. Culture	105	142	247
7. Wellness	31	52	83
8. Innovativeness	8	9	17
9. Creativity	26	54	80
10. Productivity	81	73	154
Total	612	956	1568

5.9.2 Questionnaire design, analysis and measurement of variables

While there are many intangible HRM outcomes, some scholars have singled out the major ones. This study has followed the same approach. The decision to select the few major ones is also justified when considering studies about HPWS from the literature review and also about strategic HRM. Several studies on HPWS and HRM strategies emphasised 'high commitment' HRM strategies that empowered employees to perform highly. According to Robbins *et al.* (2009:74), most research in organisational behaviour has considered three attributes, namely job satisfaction, job involvement and organisational commitment. Lobet and Fito (2013) also made an almost similar claim by identifying organisational commitment and job satisfaction as major job related HRM outcomes or organisational behaviours.

5.9.2.1 Organisational commitment

The measurement for organisational commitment that was used for this study is based on Meyer and Allen (1991)'s three component model of commitment. This model has gained prominence in understanding the nature of organisational commitment. In the model Allen and Meyer (1991) distinguished between emotional attachment (identification with and involvement in the organisation), continuance commitment (perceived cost associated with the organisation), and normative commitment (perceived obligation to remain with the organisation) (Meyer, Stanley, Herscovitch & Topolnytsky, 2002). Meyer *et al.* (2002) also noted that these three components of commitment have different impacts on employee on-the-job performance with affective commitment being

specifically expected to have the strongest correlation with performance. In their study of the relative importance of the components to job performance, Meyer *et al.*(2002) observed that affective commitment correlated highly ($p=0.16$) to job performance than either normative commitment ($p=0.06$) and continuance commitment ($p=-0.7$). Given that this study is more concerned with factors that make strategic impact or that strongly influence performance, items from the organisational commitment questionnaire that measure affective commitment were selected for the questionnaire that was used in this study.

5.9.2.2 Satisfaction

The section for jobsatisfaction for the questionnaire was developed by using items from the short form of the Minnesota satisfaction scale. The short form of the Minnesota satisfaction scale has 20 items on a five point likert scale. The actual scales used in this study were an adaptation of the Minnesota scales based on the work of Macdonald and MacIntyre(1997). Based on this work, nine items formed the satisfaction section of the questionnaire.

According to Robbins *et al.* (2009:74), job satisfaction describes “positive feelings about a job.” A literature review on job satisfaction shows that it is more strategically beneficial for an organisation to have satisfied employees. Greenberg (2011:222) discusses three theories of job satisfaction: the dispositional model, which argues that some people are just simply satisfied at work, the value theory, which state that people are satisfied when they get something of value while the social information processing model drives the view that satisfaction is owing to thevarious forms of social interaction cues that they receive from others. A number of empirical studies on the consequences of job satisfaction are notable in the literature. Job dissatisfaction has been found to have causal relationships with employee turnover, performance, absenteeism and wellness (Greenberg, 2011).

5.9.3.3 Work engagement

Items for the section on work engagement were developed based on the Utrecht Work Engagement Scale(UWES). The UWES has three sections for the measurement of work engagement: vigour, dedication and absorption.

“Engagement is a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption. Rather than a momentary and specific state, engagement refers to a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior. Vigor is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in one’s work, and persistence even in the face of difficulties. Dedication refers to being strongly involved in one’s work and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge. Absorption is characterized by being fully concentrated and happily engrossed in one’s work, whereby time passes quickly and one has difficulties with detaching oneself from work” (Schaufeli & Bakker, 2003:4).

Items from the ‘dedication’ portion of the engagement scale were taken for inclusion in the questionnaire because they resemble the concepts of this study more closely than the other items.

5.9.3.4 Embeddedness

According to Lee, Mitchell, Sablinski, Burton and Holton (2004), job embeddedness comprises of the fits and links that employees have in the organisation and in the communities in which the organisation exists. For purposes of this study, the items developed for embeddedness were those involving ‘fit to the organisation.’ Seven items were included in the questionnaire.

5.10 Validity and reliability of measuring instrument

The validity and reliability of this study was considered as described in the subsections below.

5.10.1 Validity

Validity refers to how well a measurement instrument measures what it is intended to measure (Long & Johnson, 2000; Bless *et al.*, 2006; Jackson, 2009). According to Long and Johnson (2000:31), there are mainly three ways of determining the validity of a measurement instrument and these are content validity, criterion validity and construct validity. Long and Johnson (2000:31) define content validity as the “degree to which the entirety of the phenomenon under investigation is addressed.” The phenomena that were investigated in this study are employee commitment, engagement, satisfaction, embeddedness and performance. To ensure content validity (that the questionnaire actually measured these five variables), the research instrument was developed from

well-established and generally accepted instruments. For instance, for the measurement of employee commitment, items were taken from Allen and Meyer's (1990) instrument. Although the instrument considers affective, continuance and normative commitment, Meyer *et al.* (2002) observed that affective commitment correlated highly ($p=0.16$) to job performance than either normative commitment ($p=0.06$) and continuance commitment ($p=-0.7$), therefore, items that were used were selected from the affective dimension of commitment. Of the eight items for affective commitment, four of them were used for the study based on face validity, that is, from the opinion of other researchers that were interacted with, the four were more suited to this study. For the measurement of satisfaction, the short form of the Minnesota satisfaction scale was used, while the Utrecht Work Engagement questionnaire was adapted for the study. The adaptation of scales was based on face validity to select items that most resembled the variables for this study. Similarly, for employee embeddedness, the fit to job sub scales were adapted from Mitchel and Lee (2001). The selection of actual items for inclusion in the question was based on face validity.

5.10.1.1 *Criterion validity and construct validity*

Bless *et al.*(2006:159) argue that one way to ensure criterion validity is to compare the results from a measuring instrument with those from another (the criterion). Jackson (2006:71) and Bless *et al.*(2006:158) concur that criterion validity can be either concurrent or predictive: concurrent validity is when the measurement instrument and the criterion are administered at the same time, while predictive validity is when the measurement instrument is used to predict a future criterion. In this study HR variables were assessed on their power to predict the performance of an employee. The analysis part in the next chapter ensures criterion validity by comparing the findings of this study with those of several other studies in the literature. Hence, the validity of the questionnaire was determined by assessing the findings with the findings of similar studies that were done previously. To ensure construct validity, this study used scales from instruments that have been well validated and accepted as true measures of the constructs in this study. This was also explained in an earlier paragraph.

5.10.2 Reliability

The reliability of a measuring instrument is defined in the literature as its consistency or the degree to which the instrument produces equivalent results for repeated trials (Bless *et al.*, 2006:150). To determine if the questionnaire that was used in this study was reliable, the responses were analysed on the statistical package SPSS, and frequencies were checked to determine if they cluster around certain responses or they are dispersed. Since most of the items of the questionnaire complemented one another around the variable being measured, a clustering of responses was expected. The questionnaire was reliable since it was clear from the frequencies that the responses clustered with high frequencies notable for some responses and low frequencies for certain responses. Few outliers were observable, which demonstrated some form of internal consistency of the questionnaire.

The questionnaire that was designed for this study had four sections: Section A for biographical information, Section B (organisational commitment), Section C (employee satisfaction), Section D (employee engagement) and Section E (employee embeddedness). The items in section B, organisational commitment, were based on the model for the measurement of organisational commitment which was proposed by Meyer and Allen (1991), which has 8 items for affective commitment, 8 items for continuance commitment and 8 for normative commitment. The literature has evidence that affective commitment was related to higher performance than the other 2 dimensions; therefore, the 8 items on affective commitment were initially taken for inclusion in the questionnaire. For the section on employee satisfaction, 9 items taken from the adaptation of the Minnesota satisfaction scale by Macdonald and MacIntyre's (1997) were used. Employee engagement was measured using items from the 9 item version of the Utrecht Work Engagement Scale, while employee embeddedness was measured based on the 7 items of the fit to organisation dimension of the measurement instrument of Lee, Mitchell, Sablinski, Burton and Holton (2004).

While the items in the questionnaire were based on previously tested measurement tools to ensure reliability, the questionnaire was first pre-tested with 20 employees from one hotel and one restaurant from organisations other than the 15 from which the study was actually taken. Their responses were analysed by a statistician and a panel discussion involving the researcher, the co-supervisor, the statistician and two other senior

researchers resulted in the modification of the measurement instrument to remove some items, which did not correlate well with the objectives of the study. After 2 weeks the new questionnaire was re-administered twice to the same group of 20 employees, allowing a three week period between the two last administrations. Based on the test-retest procedure, the questionnaire was found to be reliable with four items for organisational commitment, nine for employee satisfaction, four for employee engagement and seven items for employee embeddedness.

5.11 Validity and reliability of content analysis

Weber (1990) discussed the reliability of content analysis based on the work of Krippendorff (1990:130-154), which states the three types of reliability that are essential for content analysis. These include stability, reproducibility and accuracy. Stability is the extent to which the results of content classification are invariant over time and is determined when the same content is coded once by the same coder (Weber, 1990). This study has three codes, which are based on the conceptual framework that was developed in the previous chapter. The codes are market positioning, organisational competitiveness and performance/productivity effect. The rules for classifying content into the codes are as follows: (1) market positioning was coded when HR factors have implications on getting a status in the market resulting in the organisation assuming some domination in the market; (2) organisational competitiveness was coded when HR factors have implications on manoeuvring competitors; and (3) performance/productivity effect was coded where HR factors had an impact on the profit of the organisation. To ensure stability, the researcher coded the material in the 'organisational implication' section of the documents three times, ensuring a two week gap, and checked if the coding decisions remain the same. In all cases the decision remained the same.

In order to ensure reproducibility (or intercoder) reliability (Weber, 1990; Macnamara, 2005), the researcher engaged five senior researchers to code the relevant text from the documents by using the coding rules described earlier. Since there was little variation between the researcher's allocation of codes and that of the five senior researchers, the coding was concluded to be reliable. Weber (1990) also claimed that reliability in content analysis takes the form of face validity, content validity, criterion validity and semantic validity. The researcher in this study relied on semantic validity, which was enhanced by

consulting three managers from different organisations on the rules for allocating the codes based on their practical meaning in business settings. The rules for coding were found to be valid.

5.12 Summary

This Chapter explained the methodology that was used, which is centred on the analysis of secondary data in the form of a content analysis and the analysis of primary data by using a questionnaire. The next Chapter provides the findings of the study, including an interpretation of their meaning.

CHAPTER SIX

FINDINGS AND DISCUSSIONS

“True beliefs portray the world as it is; false beliefs portray the world as other than it is. A straight ruler appears bent when half-submerged in a glass of water. What is the truth of the matter? Truth’s character is both logical and empirical. The logical ‘principle of non-contradiction’ ensures that the contradictory propositions ‘the ruler is straight’ and ‘the ruler is not straight’ cannot both be true at the same time, and in principle observation should settle which is the case. In practice, things are not so simple. The observable truth would seem to change as the ruler enters the water. Perhaps this is to be expected? After all, if true beliefs describe the world, and the world changes, then truth must change too” (Wainwright, 2014).

6.1 Introduction

A number of scholars reviewed in Amstetius (2014:74) argue that the central features of grounded theory are constant comparison, coding, theoretical sampling, memoing, theoretical sensitivity and theoretical saturation. Amstetius (2014:74) further claims that the constant comparative method, together with theoretical sampling, comprises the core of quantitative analysis in grounded theory. This chapter discusses the central core features of grounded theory and the results that they yielded in order to develop the concepts set up in the conceptual framework.

6.2 Content analysis

Secondary data was collected from academic papers published in the SAJHRM and the SAJIP. One distinctive feature of papers from these two journals is that the papers that were published have a ‘practical implication’ section, which explains the meaning of the results of a study to the administration and management of organisations. This was a good source for quotes on how HR factors linked to strategic business imperatives. The four HR factors from the conceptual framework were used as search items in the online SAJHRM and SAJIP journals. A total of 16 documents were purposively identified for the analysis because they had at least one of the HR factors from the conceptual framework and they had a ‘practical implication’ section. These 16 documents were analysed using Atlas.ti –software for qualitative data analysis. 23 quotes were taken from the 16 documents. A list of the 16 documents that were used for this study is shown in Table 5.1 below.

Table 6. 1: Documents used for the collection of data from SAJHRM

SAJHRM		
Study code	Author	Study
01	Islam, Khan, Ahmed & Ahmed (2012)	Does organisational commitment enhance the relationship between job involvement and in-role performance?
02	Mclaggan, Bezuidenhout & Botha (2013).	Leadership style and organisational commitment in the mining industry in Mpumalanga
03	Coetzee & Botha (2012)	The languishment of employee commitment in the light of perceptions of fair treatment in the workplace
04	de Beer (2014)	The effect of presenteeism-related health conditions on employee work engagement levels: A comparison between groups
05	Coetzee, Schreuder & Tladinyane (2014)	Employees' work engagement and job commitment: The moderating role of career anchors.
06	Molokwu, Barreria & Urban (2013)	Entrepreneurial orientation and corporate governance structures at the firm level in the South African oil and gas industry
07	Scheepers & Shuping (2011)	The effect of human resource practices on psychological contracts at an iron ore mining company in South Africa

Table 6. 2: Documents used for the collection of data from SAJIP

SAJIP		
Study code	Author	Study
01	Simons & Buitendach (2013)	Psychological capital, work engagement and organisational commitment amongst call centre employees in South Africa
02	Mafini & Pooe (2013)	The relationship between employee satisfaction and organisational performance: Evidence from a South African government department
03	Botha & Mostert (2013)	A structural model of job resources, organisational and individual strengths use and work engagement
04	Mafini & Dlodlo (2014)	The relationship between extrinsic motivation, job satisfaction and life satisfaction amongst employees in a public organization
05	Jacobs, Renard and Snelgar (2014)	Intrinsic rewards and work engagement in the South African retail industry
06	Bothma & Roodt (2012)	Work-based identity and work engagement as potential antecedents of task performance and turnover intention: Unravelling a complex relationship.
07	Jacobs & Roodt (2011)	A human capital predictive model for agent performance in contact centres
08	Bell & Barkhuizen (2011)	The relationship between barriers to change and the work engagement of employees in a South African property management company
09	Field & Buitendach	Happiness, work engagement and organisational commitment of support staff at a tertiary education institution in South Africa

6.2.1 Coding

Grounded theory literature shows that constant comparison analysis involves coding strategies, identifying categories, sub categories and relationships that may suggest an emergent theory (Creswell, 2012; Amstetus, 2014). Three codes were created to analyse the quotations. It was noted that the strategic business factors from the 'practical implication' section could be coded into market positioning, organisational competitiveness and productivity/performance effect. This means that the initial list of strategic factors that appeared on the conceptual framework was reduced to three during the content analysis.

Exhibit 6.1 below is an output from the content analysis. It shows the three codes and also indicates the number of quotations that supported the code. As can be seen, organisational competitiveness was the most supported code with 13 quotations reflecting that HR factors influence organisational competitiveness.

Exhibit 6. 1: Codes for content analysis

All current codes	
<hr/>	
HU:	Content analysis
File:	[C:\Users\user1\Documents\Scientific Software\ATLSTi\TextBank\Content analysis.hpr7]
Edited by:	Super
Date/Time:	2014-12-25 01:03:57
<hr/>	
Market positioning	
Created:	2014-11-08 16:40:50 by Super
Modified:	2014-11-08 17:34:08
Quotations:	4
<hr/>	
Organisational competitiveness	
Created:	2014-11-08 16:40:50 by Super
Modified:	2014-11-08 17:42:20
Quotations:	13
<hr/>	
Productivity/performance effect	
Created:	2014-11-08 16:40:50 by Super
Modified:	2014-11-08 17:41:34
Quotations:	11

Exhibit 6.2 below is a full list, which was extracted from Atlas.ti, showing all the quotations that were made for this analysis. Despite showing the quotation, Exhibit6.2 also shows the code that was attached to a quotation.

Exhibit 6. 2: Quotations analysed

All current quotations (23). Quotation-Filter: All

HU: Content analysis
File: [C:\Users\user1\Documents\Scientific Software\ATLAS.ti\TextBank\Content analysis.hpr7]
Edited by: Super
Date/Time: 2014-12-25 00:52:26

P 1: 1.1A.pdf - 1:1 [It is important for organisati..] (1:2483-1:2624) (Super)
Codes: [market positioning]
No memos

It is important for organisations that want to gain a competitive edge over its rivals to enhance the level of involvement of its employees.

P 1: 1.1A.pdf - 1:2 [Thus, fostering high levels of..] (7:3633-7:3788) (Super)
Codes: [organisational competitiveness]
No memos

Thus, fostering high levels of job involvement is one of the available tools managers can use to enhance the competitive position of their organisations

P 2: 1.2A.pdf - 2:1 [In addition, employees experie..] (7:2922-7:3207) (Super)
Codes: [productivity/performance effect]
No memos

In addition, employees experience a sense of achievement when the supervisors acknowledge their hard work and this, in turn, will then increase the employees' commitment to the organisation and they will work harder and be more productive so as to receive more acknowledgment.

P 2: 1.2A.pdf - 2:2 [his is an important implicatio..] (7:5406-7:5729) (Super)

Codes: [market positioning]

No memos

This is an important implication for human resource managers, as they will have to accept responsibility for designing and delivering effective training and development programmes to empower and provide line managers with the necessary knowledge, skills and attitudes to fulfil their mandate in the mining industry.

P 3: 1.3R.pdf - 3:1 [it also encourages an employee..] (10:958-10:1058) (Super)

Codes: [productivity/performance effect]

No memos

It also encourages an employee to move from being an ordinary employee to being a committed one.

P 4: 1071-7860-2-PB.pdf - 4:1 [Furthermore, the complementary..] (10:2509-10:2729) (Super)

Codes: [organisational competitiveness]

No memos

Furthermore, the complementary nature of work engagement and organisational commitment is conducive to long-term performance and sustainable human based organisational competitive advantage (Youssef & Luthans, 2007).

P 5: 1090-7222-2-PB.pdf - 5:1 [Strategic interventions involv..] (1:4394-1:4619) (Super)

Codes: [organisational competitiveness]

No memos

Strategic interventions involving positive adjustments on the five employee satisfaction dimensions examined in this study may be initiated and applied to improve overall organisational performance in public organisations.

P 5: 1090-7222-2-PB.pdf - 5:2 [The findings of this study hav..] (7:3500-7:4437) (Super)

No memos

Codes: [market positioning] [organisational competitiveness] [productivity/performance effect]

The findings of this study have managerial implications. At a micro level, organisational performance may be accelerated by positively adjusting the levels of employee satisfaction factors such as teamwork, ability utilisation, creativity, autonomy and working conditions, which are predictors of organisational performance. In addition, these factors qualify as diagnostic mechanisms for organisational performance problems in organisations. Management practitioners and turnaround strategists would be able to address performance problems by checking to see if there are any shortfalls within any of the five employee satisfaction factors used in this study. An identical approach could be adopted at the macro level, where performance issues in the entire South African public sector may be partially resolved by placing special

P 6: 1135-8082-1-PB.pdf - 6:1 [Organisations will not be able..] (9:1993-9:3367) (Super)

Codes: [organisational competitiveness] [productivity/performance effect]

No memos

Organisations will not be able to attain and keep their competitive advantage by merely focusing on developing their employees' weaknesses (Luthans & Youssef, 2007). It is of vital importance that organisations use employees' strengths, but also that employees show more proactive behaviour towards using their own strengths. Together with job resources, POSSU and PBSU will lead to happier and more engaged employees working towards goal achievement. The results indicate that if organisations provide their employees with sufficient job resources, such as supervisory support and support for strengths use, it could be associated with their work engagement levels. Job resources will not only assist the employees in handling high job demands, but will most likely be associated with self-starting behaviour. This will not only be beneficial to the employees themselves, but also to the organisation. Employees who are engaged in their work experience good health and a positive work affect (Demerouti et al., 2001; Rothbard, 2001). Harter et al. (2002) also reported that employees' engagement levels have a positive impact on the performance of the organisation's business units (i.e. higher organisational profitability, enhanced productivity, more customer satisfaction and loyalty, lower employee turnover and improved safety) emphases on such behavioural aspects of employees within public organisations

P 7: 1166-8342-1-PB.pdf - 7:1 [The findings may be used to im..] (1:4806-1:4944) (Super)
Codes: [productivity/performance effect]
No memos

The findings may be used to implement strategies for enhancing employee performance and industrial relations within public organisations.

P 7: 1166-8342-1-PB.pdf - 7:2 [The findings of the study are ..] (10:4513-10:5212) (Super)
Codes: [productivity/performance effect]
No memos

The findings of the study are useful in empowering managers in public organisations to motivate and satisfy the needs of their employees. By optimising the extrinsic motivation factors identified in this study, managers may be able to enhance the job satisfaction as well as the life satisfaction of public service employees. This could lead to a reduction in dysfunctional actions by public employees, such as absenteeism, high turnover, industrial action and unsatisfactory work performance. This has a ripple effect on the attainment of organisational goals, since both job and life satisfaction are positively associated with organisational performance (Chandrasaker, 2011).

P 8: 1195-8805-4-PB.pdf - 8:1 [This finding may have both the..] (10:4312-10:4612) (Super)
Codes: [organisational competitiveness]
No memos

This finding may have both theoretical and practical implications for the design of the work environment, human resource practices, reward practices and conditions required to optimise and increase motivation, engagement and well-being and, therefore, potentially improve company performance

P 9: 2.5A.pdf - 9:1 [A deep and thorough understand..] (9:2603-9:2943) (Super)

Codes: [organisational competitiveness]

No memos

A deep and thorough understanding of the association between CGS and EO is important not only for academic purposes but because the subject has salience for practitioners. These implications relate to the profitability and competitiveness of the firm. As opportunities drive strategy, almost any opportunity is relevant to the firm

P10: 302-2955-5-PB.pdf - 10:1 [The influence of human resourc..] (1:2987-1:3535) (Super)

Codes: [productivity/performance effect]

No memos

The influence of human resource practices on relational contracts could assist organisations to invest in human resource practices. During recessions, organisations tend to reduce expenditure on human resource practices, especially training and development. The findings of this study, about the relationship between training and development and relational contracts, highlight the negative effect that this trend could have on psychological contracts, individual and organisational behaviour and, ultimately, organisational performance.

P10: 302-2955-5-PB.pdf - 10:2 [In times of recession, organis..] (18:546-18:876) (Super)

Codes: [productivity/performance effect]

No memos

In times of recession, organisations may decrease expenditure on training and development. Therefore, human resource practitioners need to note the possible implications of employee loyalty and breaching psychological contracts because of the strong relationship between training and development and relational contracts

P11: 572-5920-7-PB (1).pdf - 11:1 [A contribution of this study i..] (10:3852-10:4372) (Super)

Codes: [market positioning] [organisational competitiveness]

No memos

A contribution of this study is that the results provide evidence that career anchors are important personal resources that contribute positively to the association between people's work engagement and job commitment. As such, it is important for organisations that strive to gain a competitive edge in a dynamic and fast changing marketplace to gain a deeper understanding of the concomitant career motives, values, needs and interests that underpin the unique career anchor preferences of their employees

P12: 640-6502-2-PB.pdf - 12:1 [Organisational stakeholders ar..] (1:2329-1:2636) (Super)

Codes: [productivity/performance effect]

No memos

Organisational stakeholders are encouraged to take note of the effects that presenteeism-related health conditions have on work engagement and to consider relevant strategies and interventions to address and alleviate symptoms in order to tend to employee health and obviate the effect on productivity.

P12: 640-6502-2-PB.pdf - 12:2 [Presenteeism-related health co..] (6:1885-6:2237) (Super)

Codes: [organisational competitiveness]

No memos

Presenteeism-related health conditions clearly have an effect on the work engagement levels of employees. As a result, productivity, and therefore the successful obtainment of strategic objectives and profits, can also be affected. Thus, presenteeism is a human risk factor that has a negative effect on the realisation of organisational goals

P13: 893-6383-6-PB.pdf - 13:1 [The most important production ..] (14:1632-14:1982) (Super)

Codes: [organisational competitiveness] [productivity/performance effect]

No memos

The most important production factor of any organisation is its human resources, as people act as the catalysts for unlocking other organisational resources. Employee behaviour impacts on subjectively (self-reporting) and objectively measured work outcomes, and these in turn impact on the bottom line of organisations (Walsh & Gordon, 2007)

P14: 935-5654-2-PB.pdf - 14:1 [The research showed that barri..] (9:3690-9:4392) (Super)

Codes: [organisational competitiveness]

No memos

The research showed that barriers to change have a significant effect on the work engagement of the employees. Therefore, managers should eliminate project-barriers, people-barriers, organisational-barriers and environmental barriers proactively because they can have an adverse effect on employees. In addition, the research can assist managers to design and implement effective change interventions and improve the chances of successful change. Finally, organisations and organisational development specialists can use the additional knowledge the researchers gained about the relationships between barriers to change and work engagement to improve their current change processes

P15: 940-5670-4-PB.pdf - 15:1 [The human capital predictive m..] (1:2213-1:2414) (Super)

Codes: [organisational competitiveness]

No memos

The human capital predictive model serves as an operational management model that has performance implications for agents and ultimately influences the contact centre's overall business performance.

P15: 940-5670-4-PB.pdf - 15:2 [It is suggested that the human..] (18:97-18:859) (Super)

Codes: [productivity/performance effect]

No memos

It is suggested that the human capital predictive model serves as an operational management model (see Figure 2 that depicts the flow between the eight building blocks with 22 propositions) that has performance implications for agents and ultimately influences the contact centre's overall business performance. It contributes value in that it explains how P-E fit and JD-R and engagement affects performance; HRM practices (specifically utilising P-E fit for selection purposes and training to develop social competencies) impact agent competence and performance; the various agent competency elements that are to be considered for top performance; and lastly, how well-being and turnover intention impacts agent and business performance.

P16: 946-5644-5-PB.pdf - 16:1 [These research findings will b..] (9:2909-9:3357) (Super)
Codes: [organisational competitiveness]
No memos

These research findings will benefit all parties in the workplace. The current research will help organisations to improve organisational outcomes and organisational commitment specifically. It will also help organisations to understand workers, particularly their levels of happiness, and what benefits their happiness can bring. Organisations can use the finding of this study to develop interventions and strategies for improvement.

6.2.2 Analysis of categories and sub categories

Figure 6.1 below is the coding paradigm, which was created to show the links between the strategic factors and the HR factors.

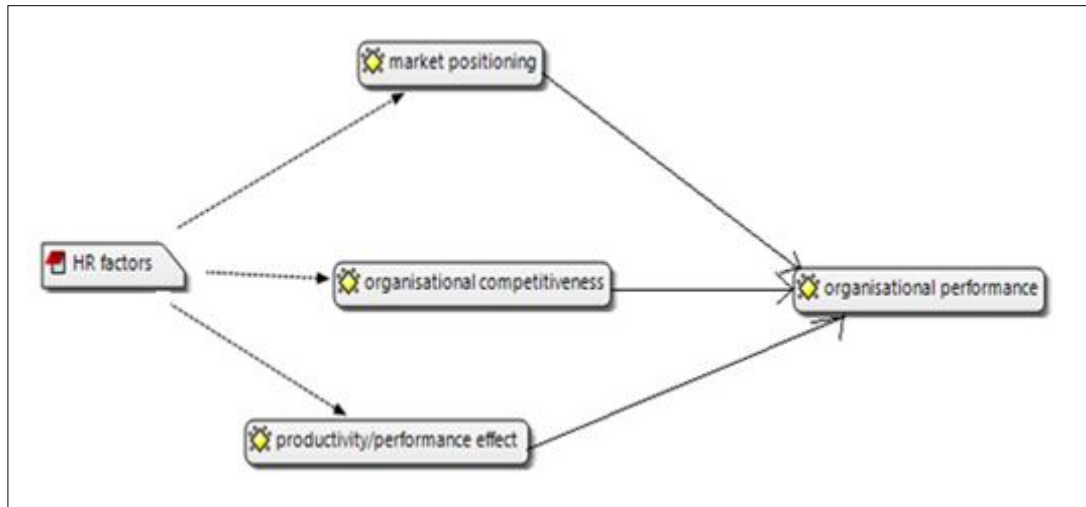


Figure 6. 1: Coding paradigm
Source: Author's construction

While it was found from the content analysis that HR factors have a positive influence on the three strategic factors (market positioning, organisational competitiveness and productivity), it was also found that organisational competitiveness had a central position shown by the largest number of quotations from the analysis. Such an observation was taken to imply that the other two categories (market positioning and productivity) could have an impact on organisational competitiveness. The links finally impact on organisational performance, especially when considering share value and overall performance on the stock market

6.3 Emerging theory

An accepted financial axiom is that the role of managers is to maximize shareholders' wealth by the effective allocation of resources (Worthington & West, 2001:3; Nakhaei, Hamid, Anuar, & Nakhaei, 2012:443). Therefore, if all other organizational variables (except the HR outcome factors) are held constant, the profitability of a company would vary with the strength of the HR outcome factors. An increase in strength of the elements of the HR factors would result in an increase in company performance.

If this is accepted, then performance (P) varies with the strength of the HR outcome factors (H)

$$P \propto H$$

$$P = kH + c$$

Where H is the impact of the HR outcome factors, k is the constant of proportionality and c is the fixed labour productivity for a new employee who has recently joined the organization, which may be the performance level stated in the job description.

$$P = kH + c$$

The above conclusion proposes a strategic metric that relates performance to HR factors. The HR factors in this case are defined as the intangible outcomes of HRM, as shown in the conceptual frameworks provided. These HR outcomes are key studies in the field of organisational behaviour. While there are many intangible organisational outcomes for analysis in organisational behaviour, some scholars have singled out the major ones; this study has followed the same approach. The decision to select the few major ones is also justified when considering studies about HPWS from the literature review, and also about strategic HRM. According to Robbins *et al.* (2009:74), most research in organisational behaviour has looked at three attitudes, namely job satisfaction, job involvement and organisational commitment. Llobet and Fito (2013) also made an almost similar claim by identifying organisational commitment and job satisfaction as the major job related HRM outcomes or organisational behaviours. In addition, several studies on HPWS and HRM strategies emphasised 'high commitment' HRM strategies that empower employees to perform highly.

To empirically collect data to assess the hypothetical metric proposed above, the focus was placed on the major HR factors or organisational behaviours, namely organisational commitment, work engagement, employee satisfaction and employee embeddedness. These intangibles describe the work related feelings that people have about their jobs; such feelings are called attitudes (Greenberg, 2011:207). Whereas Robbins *et al.* (2009:72) define attitudes as 'evaluative statements, either favourable or unfavourable about objects, people or events,' Greenberg (2011:208) defines attitudes as 'relatively stable clusters of feelings and behavioural pre-dispositions towards something.' These two definitions are clearly equivalent, as they revolve around the subjective judgements

that people make about something. To realise the essence of studying attitudes in HRM, one can consider the three components of attitudes found in the literature and argue that HRM is about managing the attitudes of people. Attitudes have an evaluative component, a cognitive component and a behavioural component (Robbins *et al.*, 2009:72; Greenberg, 2011:208). It may be proposed that these three components are at the heart of all strategic attempts to raise profitability through people. The evaluative component considers whether people like or dislike certain work related issues; the cognitive component is centred on the beliefs of individuals with regard to the work related issues, while the behavioural includes issues about how the people will act based on their cognitive and evaluative disposition. It can be said that these components are critical in the realisation of an HR strategy. It is HRM activities that partly aim to bring out these positive behavioural outcomes from employees. The study of these outcomes has become a distinct field, which is popularly known as organisational behaviour. The intangibles of HRM that are portrayed in the conceptual framework form part of the field of organisational behaviour. The sections below discuss these HRM outcomes, intangibles, attitudes or employee behaviours in detail. This study has realised from the analysis of literature that while these intangibles are critical HRM factors, research studies which link them to profitability, customer care or quality, are limited.

6.4 Primary data

To empirically assess the metric proposed from the qualitative analysis of documents done earlier, primary data was collected by using a questionnaire. The questionnaire sought to establish concepts that are strongest in the relationship proposed by the metric. The Likert questionnaire had items, which sought the degree of agreement that respondents (employees) in the hospitality industry had with certain assertions on HR concepts.

6.4.1 Questionnaire analysis

6.4.1.1 Biographical information

Table 6. 3: Distribution of age groups

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Younger than 20	2	2.8	2.8	2.8
20-30	30	42.3	42.3	45.1
30-40	31	43.7	43.7	88.7
40-50	8	11.3	11.3	100.0
Total	71	100.0	100.0	

The Table above shows that the majority of the respondents (86%) were within the age range 30-40 years. According to the Quarterly Labour Force survey, Quarter 2 (2014), the working age group in South Africa is 15 – 64 years. This shows that the majority of the participants in this study were in the middle of their working life. Their responses, therefore, could be reliable.

Table 6. 4: Respondents' level of education

Level of education	Frequency	Percent	Valid Percent	Cumulative Percent
Valid did not complete matric	22	31.0	31.0	31.0
Matric	23	32.4	32.4	63.4
Certificate	14	19.7	19.7	83.1
Diploma	9	12.7	12.7	95.8
Degree	3	4.2	4.2	100.0
Total	71	100.0	100.0	

The low level of education of employees in the hospitality industry is apparently reflected in the above table with an almost equal number for those who completed matric and those who did not. Those who completed matric comprised 32% of the respondents, while 31% had not completed matric. The low level of education, which is observable from the respondents supports an argument from Kort and Strydom (2014:120) who state that the hospitality industry has a skills problem.

Table 6. 5: Respondents' length of service in the organisation

Length of service		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than one year	14	19.7	19.7	19.7
	1-2 years	21	29.6	29.6	49.3
	3-5 years	19	26.8	26.8	76.1
	5-10 years	11	15.5	15.5	91.5
	more than 10 years	6	8.5	8.5	100.0
	Total	71	100.0	100.0	

Labour mobility is evident in the above table with the majority of the employees (30%) having worked for their respective organisations for between one to two years. This finding is consistent with a report by Blomme (2006) cited in Kort and Strydom (2014:121), which states that about 70% of graduates leave the industry within six years after graduating.

Table 6. 6: Respondents' employment status

Employment status		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Contract	35	49.3	49.3	49.3
	Permanent	36	50.7	50.7	100.0
	Total	71	100.0	100.0	

From the 71 respondents that were considered for the research study, the number of contract employees and that of permanent employees was almost the same at 35 and 36, respectively. This aspect of the composition of the respondents surprisingly contrasted Blaauw and Viljoen (2009:50) whose review of literature had established that the majority of businesses in the hospitality industry employ casual workers. Casual employment in the hospitality industry is also supported in the study by Kort and Strydom (2014) who argue that employee retention is listed among the challenges of the industry. If this was to be accepted, then the number of contract workers among the respondents would have been more than that of permanently employed respondents. This study could not account for the contrasting findings.

Table 6. 7: Types of organisations

Organisation		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Restaurant	17	23.9	23.9	23.9
	Hotel	54	76.1	76.1	100.0
	Total	71	100.0	100.0	

The majority of the employees who participated in this study work in hotels (76.1%), compared to restaurants (23.9%).

6.4.1.2 Organisational commitment

Table 6. 8: Organisational commitment - statement 1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	9.9	9.9	9.9
	Neutral	11	15.5	15.5	25.4
	Agree	21	29.6	29.6	54.9
	Strongly agree	32	45.1	45.1	100.0
	Total	71	100.0	100.0	

Statement 1 on employee commitment required respondents to indicate their degree of agreement on whether they perform better when they feel that they will spend the rest of their career in an organisation. A total of 45% of the respondents strongly agreed that they can perform better if they feel that they will spend the rest of their career with a particular organisation. A clear pattern of increasing frequencies can be seen as the degree of agreement moved from 'disagree' to 'strongly agree.'

Table 6. 9: Organisational commitment - Statement 2

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	5.6	5.6	5.6
	Neutral	11	15.5	15.5	21.1
	Agree	30	42.3	42.3	63.4
	Strongly agree	26	36.6	36.6	100.0
	Total	71	100.0	100.0	

In terms of organisational commitment, statement 2 assessed the respondents' degree of agreement that they can perform better if the organisation makes them feel 'part of the family' at work. A total of 42% of the respondents simply 'agreed' that they can perform better if the organisation makes them feel that they are 'part of the family' at work, while 37% strongly agreed.

Table 6. 10: Organisational commitment - statement 3

Characteristic	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	2.8	2.8	2.8
Disagree	3	4.2	4.2	7.0
Neutral	15	21.1	21.1	28.2
Agree	31	43.7	43.7	71.8
strongly agree	20	28.2	28.2	100.0
Total	71	100.0	100.0	

Regarding organisational commitment, statement 3 required respondents to indicate their degree of agreement that their performance is high when they feel 'emotionally attached' to an organisation. As shown in the above Table, respondents were inclined (44%) to 'agree'. 'Agree' and 'strongly agree' comprised about 51% of the frequency.

Table 6. 11: Organisational commitment - Statement 4

Characteristic	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	2.8	2.8	2.8
Disagree	3	4.2	4.2	7.0
Neutral	15	21.1	21.1	28.2
Agree	28	39.4	39.4	67.6
Strongly agree	23	32.4	32.4	100.0
Total	71	100.0	100.0	

Regarding statement 4 on organisational commitment, it assessed the extent to which respondents agreed that 'a strong sense of belonging' to the organisation improves their

performance. The same pattern of response, as observed from the other statements already commented on above, was observed here with the majority of respondents (28%) 'agreeing,' followed by 'strongly agree' (23%) that their rate of performance will be high if they have a strong 'sense of belonging' to the organisation.

In terms of organisational commitment, a general pattern of response was clear. The majority of respondents answered 'agree' to the responses, followed by 'strongly agree.' This generally implies a strong relationship between employee commitment and performance. The study of employee commitment and performance has generally had mixed results. Some studies established a weak positive relationship (Islam, Khan, Ahmad & Ahmed, 2012; Pinho, Rodrigues & Dibb, 2014), while others found a strong positive relationship (Fu & Deshpande, 2014; Imran, Arif, Cheema & Azeem, 2014).

5.4.1.3 Employee satisfaction

Table 6. 12: Employee satisfaction - Statement 1

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.8	2.8	2.8
	Disagree	4	5.6	5.6	8.5
	Neutral	10	14.1	14.1	22.5
	Agree	19	26.8	26.8	49.3
	Strongly agree	36	50.7	50.7	100.0
	Total	71	100.0	100.0	

Employee satisfaction – statement 1 assessed the degree of agreement of respondents that their performance will be higher if they are recognised for a job well done. The highest frequency (51%) was among employees who 'strongly agreed' that their performance will be higher if they are recognised for a job well done. Frequencies increased with movement from the 'strongly disagree' response towards 'strongly agree.' The impact of employee recognition on employee performance is supported by motivation theories (Maslow, McClelland, Herzberg, and so on). Manzoor (2012)

asserts that employee recognition improves employees' motivation, which leads to high performance and organisational effectiveness.

Table 6. 13: Employee satisfaction - Statement 2

Characteristic	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	2.8	2.8	2.8
Disagree	9	12.7	12.7	15.5
Neutral	15	21.1	21.1	36.6
Agree	26	36.6	36.6	73.2
Strongly agree	19	26.8	26.8	100.0
Total	71	100.0	100.0	

Employee satisfaction – statement 2 sought responses regarding the extent to which employees agreed that they perform better when they feel close to others at work. The majority (37%) of respondents stated that they 'agree' that they perform better when they feel close to others in the workplace. The next high frequency (27%) was for 'strongly agree.'

Table 6. 14: Employee satisfaction - Statement 3

Characteristic	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	3	4.2	4.2	4.2
Disagree	5	7.0	7.0	11.3
Neutral	13	18.3	18.3	29.6
Agree	27	38.0	38.0	67.6
Strongly agree	23	32.4	32.4	100.0
Total	71	100.0	100.0	

Statement 3 on employee satisfaction assessed the degree of agreement that employees feel good about working at an organisation, and this makes them perform better. The same pattern of response, which was observed in previous statements whereby 'agree' has the highest percentage frequency (38%), followed by 'strongly agree' (32%), was again shown.

Table 6. 15: Employee satisfaction - Statement 4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	1	1.4	1.4	1.4
Disagree	9	12.7	12.7	14.1
Neutral	10	14.1	14.1	28.2
Agree	23	32.4	32.4	60.6
Strongly agree	28	39.4	39.4	100.0
Total	71	100.0	100.0	

Employee satisfaction – Statement 4 assessed the degree to which employees associated job security with their performance. Employees had to respond to whether job security made them perform better. The majority of respondents (39%) ‘strongly agreed’ that job security increased their performance, while 32% simply ‘agreed.’ Therefore, there is evidence that job security supports employee performance based on the results from this statement.

Table 6. 16: Employee satisfaction - Statement 5

Characteristic	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	2.8	2.8	2.8
Disagree	2	2.8	2.8	5.6
Neutral	14	19.7	19.7	25.4
Agree	23	32.4	32.4	57.7
Strongly agree	30	42.3	42.3	100.0
Total	71	100.0	100.0	

Employee satisfaction – Statement 5 required respondents to indicate their degree of agreement that their rate of performance increases if the organisation that they work for enhances their physical health and wellbeing. The majority of the respondents (42%) strongly agreed that their performance increases if their physical health and well-being is enhanced. The next high frequency was recorded for ‘agree’ (32%), which shows that ensuring employee wellness is generally important for employee performance.

Table 6. 17: Employee satisfaction - Statement 6

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.4	1.4	1.4
	Disagree	6	8.5	8.5	9.9
	Neutral	7	9.9	9.9	19.7
	Agree	20	28.2	28.2	47.9
	Strongly agree	37	52.1	52.1	100.0
	Total	71	100.0	100.0	

Employee satisfaction - Statement 6 required respondents to indicate the extent to which they agreed that if they obtain good wages they perform better. The majority of the respondents (52%) felt that good wages can certainly make them perform better. The next highest number of respondents simply 'agreed' (28%) that good wages enhance their performance. While the responses to this question show employees' desire for a good wage to perform better, Blaauw and Viljoen (2009) claim that the 'the hospitality industry is characterised by long working hours, work over weekends, and low wages...' This result is consistent with the high number of wage disputes and wage strikes that occur in South Africa. According to the Industrial Action Report (2013), wages, bonus and other compensation disputes remain to be the main reasons for work stoppages in 2013, when 76.6% of working days were lost.

Table 6. 18: Employee satisfaction - Statement 7

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.8	2.8	2.8
	Disagree	5	7.0	7.0	9.9
	Neutral	8	11.3	11.3	21.1
	Agree	27	38.0	38.0	59.2
	Strongly agree	29	40.8	40.8	100.0
	Total	71	100.0	100.0	

Employee satisfaction – Statement 7 required employees to assess their degree of agreement in terms of whether they perform better if they are given challenging work that stimulates their talents and skills. The highest number of respondents (41%)

'strongly agreed' that challenging work that stimulates their talents and skills makes them perform better. While the next high percentage frequency (38%) was observed for those who 'agreed' that good wages improves their performance.

Table 6. 19: Employee satisfaction - Statement 8

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.4	1.4	1.4
	Disagree	1	1.4	1.4	2.8
	Neutral	10	14.1	14.1	16.9
	Agree	31	43.7	43.7	60.6
	Strongly agree	28	39.4	39.4	100.0
	Total	71	100.0	100.0	

Statement 8 on employee satisfaction inquired about the extent to which respondents agreed that they perform better when workplace relationships are good. While the highest percentage frequency (44%) was recorded for the 'agree' response, the next highest percentage frequency was 39% for the employees who 'strongly agreed' that good workplace relationships enhance their performance.

Table 6. 20: Employee satisfaction - Statement 9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.8	2.8	2.8
	Neutral	10	14.1	14.1	16.9
	Agree	30	42.3	42.3	59.2
	Strongly agree	29	40.8	40.8	100.0
	Total	71	100.0	100.0	

Statement 9 on employee satisfaction assessed respondents' level of agreement that they perform better when they have good feelings about their jobs. The two responses – 'agree' and 'strongly agree' almost had the same frequency (42% and 41%, respectively). Only one respondent separated the two, hence 'agree' had the highest

frequency, which showed a high degree of agreement that good feelings about a job improves performance.

The general observation for the concept of employee satisfaction was that the majority of the respondents 'strongly agreed' with the statements on the Likert scale questionnaire. This suggests a strong relationship between employee satisfaction and performance. Judge, Thoresen, Bono and Patton (2001) commented that the study of employee satisfaction and performance has received much attention in Industrial Psychology. While there are notable studies that established a strong relationship between satisfaction and performance, some studies did not confirm the relationship. The study by Judge *et al.* (2001) found a moderate ($r=0.30$) relationship between satisfaction and performance, while Callaghan and Coldwell (2014) did not confirm a relationship between the two variables. In contrast, as in this study, Imran, Arif, Cheema and Azeem (2014) supported Mafini and Poee (2013) who found a strong relationship between employee satisfaction and performance. According to Armstrong (2009:344), research has not established any strong relationship between employee satisfaction and performance. It is, therefore, clear that the findings of the current study regarding employee satisfaction does not confirm with other research studies around the concept. Armstrong (2009:344) further comments that "it is not job satisfaction that produces high performance, but it is high performance that produces job satisfaction and a satisfied worker is not necessarily a productive worker and a high performer is not necessarily a satisfied worker."

6.4.1.4 Employee engagement

Table 6. 21: Employee engagement - Statement 1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	4	5.6	5.6	5.6
	Disagree	5	7.0	7.0	12.7
	Neutral	9	12.7	12.7	25.4
	Agree	23	32.4	32.4	57.7
	Strongly agree	30	42.3	42.3	100.0
Total		71	100.0	100.0	

Statement 1, which dealt with employee engagement required respondents to indicate the degree to which they agreed that they perform better when their work is full of meaning and purpose. A total of 42% of the employees 'strongly agreed' that they perform better if their work is full of meaning and purpose, while 32% 'agreed' that work that is full of meaning increases their performance.

Table 6. 22: Employee Engagement - Statement 2

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.4	1.4	1.4
	Disagree	4	5.6	5.6	7.0
	Neutral	9	12.7	12.7	19.7
	Agree	26	36.6	36.6	56.3
	Strongly agree	31	43.7	43.7	100.0
	Total	71	100.0	100.0	

Employee engagement – Statement 2 inquired about the level of agreement that employees have of whether they perform better if the job is inspiring. Employees generally made positive responses to the assertion that an inspiring job boosts their performance, as 44% 'strongly agreed,' while 37% 'agreed' that an inspiring job encourages them to perform better.

Table 6. 23: Employee Engagement - Statement 3

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.8	2.8	2.8
	Disagree	1	1.4	1.4	4.2
	Neutral	11	15.5	15.5	19.7
	Agree	22	31.0	31.0	50.7
	Strongly agree	35	49.3	49.3	100.0
	Total	71	100.0	100.0	

Statement 3 of employee engagement required employees to indicate their degree of agreement that they perform better when they are proud of the work that they do. The largest number of respondents (35) strongly agreed that they perform better at work if they are proud of the work that they do.

Table 6. 24: Employee engagement - Statement 4

Characteristic	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	1	1.4	1.4	1.4
Disagree	4	5.6	5.6	7.0
Neutral	11	15.5	15.5	22.5
Agree	23	32.4	32.4	54.9
Strongly agree	32	45.1	45.1	100.0
Total	71	100.0	100.0	

The degree to which employees agreed that they perform better if the work is energising was assessed from the responses to statement 4 –employee engagement. The frequency for this statement increased with the degree of agreement with the statement. A total of 45% ‘strongly agreed,’ while 32% agreed that they perform better owing to energising work.

The overall comment that can be made for work engagement from the results of the questionnaire is that the respondents strongly agreed with all the statements. This shows a high degree of influence that work engagement might have on organisational performance. While this study compliments other studies on employee engagement that have found correlation between engagement and performance, the level of association found in other studies is not as strong as has been established in this study. Harter, Schmidt and Hayes (2002) found correlation between engagement and performance, but could not establish whether the correlation was causal. However, Dalal, Buysinger, Brummel and Lebreton (2012) concluded that the correlation between engagement and performance is such that it is predictive and engagement predicts performance. Conversely, Salanova, Agut and Peiro (2005) had earlier found an association between employee engagement and performance.

6.4.1.5 Employee embeddedness

Table 6. 25: Employee embeddedness - Statement 1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	4.2	4.2	4.2
	Disagree	6	8.5	8.5	12.7
	Neutral	9	12.7	12.7	25.4
	Agree	22	31.0	31.0	56.3
	Strongly agree	31	43.7	43.7	100.0
	Total	71	100.0	100.0	

Statement 1 on employee embeddedness required respondents to indicate their degree of agreement that they perform better if they like members of their work groups. For this statement the highest percentage frequency (44%) was associated with 'strongly agree,' while the lowest percentage frequency was recorded for 'strongly disagree.' As shown in the table, frequency increased with the degree of agreement.

Table 6. 26: Employee embeddedness - Statement 2

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	4.2	4.2	4.2
	Disagree	9	12.7	12.7	16.9
	Neutral	13	18.3	18.3	35.2
	Agree	24	33.8	33.8	69.0
	Strongly agree	22	31.0	31.0	100.0
	Total	71	100.0	100.0	

Employee embeddedness - statement 2 sought the level of agreement that employees had to the statement: I perform more when my co-workers are like me. The majority of the respondents (34%) strongly agreed that they perform better when their co-workers are like them. Frequency increased with the degree of agreement.

Table 6. 27: Employee Embeddedness - Statement 3

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.2	4.2	4.2
	Neutral	8	11.3	11.3	15.5
	Agree	29	40.8	40.8	56.3
	Strongly agree	31	43.7	43.7	100.0
	Total	71	100.0	100.0	

The third statement on employee engagement assessed the degree of agreement that the employees have in terms of whether they perform better when their jobs utilise all their skills and talents. For this statement, like in the previous two statements, frequency increased with the degree of agreement. A total of 44% of the respondents 'strongly agreed' that they perform better if their jobs utilise all their skills, while 41% 'agreed' with the assertion.

Table 6. 28: Employee embeddedness - Statement 4

Characteristic		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.4	1.4	1.4
	Disagree	5	7.0	7.0	8.5
	Neutral	13	18.3	18.3	26.8
	Agree	29	40.8	40.8	67.6
	Strongly agree	23	32.4	32.4	100.0
	Total	71	100.0	100.0	

Employee embeddedness – Statement 4 inquired about the respondents' level of agreement that they perform better if they are a good match to the company. The highest percentage frequency (41%) was associated with the 'agree' response, followed by the 'strongly agree' (32%) response. This shows that employees perform better if they are well suited to the company.

Table 5. 29: Employee embeddedness - Statement 5

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	2.8	2.8	2.8
Neutral	16	22.5	22.5	25.4
Agree	27	38.0	38.0	63.4
Strongly agree	26	36.6	36.6	100.0
Total	71	100.0	100.0	

Assessment of the degree to which employees perform more if they suit the organisation's culture was required for statement 5 of employee embeddedness. As in the previous statement, the highest frequencies were observed for the 'agree' response (38%), followed by the 'strongly agree' response (37%).

Table 6. 30: Employee embeddedness - Statement 6

Characteristic	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	2.8	2.8	2.8
Disagree	9	12.7	12.7	15.5
Neutral	9	12.7	12.7	28.2
Agree	35	49.3	49.3	77.5
Strongly agree	16	22.5	22.5	100.0
Total	71	100.0	100.0	

Employee engagement – statement 6 required employees to indicate their degree of agreement with the assertion that they perform better if their values are compatible with the organisation's values. Almost half of the respondents (49%) 'agreed' that they perform better if their values are compatible with those of the organisation. Low frequencies were apparently observable for the 'disagree' and 'strongly disagree' responses.

Table 6. 31: Employee embeddedness - Statement 7

Characteristic	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	5.6	5.6	5.6
Disagree	3	4.2	4.2	9.9
Neutral	6	8.5	8.5	18.3
Agree	23	32.4	32.4	50.7
Strongly agree	35	49.3	49.3	100.0
Total	71	100.0	100.0	

Statement 7 on employee embeddedness required employees to indicate their level of agreement with the assertion that they perform better if they feel that they can reach their professional goals while working for the organisations that employ them. For the above statement, the degree of agreement correlated with high frequencies. The largest number of respondents (49%) 'strongly agreed' that they perform better when they feel that they can reach their professional goals while working for their organisations.

Responses to the concept of embeddedness support the work of Lee, Mitchell, Sablynski, Burton and Holton (2004), as well as the study by Chinomona, Dhurup and Chinomona (2013), who found that employee embeddedness predicted job performance. According to Chinomona *et al.* (2013), all the dimensions of job embeddedness (fit to job, fit to organisation and fit to community) positively influence performance. Concurring with this finding, Lee *et al.* (2004) found that on-the-job embeddedness significantly predicted organisational citizenship behaviour and job performance.

6.5 Discussion

The results of the questionnaire clearly support the idea that the four HR concepts (factors) – commitment, satisfaction, engagement and embeddedness significantly influence performance. A graph illustrating the average percentage frequencies of the respondents who strongly agreed with the various statements on the HR concepts, is shown in Figure 6.2below.



Figure 6.2: Frequency of strong agreement that HR concepts influence performance

The graph above shows that the proposed metric $p=kH+c$ can be split into two parts: commitment and embeddedness had the lowest level of strong agreement to influence performance, while satisfaction and engagement had high levels of agreement to strongly influence performance.

In addition, satisfaction and engagement had a much steeper slope for the level of agreement, which suggests that a change in any one of them is likely to cause much impact on the performance of an organisation. The rate of change in performance from a commitment based system to an embeddedness strategy can be calculated by looking at the point from the level of agreement that commitment has an influence on performance to the level of agreement that embeddedness influences performance and calculating the gradient as follows:

Rate of change from a commitment strategy to an employee embeddedness strategy

$$= \frac{\partial y}{\partial x}$$

$$= \frac{0.5}{1}$$

$$= 0.5 \text{ units}$$

Rate of change from an embeddedness strategy to an engagement strategy

$$= \frac{\partial y}{\partial x}$$

$$= \frac{2}{2}$$

=1 unit

Figure 6.2 can be split into two segments, as shown in Figures 6.3 and Figure 6.4.

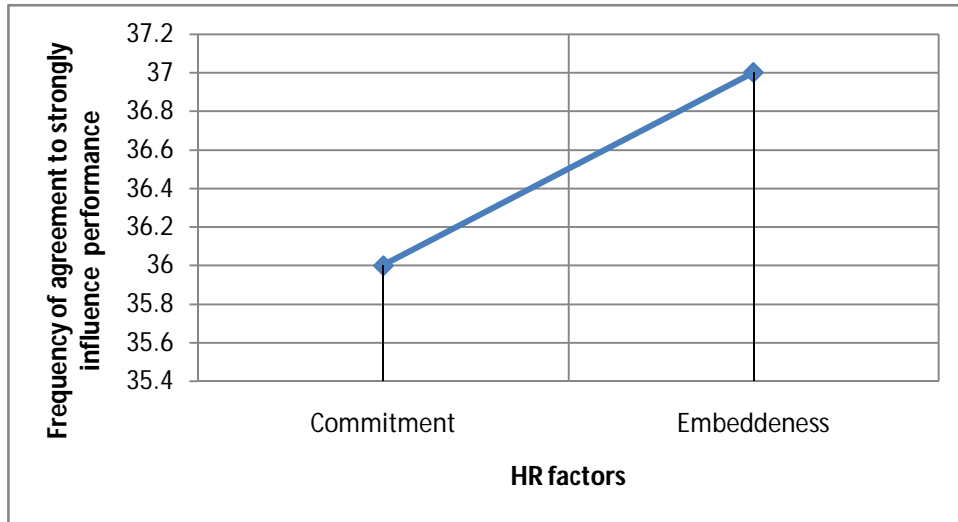


Figure 6. 3: Frequency of strong agreement that commitment and embeddedness influence performance

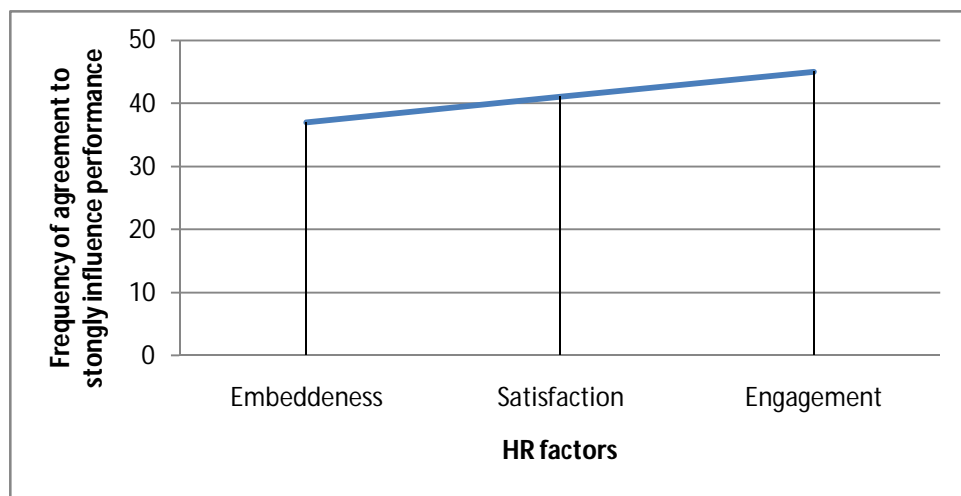


Figure 6. 4: Frequency of strong agreement that satisfaction and engagement influence performance

The results of this study show that the main factors, which determine strategic HR metrics are the key intangibles of HRM, namely employee commitment, engagement, satisfaction and embeddedness. Of these factors, employee engagement and satisfaction appeared more significant in influencing performance than the others. The study proposes a single key standard metric based on the results of this study. This metric, as stated before, is $P=kH+c$.

Prior studies have raised the need for HR metrics to be strategic and to make a contribution to real business decisions (Murphy & Zandvakili, 2000; Sullivan, 2004; Ingham, 2004; Kavukcuoglu, 2013). This study was set out with the aim of exploring factors, which determine strategic business management. The main research question was to determine what HR metrics should measure in order for them to be strategic. There is criticism in existing literature of the current crop of HR metrics to the effect that the metrics are too many and confusing (Schiemann, 2000:7; Boudreau & Ramstad, 2007; Lawler, 2014: 233). In their arguments for the HR scorecard, Becker *et al.* (2001:1) claim that key strategic imperatives are missing from what HR currently measures and focuses on. In reviewing the literature, no particular studies were found to make suggestions on the areas of HR that HR metrics should measure and focus on. Little was found in the literature on the question of which particular areas HR metrics can focus on. This study then used the systems theory to set up a conceptual framework, which was developed from ideas from the literature review, thereby enabling the study to progress.

It has been noted in the literature that the existing HR metrics are mainly measures of efficiency and effectiveness such as those from the Saratoga Institute, which include calculations of employee absenteeism, turnover rates, training costs, cost per hire, and so on. These metrics, as observed in the literature, lack appeal because they do not communicate matters that are of interest to top management such as profitability, market share and competitive advantage. Lately, scholars (Pfeffer & Sutton, 2002; Huselid *et al.*, 2005; Ulrich *et al.*, 2005; Grobler *et al.*, 2012) argue that organisations need strategic HR metrics that communicate key business level imperatives. In addressing these concerns, this study has found that HR metrics should rather measure key intangible concepts that are essential for employee performance, and this performance in turn translates to the

attainment of valued strategic level outcomes. This perspective supports that of Kaplan and Norton (2001:3) who explain that competitive advantage is derived from the “intangible knowledge, capabilities and relationships created by employees than from investments in physical assets and access to capital.” Building on the arguments of Pfeffer (1994), further support for this view is found in several scholarly work on Strategic Human Resource Management (Ulrich & Brockbank, 2005; Huselid, Becker & Beatty, 2005). This study adopted the same view. It argues that the outcomes of HRM are ultimately the intangibles, which are mainly the positive employee attitudes such as employee motivation, satisfaction, engagement, embeddedness and organisational citizenship behaviour. Following the claim by Robbins *et al.*(2009:72) that the major employee attitudes are satisfaction, engagement and commitment, focus was placed on these concepts, including the concept of employee embeddedness. The strategic nature of these concepts is well confirmed in the literature, the RBV scholarship, in particular, supports this view: In the RBV theory, Barney (1991) argues that the assumption for sustained competitive advantage is that “strategic resources are heterogeneously distributed across firms.” The idea encapsulated in this view is that it is of strategic importance for a firm to make itself distinct from others by way of a superior and unique HR architecture. The concepts of employee commitment, engagement, satisfaction and embeddedness are of strategic importance, since they are tools by which an organisation can make itself unique. Campbell, Coff and Kruscynski (2012:376) argue that firm-specific human capital is assumed to support sustained competitive advantage. Employee commitment, satisfaction, engagement and embeddedness are arguably ways by which a firm can build a firm specific HRM that is strategically relevant for top management to build competitive advantage.

6.5.1 Human resource management and organisational performance

Findings for the current study support the significant research in the literature that found evidence that HPWs lead to superior performance. However, this study is more specific since it answers the question of how these HPWs lead to high performance. The study provided evidence that employee commitment, satisfaction and embeddedness lead to valued strategic organisational outcome. This is in line with other studies that have confirmed the impact of the four concepts on performance. According to Sydler, Haefliger and Pruksa (2013), spending on intellectual capital results in intellectual assets in the subsequent year, and this is associated with higher Return On Assets (ROA) over time.

Maditinos, Chatzoudes, Tsairidis and Theriou (2011) arrived at the same conclusion, arguing that there is a statistically significant relationship between human capital and financial performance (Return On Capital Employed-ROE). Furthermore, Kaifeng, Lepak, Jia and Baer (2012) found that human capital systems were related to operational outcomes, which in turn were linked to financial outcomes.

Noting the literature, the major finding of this study that $p=kh+c$ (where h are the HR factors, k is a constant of proportionality and c is the fixed labour productivity for a new employee who recently joined the organization), is supported. This is a key HR metric that top management and HR practitioners can use to calculate the performance of an employee based on the HR factors (commitment, satisfaction, engagement and embeddedness). What this metric means is that when an employee joins the organisation, the performance is simply the 'c' value, assuming that no commitment, satisfaction, engagement and embeddedness strategies have been done to boost the employee's performance. Therefore, 'c' represents the performance at recruitment, which can be the unit output in financial terms or other ways. Should the organisation want to increase the performance of this employee by a certain magnitude, then this metric can be used to calculate the magnitude by which the 'h' factor should be raised, or if the organisation decides to implement programs to raise the 'h' factor, then it can use this metric to calculate the performance level that will be attained as a result of doing so.

The capability of the 'h' factors in influencing performance is also confirmed in the literature. Greenberg (2011:233) mentions that commitment is linked to financial performance (profit, sales growth and market share). More studies that substantiate this claim have already been mentioned, but Boyd and Sutherland (2005) add that employee commitment is key to enhancing the brand of the organisation, and this in turn leads to the attainment of sustained competitive advantage. Despite the direct link between financial outcomes and commitment, it has been found that commitment also leads to other desirable outcomes that ultimately lead to high performance such as organisational citizenship behaviour and employee retention (Greenberg, 2011:233). Evidence for engagement, satisfaction and embeddedness as predictors of organisational performance have been decided and the conclusion thereon is that the 'h' factors in the metric have real impact on performance.

6.5.2 Factors to determine strategic HR metrics

The literature review guided by the theoretical framework resulted in a conceptual framework, which guided the methodology. The analysis of secondary documents supported the conceptual framework by showing that a significant number of studies on employee attitudes have concluded that these attitudes have implications on business strategy and competitive advantage. Further support for the conceptual framework is evident from the questionnaire analysis. Respondents felt that HR factors influence their performance significantly. One particular phenomenon observed in the questionnaire analysis that is not in the conceptual framework is causality, especially with regard to employee satisfaction. While the initial assumption was that employee satisfaction leads to high performance which was supported by the data collected in this study, several other studies that were reviewed did not support this finding. While summarising research on employee satisfaction, Armstrong (2009:344) noted that research has generally concluded that employee satisfaction does not predict employee performance; rather, it is performance that tends to lead to satisfaction. This, therefore, implies some modifications in the conceptual framework. Wright *et al.* (2004) are of the opinion that reverse causality in the HRM-firm performance relationship exists and deserves more analysis in order to understand firmly how HRM influences performance.

Based on this study, the conceptual framework (Figure 6.5) has been confirmed and can be adopted as a general framework for the determination of strategic HR metrics. It shows that strategic HR metrics are determined by combining HR factors and strategic business factors. For instance, a metric that measures employee commitment relative to profit growth. A standard that can be used to determine this metric is $P=kH+c$, where an employer uses P to represent the desired profit growth and then uses this metric to determine the level by which employee commitment should improve to determine the desired growth in profit. In the general framework proposed, the four factors that were investigated in this study, namely employee commitment, engagement, satisfaction and embeddedness have been shaded. More studies can be undertaken on the other factors.

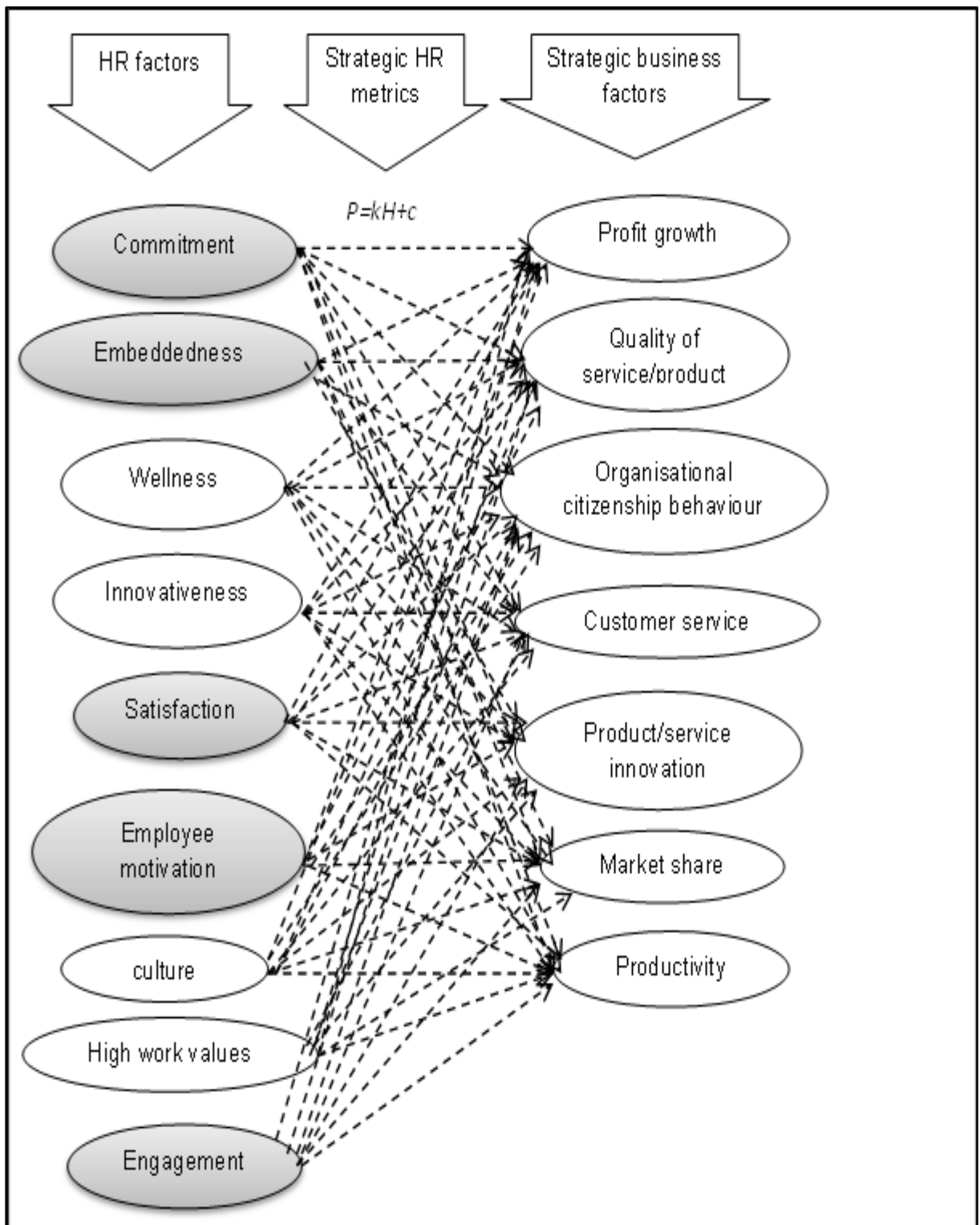


Figure 6. 5: A general framework for factors to determine strategic HR metrics

6.6 Statement of results

The results of this study show that HR outcomes have an impact on strategic business objectives. The current study suggests a relationship between organisational performance and employee commitment, engagement, satisfaction and embeddedness. The study also establishes that employee commitment, satisfaction, engagement and embeddedness are the main factors which determine strategic HR metrics. Based on this finding, the main research question can now be answered as follows: Strategic HR metrics measure the impact of employee commitment, engagement, satisfaction and embeddedness on organisational performance. The study, therefore, suggests a single standard HR metric, which also shows the relationship between HR factors and organisational performance. This standard metric is stated below:

$P = kH + c$, where P is organisational performance, H represents the HR factors, while c is the base performance of an employee on recruitment. Of the four HR factors, employee engagement was found to have the highest impact, followed by employee satisfaction. In other words, employee engagement has the highest impact on organisational performance than the other HR factors.

CHAPTER SEVEN

CONCLUSION AND RECOMMENDATIONS

“A good argument is one whose conclusions follow from its premises; its conclusions are consequences of its premises. But in what sense do conclusions follow from premises? What is it for a conclusion to be a consequence of premises? Those questions, in many respects, are at the heart of logic (as a philosophical discipline)..... if the premises are true, then the conclusion is also true, as a matter of logic. This entry is about the relation between premises and conclusions in valid arguments” (Stanford Encyclopedia of Philosophy, 2013).

7.1 Introduction

The previous chapter presented the findings of this study. The data that was collected answered the research question: what are the HR factors which determine standard HR metrics for strategic management in selected organisations within the hospitality industry. This chapter concludes the study by providing summaries of key issues that were found in the study. Furthermore, one of the main sections of the chapter provides recommendations for organisational practice and for academic research. The study has answered the research question, and this chapter, through its conclusions, provides a reflection of what was analysed and the implications of the study.

7.2 Conclusion

A summary of the findings of this study is provided in the section below. These findings ought to be considered with respect to the research problem set out in Chapter One. The problem was explained as the lack of a standard metric or standard metrics to measure strategic HR variables. The study, therefore, sought to establish the strategic HR variables and how to measure or quantify them to establish HR metrics.

7.2.1 Summary of findings

The data collected and analysed in this study has established that:

- I. Strategic HRM variables exist as the intangible HRM attitudinal outputs of employee commitment, embeddedness, satisfaction and engagement.

- II. Strategic business outcomes such as productivity, quality of service and other employee performance criteria are linked to positive attitudinal dispositions with respect to employee commitment, satisfaction, embeddedness and engagement.
- III. As strategic HRM variables, employee commitment, engagement, embeddedness and satisfaction can be measured relative to employee performance by using the metric $p=kH+c$ where p is organisational performance, H are the attitudinal HR variables and k is a constant of proportionality.
- IV. The study also establishes that employee commitment, satisfaction, engagement and embeddedness are the main factors which determine strategic HR metrics.
- V. While it was found from the content analysis that HR factors have a positive influence on the three strategic factors (market positioning, organisational competitiveness and productivity), it was also found that organisational competitiveness had a central position shown by the largest number of quotations from the analysis.
- VI. The percentage level of agreement that HR variables lead to improved performance was found to be at least sixty three per cent (63%) and at most eighty five per cent (85%).
- VII. This shows that the proposed HR metric ($p=kH+c$) was supported at least 63% of the time.
- VIII. Ensuring employee commitment, satisfaction, engagement and embeddedness is arguably a way by which a firm can gain sustainable competitive advantage. Evidence from this study suggests that the four attitudinal components of HC, namely, employee commitment, engagement, satisfaction and embeddedness are perceived by employees as performance drivers if they are favourable. As such this study argues that there is a strategic case for the attitudinal components of HC.

Two particular outcomes have emerged in this study, namely (1) a framework to show the HR factors to determine strategic HR metrics, and (2) a single metric that can be used as a standard to measure the influence of HR factors on performance. These two outcomes answer the research questions, as shown in the subsequent paragraphs.

7.2.2 Main research question

The main research question was stated as: What are the HR factors (variables) to determine standard HR metrics for strategic management in the selected organisations? To respond to this question, the literature review was the foundation for a problem

conceptualisation that finally led to the conceptual framework that was supported by the results of this study to become a general framework for the determination of strategic HR metrics. This study concluded that the HR factors, which determine strategic HR metrics are: employee commitment, satisfaction, engagement and embeddedness. While these four were the focus of this research, it can be mentioned that other HRM outcomes such as employee motivation, wellness and innovativeness could also be critical for the determination of strategic HR metrics. However, the literature has shown that the four factors that were analysed in this study are the major employee attitudes that influence behaviour in organisations, hence particular focus was placed on them.

7.2.2.1 Sub question 1

Sub question 1 for this study was: What should HR metrics measure in order for them to be credible and strategic? The answer to this question can also be found in the general framework which was supported by the literature review and confirmed by the analysis of secondary data. Thus, the findings for this study are that: for HR metrics to be strategic, they should relate to organisational level outcomes of strategic importance such as market competitiveness, productivity, customer satisfaction, and product quality.

7.2.2.2 Sub question 2 and sub question 3

Based on the evidence from this study, sub question 2 and sub question 3 can be answered simultaneously. While sub question 2 inquired about possible strategic HR metrics, sub question 3 asked for possible strategic HR metrics standards. Noting that some sections of the literature have reiterated the problem of having too many HR metrics that are confusing to users, this study has derived a single HR metric that can be taken as a standard, and that users can use to determine several measurement situations. This metric can be re-stated as $P=kH+c$, where P is the employee performance factor, which can be any strategic outcome need by top management, k is a constant of proportionality, H represents HR factors, and c is the base performance of a new employee.

While providing answers to the research questions and thus providing possible solutions to the problems associated with a lack of suitable HR metrics, the general framework and the standard HR metric provided for this study assume a new route in HR scholarship. This basically involves linking HR outcomes and ultimate organisational desirables.

7.2.3 Practical implications of the study

This study has drawn significant attention to the measurement, control and management of employee attitudes, knowledge and capabilities. Hence the study makes a strong case for the RBV theory, as well as for the ideas of Becker *et al.* (2001:8) that “intangible assets generate tangible benefits.” When considering the evidence provided in this analysis, HR practitioners should implement programs that boost employee commitment, engagement, satisfaction and embeddedness. Organisations should develop strategies that ensure that employees are committed to helping the organisation achieve its strategic objectives (Kaplan & Norton, 2001:263). If employees are not committed to the execution of the organisation’s strategy, then the strategy is bound to fail. To promote the HR factors, it should be noted that they are related to one another, hence an improvement in one can lead to an improvement in the other (Imran *et al.*, 2014). To ensure that HR factors have a positive impact, HR practitioners should ensure job enrichment, alignment of the company’s interest with those of employees and recruiting and selecting new employees whose values match those of the organisation (Greenberg, 2011). Armstrong (2009:338) further asserts that employee engagement is influenced by the work itself, work environment leadership, opportunities for personal growth and opportunities to ensure the contribution of employees to corporate decision making. To promote employee satisfaction, employers should motivate their employees to meet performance targets, and once they meet these targets they become satisfied (Armstrong, 2009:344).

In their publication on the use of the balanced scorecard, Kaplan and Norton (2006:261) claim that “strategy is formulated at the top, but must be executed at the bottom by machine operators, call centre personnel, delivery truck drivers, sales people and engineers.” Such an assertion strongly points to the critical role that HRM has on strategy, and HR metrics and measurements should link people issues to strategy to ensure an evaluation of how well the strategy is being executed and also have knowledge of which HR factors to manipulate as means to achieve desired outcomes. This study has found that HR factors are critical to performance, as well as to the attainment of both competitive advantage and other strategic imperatives of an organisation.

The study was anchored by the problem that there is no clarity among HR practitioners and academics on what HR metrics should measure in order for them to be strategic and

credible. Becker *et al.* (2001:2), therefore, state that “there is a disconnect between what is measured and what is important.” Furthermore, it was noted that the available HR metrics are too many and confusing. This problem was split into two sub problems, which basically centred around the need to standardise the HR metrics so that they focus on key business imperatives of strategic importance. The aim of the study was, therefore, to explore the HR factors in order to establish HR metrics. This study used grounded theory methodology to determine factors, which determine HR metrics for strategic management in selected organisations from the hospitality industry.

The literature review confirmed the research problem; it was found that there is no particular structure on the nature of HR metrics; there are many HR metrics, most of which measure the efficiency and effectiveness of HR practices and operations. Literature on the strategic role of HRM reiterated the significant influence of HR on organisational success. Of special importance are the prominent studies on HPWs, which widely established that certain HR practices positively correlated with organisational performance. This study complemented such previous findings by directing attention to HR outcomes as key factors to establish strategic HR metrics. The analysis was particularly aided by the use of the general systems theory to create a conceptual framework, which later became the basis for the content analysis, which was done as part of secondary data collection.

7.2.4 Methodological implications

Essentially, this study was exploratory by utilizing a grounded theory research design. The grounded theory design allowed concepts to be explored effectively to generate the key HR metric that this study has provided. The use of this methodology in HRM studies is still limited, but some researchers have used it successfully. Salanova, Agut and Peiro (2005) used grounded theory to investigate organisational resources and work engagement linked to employee performance and customer loyalty mediated by service climate and Long (2012) used a grounded theory design to study recruitment and employee retention, and argued that it allows researchers to develop theories by avoiding the rigidity associated with other methodologies. On the other hand, Joost, Elfi and Celeste (2010) used grounded theory to investigate e-recruitment. As a theory generating methodology, the grounded theory design enabled this study to derive a

metric and also to evaluate the conceptual framework that was later transformed into a general framework in this study. The use of general systems theory in conceptualising the research problem enabled the development of a conceptual framework, which informed the concepts central to the research problem. This study can, therefore, recommend the use of the grounded theory to design future studies on the determination of strategic HR metrics.

7.2.5 Limitations of the study

While it is the intent of any researcher to limit error or bias and increase objectivity and reliability of a study, no study is completely error proof. This study has been designed based on accepted methodologies, which were informed by the literature and the systems theory to ensure objectivity. Even though the analysis of secondary documents led to an emerging proposition for an HR metric, which was later confirmed through questionnaire analysis, the inclusion of other data collection strategies could also have been appropriate for the study. In addition, the study focused on hotels and restaurants with specific focus on 3 star and 4 star hotels, as well as major fast food restaurants, but the hospitality industry is large and involves many other areas, which would require a comprehensive survey. The study has, however, focused on key areas within the hospitality industry, thereby ensuring that results of the study generally resemble the situation within the industry.

7.2.6 Suggestions for future research

It has been noted in the literature that there is a lag time between the implementation of HR strategies and the realisation of desired performance, this necessitates research in the possible lag times in different industries in order to determine how long change in particular industries can be accepted. This study has focused on only four of the major employee attitudes that influence performance, which is why future research into other employee attitudes and how they predict performance is also necessary. Further research on the use and appropriateness of the HR metric derived in this study is necessary to give it more credibility, improve it or affirm it. Future research into other HR metrics that link business outcomes and HR factors is also necessary to increase the number of strategic HR metrics, which are available for use. It is also important to conduct studies of this nature in other industries and sectors.

7.3 Recommendations

The HR metric, $p=kh+c$, which emerged in this study necessitates the key recommendation that organisations should have a strong HR department whose main task is to boost HR outcome factors in order to promote organisational performance. According to the results of this study, particular focus should be placed on employee engagement and satisfaction, as these two concepts emerged as the main factors, which influence performance. The implication of $p=kh+c$ is that if, illustratively, an organisation wants to raise its performance by 10%, then it should also raise the level of its HR factors by 10%. In other words, the organisation should raise employee engagement, satisfaction, commitment and embeddedness by 10%. The reverse also makes sense, because if an organisation finds that its performance has dropped by a certain level, the reason could be because the HR factors have also dropped by the same margin, and to rectify such a situation management can work on the HR factors.

Another recommendation arises from observations that were made during the literature review that there are very few, if any, studies on strategic HR metrics. Therefore, this study recommends that more studies should be undertaken in order to build a broader understanding and interpretation of HR metrics. While this study suggested a single metric, other metrics of this nature could be established if more research is conducted in this area.

Given the observation that there is a lag time between implementation of an HR strategy and the realisation of desired performance, organisations should use the HR metric that was derived in this study over time so that changes in performance owing to the manipulation of HR factors to be noticed. Given observations that were made in the literature that the current crop of HR metrics is not connected to key business functions, organisations should use the HR metric and the general framework suggested in this study to link key HR factors with business outcomes, and monitor them.

When considering the assertion by Warnich *et al.* (2015:23) that South Africa has one of the lowest labour productivity rates in the world, it can be recommended that South African companies should adopt the people approach to gain competitiveness by using

strategies that boost employee commitment, satisfaction, engagement, embeddedness and engagement.

In the quest for competitive advantage through the use of the people approach, South African organisations are recommended to adopt a continuous quantitative assessment of the level of contribution that strategic HR variables are contributing by adopting the metric $p=kH+c$ as a standard. Such a continuous assessment of competitiveness using a standard metric would help maximize the return on investment attributable to HR variables.

The SABPP is encouraged to set up an HR professional development programme aimed to educate practising managers on the use of HR metrics and therefore promote the adoption of the proposed HR metric as a standard. The establishment of an HR metrics centre by the SABPP is recommended in order to steer the development of the HR profession to a standardised profession in line with other business functions that provide hard data generated using generally accepted standards.

Institutions of higher learning that offer HRM courses should also become oriented to the quantitative approach to HRM that is based on the use of HR metrics of which the metric proposed in this study is recommended to be adopted as a standard.

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APPENDICES



07 July 2014

To whom it may concern,

RE: Letter of Consent to Conduct Research

I, Devon Labuschagne, Human Resources Manager of Taj Cape Town, do consent to participate in Lloyd Kapondoro's research titled:

Factors to determine standardised human resource metrics for strategic business management: A case of selected organisations from the hospitality industry in Cape Town.

A handwritten signature in black ink, appearing to read "Devon Labuschagne", written over a horizontal line.

**DEVON LABUSCHAGNE
HUMAN RESOURCES MANAGER**

16 June 2014

To whom it may concern

Re: Letter of Consent to conduct Research

I Front Office Manager do consent to participate in Lloyd Kapondoro's research titled:

Factors to determine standardized human resource metrics for strategic business management:

A case of selected organizations from the hospitality industry in Cape Town.

Regards



Kevin Mandlokuwa

● ● ● new space . old values

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Tel. +27 (0)21 469 1900 Fax. +27 (0)21 469 1944 Tollfree. 0800 600 889
adderley@ahagroup.co.za www.adderleyhotel.co.za



Cape Suites Hotel

07th JULY 2014

To whom it may concern.

RE: Letter of consent to Conduct Research

I, Henry Pedro, do consent to participate in Lloyd Kapondoro's research titled:

Factors to determine standardized human resource metrics for strategic business development.

Kind regards

A handwritten signature in black ink, appearing to be "H. Pedro", written over a horizontal line.

Henry Pedro
Duty Manager

Corner of De Villiers & Constitution Streets
Cape Town 7925, South Africa

Tel: +27 (21) 461-0727 Fax: +27 (21) 462-4389 Management Fax: +27 (21) 461 0912
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Letter of consent to conduct research

I (Name/ Job Title) Nina Daniels, HR Manager..... do consent to participate in Lloyd Kapondoro's research titled:

Factors to determine standardised human resource metrics for strategic business management: A case of selected organisations from the hospitality industry in Cape Town.

Sign N Daniels..... Date: 7 July 2014.....



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To whom it may concern:

I the undersigned

Full names:	Angelique Butler
ID Number:	8707240010084
on Behalf of	
Name of Business:	Mandela Rhodes Place Hotel and Spa
Registration no:	2005/019272/07
Business addr:	Cnr of Wale and Burg Street, Cape Town, 8000

Hereby confirms that Lloyd Kapondoro was here to request assistance with the Factors to determine standardised Human Resource metrics for Business Management.

The organisation can assist with the research where possible.

A Butler

8/07/14

Angelique Butler

Operations Coordinator

Date





Letter of consent to conduct research

I Eric Hodson manager do consent in Loyd Kapondoros titled:

Factors to determine standardized human resource metrics for strategic business management:

A case of selected organizations from the hospitality industry in cape town.

Sign

Date

26 July 2014

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GOLDEN ACRE

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SEL / CELL: 083 - 488 1125, FAKS / FAX: (087) 750 7905 E-MAIL: trudie@wimpygoldenacre.co.za

Letter of consent to conduct research

I (Name/ Job Title) P. BAKER (MANAGER) do consent to participate in Lloyd Kapondoro's research titled:

*Factors to determine standardised human resource metrics for strategic business management:
A case of selected organisations from the hospitality industry in Cape Town.*

Sign

Date:

26 July 2014

Member: GJ Baker

Registration Number: 2007 / 235206 / 23




1 Wale Street
St. Georges Cathedral
Cape Town

Tel: 021 – 424 8663
Fax: 021 – 424 9772
Vat.Reg.Nr. 4470143175

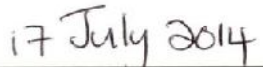
Letter of consent to conduct research

I, Helene Collins, Manager at The Crypt Jazz Restaurant do consent to participate in Lloyd Kapondoro's research titled:

*Factors to determine standardised human resource metrics for strategic business management:
A case of selected organisations from hospitality industry Cape Town.*



H. COLLINS



DATE

FOUNDERS OF THE CRYPT JAZZ RESTAURANT
SPENCER MBADU WESLEY RUSTIN PROF DR MIKE ROSSI DIANE ROSSI DERK BLAISSE

8/11/2014

Gmail - RE: RESEARCH PROPOSAL HR METRICS



Lloyd Kapondoro <kapondorolloyd@gmail.com>

RE: RESEARCH PROPOSAL HR METRICS

4 messages

Tue, Jul 22, 2014 at 9:50 PM

Penny Abbott <penny@sabpp.co.za>
To: Lloyd Kapondoro <kapondorolloyd@gmail.com>
Cc: Marius Meyer <marius@sabpp.co.za>

Dear Lloyd

Thank you for approaching us on this and apologies for the delay in replying. We sometimes think we have so many projects on the go that there is not enough time to deal with them all!

Your research topic is absolutely wonderful and will definitely make a significant contribution to the work we are doing on standards. Please give me a ring to discuss how we might facilitate your attendance at the August event and also maybe help you to leverage the networking there.

Regards

Penny Abbott

Head of HR Research Initiative

Tel: +27 (0)11 482 8595

Cell: +27 (0)82 566 8074

Fax: +27 (0)11 482 4830

E mail: penny@sabpp.co.za

Web: www.sabpp.co.za

Address: 1st Floor, 8 Sherborne Road, Rossouw Attorneys Building, Parktown

HR future **2ND ANNUAL NATIONAL HR STANDARDS ROLL OUT** Hosted by SABPP, HR Future Magazine & Leader.co.za

THURSDAY, 28 AUGUST 2014
Sandton Convention Centre

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REGISTRATION FORM

The banner features a photograph of the Sandton Convention Centre building with palm trees in the foreground.



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From: Lloyd Kapondoro [mailto:kapondorollloyd@gmail.com]
Sent: 21 July 2014 09:21 AM
To: Penny Abbott
Subject: Fwd: RESEARCH PROPOSAL

Thank you for considering my email. I send this email originally to Mr Meyer but I have not received any response. I hope you will help me.

Lloyd

8/11/2014

Gmail - RE: RESEARCH PROPOSAL HR METRICS

----- Forwarded message -----

From: **Lloyd Kapondoro** <kapondorolloyd@gmail.com>

Date: Wed, Jul 16, 2014 at 1:51 PM

Subject: RESEARCH PROPOSAL

To: marius@sabpp.co.za

Dear Mr Meyer

It is my gratitude to send you the attached research proposal. I make reference to my previous e-mail to which you have advised me to send you the proposal.

I am sorry for having responded late. I was still polishing it up owing to some changes that i had to do on the original proposal.

I would appreciate it if there is any way the SABPP or its official institutions can collaborate with me since the problem statement for this research is derived from your HR standards and metrics initiative.

Further to this, I can welcome any changes that you may suggest in order to make the research worthwhile and for it to make a contribution to your current initiative on HR standards and metrics. My supervisors have already informed me to seek your collaboration.

I would appreciate it if I can write an article for the September or October issue of your HR Future magazine.

As you will see, the methodology for this research has a component of interviews. It is my wish to request to meet you at a time that is convenient to you for purposes of the interview. (If you do agree to the interview please take note that my supervisors would like a copy of a written consent on your letter head as part of ethical clearance). I would also welcome acceptances from your associates to assist with this project.

Lastly, I would have liked to attend the conference in August about the standards and use that as part of my data gathering since i may have the opportunity to interact with scholars, practitioners and professionals in the field. My limitation is financial. I wish to kindly find out if there can be any provision for me with this regards.

Thank you very much for your consideration

Hoping you are well

Yours

Lloyd

Lloyd Kapondoro <kapondorolloyd@gmail.com>
To: Michael Twum-Darko <michaeldarko@cput.ac.za>

Wed, Jul 23, 2014 at 5:07 PM

Dr Twum-Darko

I hereby forward you the e-mail exchanges that I have had with SABPP. The SABPP will be holding a conference on 28 August about HR standards and metrics. I have been seeking collaboration with them and their assistance for me to attend that conference.

Thank you
[Quoted text hidden]

Michael Twum-Darko <MichaelDarko@cput.ac.za>
To: Lloyd Kapondoro <kapondorolloyd@gmail.com>

Wed, Jul 23, 2014 at 5:09 PM

It is too late for the University to sponsor you. It will require a conference application to Conference committee which sits in September. So for August conference, you have obtained approval for funding in May.

From: Lloyd Kapondoro [mailto:kapondorolloyd@gmail.com]
Sent: 23 July 2014 05:08 PM
To: Michael Twum-Darko
Subject: Fwd: RESEARCH PROPOSAL HR METRICS

[Quoted text hidden]

Disclaimer

This e-mail transmission contains confidential information, which is the property of the sender. The information in this e-mail or attachments thereto is intended for the attention and use only of the addressee. Should you have received this email in error, please delete and destroy it and any attachments thereto immediately.

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Lloyd Kapondoro <kapondorolloyd@gmail.com>
To: Chux Iwu <lwuC@cput.ac.za>

Wed, Jul 23, 2014 at 5:17 PM

[Quoted text hidden]

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RE: RESEARCH PROPOSAL HR METRICS SABPP Inbox

Penny Abbott <penny@sabpp.co.za> Tue, Jul 22, 2014 at 12:50 PM

To: Lloyd Kapondoro <kapondorolloyd@gmail.com>

Cc: Marius Meyer <marius@sabpp.co.za>

Reply | Reply to all | Forward | Print | Delete | Show original

Dear Lloyd

Thank you for approaching us on this and apologies for the delay in replying. We sometimes think we have so many projects on the go that there is not enough time to deal with them all!

Your research topic is absolutely wonderful and will definitely make a significant contribution to the work we are doing on standards. Please give me a ring to discuss how we might facilitate your attendance at the August event and also maybe help you to leverage the networking there.

Regards

Penny Abbott

Head of HR Research Initiative

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----- Forwarded message -----
From: **Lloyd Kapondoro** <kapondorolloyd@gmail.com>
Date: Wed, Jul 16, 2014 at 1:51 PM
Subject: RESEARCH PROPOSAL
To: maris@sabpp.co.za

Dear Mr Meyer

It is my gratitude to send you the attached research proposal. I make reference to my previous e-mail to which you have advised me to send you the proposal.

I am sorry for having responded late. I was still polishing it up owing to some changes that i had to do on the original proposal.

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Marius Meyer <marius@sabpp.co.za> Sat, Jun 28, 2014 at 5:39 AM
To: Lloyd Kapondoro <kapondorolloyd@gmail.com>
Cc: Penny Abbott <penny@sabpp.co.za>
Reply | Reply to all | Forward | Print | Delete | Show original

Lloyd

Well done with a great research topic. We have started our planning to launch bursaries later this year, but unfortunately this process is not complete. The funding will to a great extent depend on the successful hosting of the 2nd Annual HR Standards Conference in Sandton on 28 August (please see programme attached). Please be so kind to forward this brochure to HR managers and academics in the Western Cape.

Irrespective of the funding issue, we could support your study if it fits into our research agenda, and clearly this is the case. However, it is important that your research proposal be aligned to the needs of our research department. If that is the case, we will gladly support you in terms of inputs into your study, or to encourage some of our members to participate/support your study. We will also expect an article for our magazine HR Voice and our website. Please send your research proposal to our head of research, Dr Penny Abbott so that she can provide you with a professional opinion on the value of your research from an HR professional body perspective.

I have recorded your intent and will let you know of any developments on our side.

Best wishes with your study.

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6:41 AM 1/28/2016



P.O. Box 1906 • Bellville 7535 South Africa • Tel: +27 21 6801680 • Email: saliefa@cput.ac.za
Symphony Road Bellville 7535


Office of the Chairperson Research Ethics Committee	Faculty: BUSINESS
--	--------------------------

At a meeting of the Research Ethics Committee on 03 September 2014, Provisional Ethics Approval was granted to KAPONDORO, Lloyd (210227893) for research activities Related to the MTech/DTech: MTech: BUSINESS ADMINISTRATION at the Cape Peninsula University of Technology

Title of dissertation/thesis:	Factors to determine standardized human resource metrics for strategic business management: A case of selected organisations from the hospitality industry in Cape Town Supervisor: Prof C Iwu & Dr M Twum-Darko
-------------------------------	---

Comments:

Decision: **PROVISIONALLY APPROVED – Proof of registration outstanding**

	03 September 2014
Signed: Chairperson: Research Ethics Committee	Date

Signed: Chairperson: Faculty Research Committee	Date



SABPP

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Setting HR standards

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1st Floor, Rossouw Attorneys Building
8 Sherborne Road, Parktown
PO Box 2450, Houghton 2041, South Africa
T: +27 11 482 8595 F: +27 11 482 4830
www.sabpp.co.za

To whom it may concern

21st October 2014

**CONSENT TO SUPPORT RESEARCH – LLOYD KAPONDERO STUDENT NUMBER
210227893**

This letter serves to confirm that the SABPP will support Mr Kapondero's research into HR Metrics for his MBA.

We are willing to assist him by providing access to our membership base to seek volunteers for interviews.

Yours faithfully

P M Abbott (Dr)
Head: HR Research and Product Development

POSTGRADUATE RESEARCH QUESTIONNAIRE

Research topic

Factors to determine standardised Human Resource metrics for strategic business management: A case of selected organisations from the Hospitality industry in Cape Town.

For ethical purposes (to research participants):

Please note that your views/responses will be dealt with respect and with confidentiality, and that you can withdraw your participation without explanation at any time, should you feel so. Your responses and the name of your organization will be kept anonymous. You are also kindly asked to give your consent that the information captured during this project be used for the purposes of the research topic.

This questionnaire is scheduled to last approximately 5 to 10minutes.

Please tick

I agree that I have been informed that my views:

Be handled with anonymity	
Be treated with confidentiality	
Are being captured on my consent	
May not be captured once I decide to discontinue without explanation at any time	

Researcher:

I agree that I will abide by the terms above:

Name: **Sign**..... **Date**.....

SECTION A: BIOGRAPHICAL DETAILS

Age									
Less than 20	1	20-30	2	30-40	3	40-50	4	Above 50	5

Gender			
Male	1	Female	2

Highest level of education reached									
Did not complete matric	1	Matric certificate	2	Diploma	3	Diploma	4	Degree	5

How long have you been working in this organisation

Less than 1 year	1	1 - 2 years	2	3 - 5 years	3	5 -10 years	4	More than 10 years	5
------------------	---	-------------	---	-------------	---	-------------	---	--------------------	---

Employment status							
Contract	1	Permanent	2	managerial	1	Non managerial	2

Organisation			
Restaurant	1	Hotel	2

SECTION B: HR FACTORS THAT INFLUENCE JOB PERFORMANCE

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
A. ORGANIZATIONAL COMMITMENT					
1. I perform more when I feel that I will spend the rest of my career with this organisation.	5	4	3	2	1
2. If the organization makes me feel being 'part of the family' at work, I perform more.	5	4	3	2	1
3. If I feel 'emotionally attached' to this organization,I perform more.	5	4	3	2	1
4. If I have a 'strong sense of belonging' to this organization, I perform more.	5	4	3	2	1
B.SATISFACTION					
5. If I am recognised for a job well done, I perform more.	5	4	3	2	1
6. I perform more when I feel close to others at work.	5	4	3	2	1
7. I can perform more because of good feelings to work for this company.	5	4	3	2	1
8. I perform more because of job security.	5	4	3	2	1
9. If this organisation enhances my physical health, my performance rate can increase.	5	4	3	2	1
10. If I get good wages, I can perform more.	5	4	3	2	1
11. I can perform more if I am given challenging work that stimulates all my talents and skills.	5	4	3	2	1
12. I perform high when workplace relationships are good.	5	4	3	2	1
13. I perform more when I have good feelings about my job.	5	4	3	2	1

C.WORK ENGAGEMENT					
14. I perform more if my work is full of meaning and purpose.	5	4	3	2	1
15. I perform highly if the job is inspiring.	5	4	3	2	1
16. I perform more when I am proud of the work that I do.	5	4	3	2	1
17. If my work is energising, I will perform more.	5	4	3	2	1
D.EMBEDDEDNESS					
18. If I like the members of my work group I perform more.	5	4	3	2	1
19. I perform more when my co-workers are like me.	5	4	3	2	1
20. I perform high when my job utilises all my skills and talents.	5	4	3	2	1
21. If I am a good match for this company, I will perform more	5	4	3	2	1
22. If there I fit with the organisation's culture, I perform more.	5	4	3	2	1
23. I perform highly if my values are compatible with the organization's values.	5	4	3	2	1
24. I perform more if I feel that I can reach my professional goals working for this organization	5	4	3	2	1