



## Values

# The key to good decision making

In the 1990s it was standard practice for organisations to articulate and communicate the values which underpinned their way of doing business. Communication of the values would extend beyond employees to shareholders, customers and other stakeholders using every conceivable opportunity including brochures, websites, posters in business receptions, boardrooms, staff common areas and canteens.

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## Values – The key to good decision making

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Invariably values would include honesty and integrity as mainstays. The values were a public statement of commitment to a well-considered moral compass.



In recent times, a series of high-profile corporate scandals in South Africa has demonstrated that publicly declaring sound values does not equate to living those sound values. The scandals are not the result of small-scale crime by junior employees. Rather it is at the most senior organisation levels that there has been a cavalier abandonment of propriety.

The Steinhoff International collapse has been the biggest corporate scandal in South African history. The group suffered a near fatal blow at the end of 2017 when it came to light that the financial results due to be published were largely a work of fiction in order to

present a false picture of profits. The revelations led to a plummet in Steinhoff share prices which destroyed R200bn of shareholder value, which seriously hurt investors including pension funds seeking to create wealth for ordinary South Africans.

Construction of the Steinhoff International house of cards was well advanced when the Group proudly proclaimed:

*“Responsibility for the implementation of and compliance with policies lies with the chief executive officer/managing director of each division. These executives take responsibility for the communication of the group’s policies to all employees in their respective divisions. However, it is the ultimate responsibility of each employee (and extended stakeholders) to observe Steinhoff’s principles of honesty, integrity and fairness and to act in accordance with all the laws and regulations relevant to that division and country of operation.” (1)*

Sadly, other South African companies have also strayed off the path of good corporate values-based decision making with disastrous results. A forensic investigation has revealed that at EOH, a major South African IT company, eight of its employees were involved in irregular and corrupt transactions, including the payment of bribes, to secure state tenders valued at around R1.2bn. (2) Tongaat Hulett, a South African industrial giant centred in the sugar industry has been left with more than 80% of its value destroyed and its reputation in tatters following several years of mismanagement and reported malpractices. (3)

Values are a standard of importance based on beliefs. People arrange their values into a continuum of relative importance to create a value system which serves as a guide for making decisions and setting priorities. Values are to people what instincts are to animals. (4) Not just the companies



which boast that their decisions are “values-based” are guided by values. The decisions of all companies are guided by values. The problem for Steinhoff, EOH, Tongaat Hulett and their ilk is that the decision making of their top leadership was guided by a different value system to those publicly espoused. Personal enrichment; win at all cost; short term gains; and, form over substance were all values which appear to have taken precedence over the core human values of honesty and integrity.

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*“The decisions of all companies are guided by values”*

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So, what can organisations do to avoid the same slippery slide to ignominy? Since a values system influences all decisions, values are as relevant as ever. A study found that honesty was ranked first among characteristics of admired leaders, followed by forward-looking (setting a vision), and inspiring (motivating people to follow the vision). Unless leaders are honest, nobody cares about their vision. Another study found that longevity doesn't depend on the ability of a company to produce investment returns for shareholders. Profitability was a *symptom* of corporate health, but not a *predictor* or *determinant* of it. (5)

If values-based decision making is going to steer companies to sustainable success, then companies must accept that values are more than smart copywriting. Values are not defined by what we say, but by what we do. It is important to give values clear behavioural definitions, so employees will know what's expected of them. It's also important that leaders model the behaviours, and ingrain them in management systems, such as employee selection, day-to-day supervision, training, and performance evaluation. These practices will embed the worth of values. (6)

# Wage Negotiations

## Be prepared

Annual wage negotiations are the centrepiece of the relationship between an employer and its unionised employees, particularly when they are held at company or plant level. Thorough preparation for the engagement puts company negotiators into the best position for a successful outcome. In this note we identify eight elements of a comprehensive negotiation plan.

### 1. Opening presentation

The opening sets the tone for negotiations. Management must use this session to establish the negotiation climate and to manage the union's expectations. The information to convey should be carefully selected. It is inappropriate to bombard the other party. Rather simplify and communicate unambiguously. Visual aids such as graphs and charts have impact.

### 2. Opening moves

An opening offer on wages should be pitched close to where management would optimistically like to settle the negotiations, with enough room being left to make meaningful movement. There are risks of opening too high or too low. Too high may put more on the table than the union is willing to accept. Too low is likely to undermine management credibility and fuel tensions.

### 3. Concession pattern

In planning a series of moves from opening to final offer the aim is not to set



an inflexible framework for management but rather for management to keep the initiative by having points of reference by which progress can be monitored and strategies reviewed.

#### 4. Trade-offs

Movements should not easily be made in negotiations without some quid pro quo. Consideration must be given to what issues can be linked and how and when should they be traded off.

#### 5. Motivations and arguments to meet needs

Management must develop persuasive arguments in support of its goals and anticipate and compile responses to union arguments.

#### 6. When to use pressure tactics

Pressure should not be applied as an emotional response to the union's tactics. Planning under what circumstances management will resort to the use of pressure tactics (such as early termination of a meeting) will avoid unnecessary escalation of conflict.

#### 7. How to deal with the other party's pressure tactics

Planning how to respond to pressure tactics is as important as know when you will apply them.

#### 8. Plan in case of impasse

Impasse can happen in a meeting as a stumbling block to progress or at the end of talks when the parties accept that they are in deadlock. Management must be prepared for either of these eventualities. A comprehensive strike contingency plan should be in place before negotiations start.

## Job Profiles: Key for talent strategies

Job profiles, which are typically an amalgamation of a job description, person specification and competency statement, define the required skills, competencies, certifications, work experiences and other attributes required for success in a job or role.

Job profiles are a fundamental building block for any strategic talent strategy: they establish the ground-rules and criteria for hiring, they establish standards for evaluation of performance, and they are used by managers to make sure teams are organised in an efficient manner. Most companies have job profiles defined in job families (e.g. a database programmer fits into the family of database professionals, which fits into the family of IT professionals). These families can be purchased off-the-shelf from many providers but are often custom developed as part of HR and organization design. (7)

## Employee Handbook

### Employment parameters stated briefly

Employee Handbook  
The parameters of an employment relationship stated briefly

Organisation HR policies provide proof of commitment and preparedness to declare views and attitudes and set limits of behaviour. (8) Well structured, policies effectively balance appropriate control with minimum bureaucracy. An organisation which issues multiple volumes of fine print policies is unlikely to get employees to read, understand and apply them. We have found that an



employee handbook, available in electronic or hardcopy version, which is free of legalistic jargon and applies an 80/20 approach to content inclusion is an effective way to embed policies in an organisation.

We've found the following layout works well, though every organisation should customise the documents to its needs:

#### 1. Introduction to the handbook

The handbook's purpose is to provide employees with information about working conditions and key policies affecting the employment relationship.

#### 2. Welcome to the company

A statement of the company's purpose, vision mission and values.

#### 3. Health and Safety

Apply the principle of "safety first" by making this the first policy addressed.

#### 4. Business ethics and code of conduct

#### 5. Conflicts of interest

#### 6. Confidentiality

#### 7. Harassment and bullying

#### 8. Personal Information

#### 9. Probation Period

#### 10. Performance Management

#### 11. Job Descriptions

#### 12. Hours of Work

#### 13. Leave (all variants)

#### 14. Care for Company Assets

#### 15. Telephone, mobile phone, computer and e-mail usage

#### 16. Social media

#### 17. Personal appearance and grooming

#### 18. Office Etiquette

#### 19. Discipline in the workplace

#### 20. Alcohol and Drug Abuse

#### 21. Grievance procedures

#### 22. Resignation

#### 23. Suggestions and ideas

All this content fits into a +/- 10-page document in a succinct and easy to read format.

- The contents of Human Resources Notes do not constitute legal advice. For specific professional assistance tailored to your needs consult an expert.
- Peter Fisher is the writer of these HR notes. His opinions expressed in the notes do not necessarily reflect the views of Tennant Human Capital Solutions (Pty) Ltd or other companies within the Tennant Group.

#### References:

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- (6) Ibid
- (7) Bersin, J (2016) [Online] Available at: <http://www.bersin.com/lexicon/Details.aspx?id=12866> accessed 17 May 2016
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## what we do

- We advise and help clients implement HR practices for business success
- We resolve clients' employee issues and harness the worth of employees

lower costs | reduced risks | productivity | growth | longevity  
competitive advantage | profitability

## top 5 services

- |                                      |   |
|--------------------------------------|---|
| <b>1. Outsourced HR partner</b>      | Regular on-site presence to identify, prioritise and proactively deal with employee issues affecting business performance.                          |
| <b>2. HR strategy</b>                | Identify people challenges and opportunities and implement initiatives to lever business performance.   |
| <b>3. Governance</b>                 | Implement a framework of policies, procedures and practices that are compliant with employment laws and support business operations.                |
| <b>4. Learning &amp; development</b> | Develop and facilitate training in industrial relations, supervisory and management skills, performance management, negotiation, employment equity. |
| <b>5. Fair dismissal</b>             | Execute all aspects of the disciplinary process including investigation, charge formulation, initiation, charring.                                  |

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**the most  
valuable of all  
capital is that  
which is  
invested in  
human beings**

- Alfred Marshall