

UNIVERSITY OF FORT HARE

ADVANCED PERSONNEL
PSYCHOLOGY

IPS 602

DEGREE EXAMINATIONS

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Time: 3 Hours

Subject: IPS 602

Marks: 100

This paper consists of 6 pages including the cover page

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INSTRUCTIONS

1. This paper consists of two sections – Section A and Section B
2. Answer all questions.
3. Write neatly and legibly.

SECTION A: THEORETICAL QUESTIONS

1. Academic disciplines play/have played an important contribution in shaping the field of Human Resources Management (HRM). Identify **any three** academic disciplines and write brief notes on the contribution of this academic discipline to the HRM field. **[15 Marks]**
2. How can an HRM strategy add value to an organisation? In your answer be sure to incorporate the concepts of **competitive advantage** and **dynamic capabilities**. **[15 Marks]**
3. Identify and ascertain the role of the three main laws in South Africa that shape the training and development terrain. **[15 Marks]**
4. What contribution does the organisational culture play to activities such as Human Resources Planning and the Job Analysis process? **[5 Marks]**

[Total 50 marks]

SECTION B: CASE QUESTIONS

South Africa's Pick n Pay initiated a voluntary severance package (VSP) in April to remove 10% of roles and functions in its business because of improvements in technology. The retailer said on Monday in its trading update published on the JSE that the VSP is now complete and the company has removed close to 10% of roles and functions. "The Voluntary Severance Programme is one of several steps we have taken to make our business more competitive in what is a tough trading environment. For reasons of timing, it will have a material impact on our first half result," said Richard Brasher, CEO of Pick n Pay.

"But it has made us a leaner and more efficient business, and the reduction in our costs will give us more headroom to provide customers with even lower prices and better value. Our plan is on track and we are a stronger and more sustainable Group as a result." Through its work to improve the efficiency and productivity of its workforce, Pick n Pay identified opportunities earlier this year to remove around 10% of its roles and functions across its Pick n Pay head office, regional structure, store operations and supply chain.

"These roles and functions were no longer required due to improvements in organisation, planning and technology," the company said in a statement. The retailer informed investors that the financial benefit of jobs cuts is to be realised from the full year 2019 onwards, with significant positive impact on operating costs, making it more competitive and sustainable. In April 2016, Pick n Pay announced plans to invest into a dedicated picking warehouse in Gauteng as it looks to cash in on the surge in popularity of internet grocery shopping by customers in the country's richest province. The supermarket chain's online business in the Western Cape has already benefited from the dedicated picking warehouse established at the

Brackenfell Hypermarket. In last November, Pick n Pay was the first local retailer to introduce tap-and-go technology in its stores to reduce queues at tills.

<https://www.cbn.co.za/news/sa-s-pick-n-pay-workers-vs-technology-leads-to-job-cuts>

South African companies should be sitting up and taking notes. If ever there was a time to learn about how not to deal with an external threat, it was now. Pick 'n Pay, with its poisoned packets, and Absa, with its clients being duped, have stumbled through an ugly process of late. Neither company followed what could be regarded as international best practice. And yet neither has noticed a knock-on effect on their share price nor, according to the companies, a loss of customers.

Pick 'n Pay's case of product tampering and its ensuing reaction, or lack thereof, could be seen as a massive misjudgment. After seven weeks Pick 'n Pay spoke up, not because it decided it could not bear not to warn its customers of the risk, but because a customer had fallen ill. It then ran a huge campaign about how much it cared. Pick 'n Pay cared only about its bottom line. Real caring would have meant warning its customers the minute the threat was received.

Supposedly, the extortionist said that he/she would step up the heat if Pick 'n Pay went public, but surely the threat of customers dying without a public warning would have been worse, and legally far more tricky, than customers dying after being warned.

Once Pick 'n Pay spoke up, it did not take a stakeholder approach. Texts on companies in crisis suggest all stakeholders be approached swiftly but differently. This means the company in question will communicate in various but distinct ways with its shareholders, its customers, the state, its suppliers, its employees and more. Pick 'n Pay made customers the priority and neglected shareholders. Not once did Pick 'n Pay directly answer a question on cost. For a company that has boasted about its computer systems that allow it to cut and dice information with a keystroke, the dumb act on cost was disingenuous.

The shining example of how to deal with product tampering is Tylenol and Johnson & Johnson. The case was examined by Harvard Professor Lynne Paine in her book Value Shift. In 1982 the management of Johnson & Johnson, which had not received any threats, found that seven people had died mysteriously, but possibly after taking one of Johnson & Johnson's flagship brands, Tylenol. At the time, Tylenol was the best-selling pain reliever in the US. Instead of waiting for a definite link, Johnson & Johnson took the unprecedented step of withdrawing all 31 million bottles of Tylenol in the market. Tylenol made up nearly 18 percent of Johnson & Johnson's annual profit and the recall was said to have cost it more than \$100 million.

Six weeks after the recall, Johnson & Johnson came up with tamper-proof packaging and Tylenol not only recaptured market share but surged ahead. The company's chief executive and other financial authorities in the US at the time put the remarkable recovery down to the way Johnson & Johnson had handled the crisis. The customer came first, no matter what the cost. Paine also brings up the infamous Bridgestone/Firestone fiasco, which started in mid-2000. It turned out that 250 injuries and 88 deaths in the US were related to Bridgestone/Firestone tyres

on the Ford Explorer. The companies recalled 6.5 million tyres but it emerged that they had known about the risks associated with the tyres from as early as 1996.

Both Bridgestone/Firestone and Ford felt large and nasty knock-on effects on their stock and bottom line. Comparing these two cases, immediate action won the day for Johnson & Johnson, but Bridgestone/Firestone and Fords' dithering on cost issues meant people died and the companies were damaged. Absa's case is interesting in the context of best practice. Absa was not dealing with a matter of life and death but, for many people with hard-earned cash in their bank accounts, fraud can feel like a matter of life and death. Unlike Pick 'n Pay, Absa knew about the threat of identity theft only three days before a disgruntled customer leaked the story to the press. The question we will never be able to answer is whether Absa would, for the greater good of South African internet banking customers, have gone public with the looming threat and the details of how to prevent the theft.

But contrary to all principles of good practice and corporate governance, Pick 'n Pay's share price has gained more than 5 percent since it first told the public about the threats. Absa's price, despite a market depressed by Nedcor's falling earnings, has gained more than 3 percent since the identity theft was first uncovered. Is it that nobody noticed the slips in governance or is it that nobody cared? Either way, if these examples are at least used as a learning experience, consumers may be able to live secure in the hope that the companies they trust will warn them the next time they are about to be poisoned or about to have their money stolen.

<https://www.iol.co.za/business-report/opinion/the-customer-should-come-first-in-a-crisis-at-any-cost-771261>

People are going mad for loyalty programmes whose cash-back and discount benefits are helping to reduce the sting of hard times. Data show that millions of consumers are using loyalty points to buy essentials such as groceries, prepaid electricity and fuel. Others save them up for treats such as a month-end bottle of whisky or a holiday.

The Truth Customer Loyalty White Paper of 2016 shows that consumer demand for loyalty programmes is increasing at 6% a year, with economically active people belonging to an average of 4.6 programmes. Loyalty-programme usage in the younger segment is growing at double the average rate across all ages. In 2016, 60% of all South African consumers under the age of 25 used loyalty programmes.

A Cape Town man recently found himself so short of money that he was worried he would not be able to afford medication for his sick child. "I had forgotten all about the rewards programme but the cashier at the pharmacy said I had more than enough loyalty points for the medicines - almost R500 worth. "It was a really welcome bonus," he said.

Angela Chandler, of Milnerton, Cape Town, saves all her loyalty points every year for a specific purpose - attending the Up the Creek music festival on the Breede River in January with her husband. 60% of all South African consumers under the age of 25 used loyalty programmes "My Makro points buy the booze and any camping gear we need, our food is paid for with Smart Shopper and Superspar points, and my Clicks ClubCard points pay for the sunscreen and all the other cosmetics," she said.

"It's hugely satisfying to get it all free."

For Samuel Magane, of Pretoria, his Smart Shopper points recently gave him the means to ask a woman out on a date - he bought airtime and food. By far the most popular programme is Pick n Pay's Smart Shopper - about 12 million shoppers have been issued with the blue cards.

The programme works for both spenders and savers: there are personalised discounts to be had weekly on the products each consumer regularly buys, and points to accumulate for redemption later. "Some customers save their points to reward themselves in December, and others redeem them to get through a bleak January," said John Bradshaw, PnP's head of marketing.

"But most save them until they get to a certain target and then buy themselves something special," he said. Many consumers use programme overlaps to maximise their points. Momentum Multiplier members get double PnP Smart Shopper points, for example.

A Wynberg consumer uses Smart Shopper points to treat himself to a bottle of whisky at PnP's liquor outlets every month "and I don't have to feel guilty about it". The second-most popular loyalty programme in the land is Clicks ClubCard, which surpassed Edgars' Thank U card last year thanks to its switch to cash-back rewards from voucher-based rewards.

Discovery Vitality Active Rewards had an 88% increase in member engagement after introducing the frequent reward element. "In the South African loyalty market- place, most people just want cash back or a free cup of coffee," said the Truth research authors. This is particularly true of women - 70% of the women in WhyFive's Brandmapp 2016 survey,

involving 27446 respondents, said they preferred cash-back rewards compared with 56% of men.

Men are generally more interested in loyalty programmes that offer status - such as high-level tiers - but only if it is clearly visible to others, said loyalty consultancy Truth, which collaborated with WhyFive on the research. Leading the financial services and banking loyalty programmes is FNB's eBucks in sixth place overall. eBucks is one of the country's oldest loyalty programmes, in existence since 2000. Members - 5.4 million of them - can earn and spend rewards with 40 of the bank's partners in-store, online or by cellphone.

<https://www.timeslive.co.za/news/consumer-live/2017-08-02-loyalty-cards-surge-as-hard-times-bite/>

1. Identify and explain the macro environmental factors that influence Pick n Pay and its stakeholders irrespective of them being employees or customers.
[10 Marks]
2. You have been hired as a consultant and propose the need for a strategic planning process to be integrated with the Human Resources Management function. Outline the steps that you can propose to Pick n Pay through this process for efficiency and effectiveness.
[20 Marks]
3. An internal audit reveals the need to train Pick n Pay employees on aspects such managing personal finances in response to challenges happening in the wider context. Using a systems model of training by Bernadin, outline how this can be done.
[20 Marks]

[50 Marks]