THE POWER OF THE PEOPLE:
MANAGING YOUR HUMAN “CAPITAL”

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Introduction
This paper will address the “Power of the People” and how to manage your Human “Capital”. A strong, skilled and motivated team is not just an asset, but also your competitive advantage. The profession is full of team members with great potential, with the ability to offer more, learn more, and to be more to the profession. You may manage these people as a part of your role; you may be managed by other people. Whatever the situation, investment in people is a vital factor for practice success.

In this session we will review the importance human resource and staff development planning in the veterinary practice.

This paper, and the session I will undertake at the AVA conference 2011, is aimed at highlighting some key areas that we are experiencing in the world of human resources globally and the relevance is significant to any business. This information will support and challenge our thinking in how we as veterinary practices approach human resource planning and management:

Human resources & staff development planning
A Human resource and Staff Development approach will ensure you cater for your “internal customer service” team. It will enable you to understand the wants and needs of those you work with, and will enable the practice to undertake and achieve marketing, sales and general practice objectives with more ease and confidence. This alone will impact the growth of the practice, and of the staff, personally and professionally. Any practice that has specific goals and objectives to meet cannot meet them without the greatest asset they have, the people.

An insight into Human Resource practices and trends relating to the agribusiness in Australia is demonstrated in the Rimfire Resources HR review 8th Edition 2010. This covers animal health and agricultural industries. Other excellent sources of information are MPV Surveys undertaken by Rob White. His recent July 2010 survey demonstrated market confidence amongst our veterinary colleagues.

In the Rimfire Resources HR review 8th Edition the key findings are:

1. Implementation of salary reviews is most commonly undertaken in December
2. Whilst 87.5% of organisations did increase salaries in the last 12 months, 95.83% of organisations are budgeting salary increases for some or all staff in the next 12 months.
3. Remuneration is now the most utilised strategy to keep employees motivated in the role. This is closely followed by training and development.
4. 50% of organisations reported that their turnover rate was less than 8%.
5. 71.4% of employees who were counter offered after resigning left anyway or left within months.

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6. 60.42% of organisations indicate they are likely to increase their workforce in the next 12 months.
7. Online job boards are now the most preferred recruitment strategy.
8. 79.2% of organisations indicated that their salary increases are allocated by using a combination of the following:
   - Performance
   - Market changes
   - CPI

**Benefits trends**
As veterinary practices we strive to reward our staff. The Rimfire report highlights the following most commonly reported benefits:
- Bonuses
- Health insurance
- Mobile phones
- Education
- Discounted products
- Gym subsidy
- Anniversary rewards
- Flu shots
- Share options
- Flexible working hours
- Study leave

**Practice implementation techniques:**
During this session I will supply practical tips on implementation. Some scope for these include:

**Plan carefully** – All aspects of your recruitment, selection, management and dismissal and process benefit from being planned in advance. Planning means having systems and processes documented and everyone knowing what these processes are. Also ensure that all staff know what their job involves, what their rights and responsibilities are, and what is expected of them.

**Systemize** – “Systems run the business, people run the systems”. Effective, workable systems must be in place for the practice in the form of a practice policy manual and practice procedures manual. Analysing your practice workflow is of major importance.

**Know the rules** – Keep up-to-date with "good practice" in hiring, managing and firing. Know the awards or agreements related to the practice; the current dismissal and anti-discrimination laws; recruitment and selection processes, and good staff management.

**Spend time and effort** - to recruit and select the best available person for the job. This is quickly repaid through productivity gains and workplace harmony.

**Provide** - team members with a clear understanding of the job requirements, workplace procedures, and managerial expectations. Staff should be fully informed of any changes to these practices and expectations are to be provided with an opportunity to comment and advise where appropriate. Take the time to align your team members to the practice plan.
Regularly assess and evaluate - work performance against the requirements of the job. Personal Development plans are an ideal tool for all staff. Feedback is a two-way street. Focus on assessment of the individuals to uncover their unique competencies, abilities and character that may be brought to bear effectively in the workplace.

Develop a training plan - and implement training and development programs based on matching the practice requirements to the knowledge, skills and competencies of the team members to enable them to remain productive and motivated. Train beyond skills development to include more indirect programs such as communications, motivation, time management, problem solving and team building.

Career – Path and succession planning, which serves the best interests of the employees and the employer. Career path planning helps employees feel you are concerned about their future, which can dramatically improve their job satisfaction. Likewise, succession planning helps you prepare for ascension, attrition and vacancies by having the right talent in place and ready to go, to ensure continuation of practice objectives.

Develop “Talent management” tools such as HR support to training, career planning and performance management. An integrated approach impacts the diverse, yet interconnected needs of the veterinary practice.

Be part of the solution, not part of the problem by improving your own skills, knowledge, competencies and performance through training and development programs, participation in industry associations, and by focusing on managing the people, as well as other practice management areas.

Communicate openly and clearly with all nurses and staff to prevent misunderstanding, solve problems and maintain relationships. Allow them to take responsibility and participate in problem solving.

Encourage professional and personal development from all members of the practice team.

Managing people and avoiding common HR mistakes is a challenge. Succeeding however, brings the satisfaction of a structured and successful practice team.

Appendix1: Human Resource Planning Discussion Paper

Mr Troy Wright, Senior Human Resources Administrator,
The Provet Group of Companies.

In this area I have chosen to reference a paper my colleague Troy Wright, Senior HR Administrator at Provet. This paper highlights some key areas that we are experiencing in the world of human resources globally and the relevance is significant to any business. This information will support and challenge our thinking in how we as veterinary practices approach human resource planning and management:

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Human resource planning, or workforce planning, was traditionally a workforce design approach focused purely on forecasting labour supply and demand based on the employee headcount required to support overall business goals. Recent writings on the topic have built on this initial approach, including the competencies, capabilities and culture required to meet these organisational objectives (Nankervis, Compton & Baird 2008; De Cieri, Kramar, Noe, Hollenbeck, Gerhart & Wright 2008). The theory being that once the future supply and demand are established, a human resource plan is developed to bridge the gaps identified (De Cieri et al. 2008).

A well documented organisational strategy in the organisation (veterinary practice) is commonly employed in an economic downturn as downsizing, where the organisation (veterinary practice) seeks to shrink its operations, staffing and costs to match shrinking demand of the veterinary services. As we have all read in the media, mass redundancies and ‘slash and burn’ style of downsizing has practiced in previous downturns (Wilson 2010). The pros and cons of this strategy have received much attention in recent times. Proponents highlight the reduction in operating costs, maintenance of profit margins and focus on improving operational efficiencies that often went unchecked in times of economic prosperity as some of the benefits for organisations (Wilson 2010; Cascio 2003). Whilst detractors point out the short cited nature of these alleged benefits, and suggest the long term damage that the negative human impact, and in particular the impact on the survivors that remain, can have on the performance of the business (Cascio 2003).

Whilst more research is required into the effects of downsizing on organisational performance, the evidence available supports Cascio’s (2003) concept of ‘responsible restructuring’. Cascio suggests actions such as increased communication and engagement, exploring cost cutting methods other than redundancies and employing fair and equitable systems for selection when making redundancies as methods to decrease the negative impacts associated with the strategy. Findings in Sardo and Begley’s (2009) study suggest that Australian companies have taken these findings on board, listing talent retention, increasing communication and engagement, senior executives walking the talk with regards to cost cutting and careful management of survivors as the most common response to the latest downturn.

Whilst downsizing is a common example of a strategy employed in times of economic downturn and resulting from human resource planning, much debate exists on whether the process of human resource planning itself is more or less critical in times of economic downturn or prosperity. Due to the enhanced competition in a downturn resulting from a general drop in demand, some writers propose that the need for human resource planning is enhanced compared with times of economic prosperity. A quote from Jack Welch in Wilson’s (2010) white paper on the future of work in Australia supports this theory when he stated that:

“HR matters enormously in good times. It defines you in the bad”

This argument is further developed by research on the latest economic downturn which indicated that whilst downsizing is common in a downturn, it is not a given for all companies in all industries. Sardo and Begley’s (2009) survey of business executives in Australia on the effects of the global financial crisis indicated that some 9.02% indicated that their employee headcount had actually increased. Likewise, studies conducted by the Human Capital Institute in the US indicated that gross jobs actually increased in the US during the latest economic downturn (Snell and Schweyer 2008).
Both studies provide evidence to support the theory that downturn does not necessarily spell shrinkage for all companies in all markets and may actually presents further opportunities for organisations to compete.

The consensus that human resource planning is a process designed to align an organisation’s human resources with the organisations overall strategy means the two should be closely integrated. Whilst the economic climate plays a part in shaping this strategy, the way in which an organisation chooses to compete at a particular point in time varies greatly depending on a complex mix of internal and external factors, as evidenced above. Therefore, an argument can be made for stating that human resource planning is vital in any economic climate, as the specific strategies sought will need to be closely aligned to the entire web of interrelating environmental factors and as well as the avenues the organisation chooses to compete through at that particular time.

**Flexible labour solutions**

Flexible labour solutions present another example of a strategic choice that may result after undertaking the human resource planning process, and help combat the predicted gaps in labour supply and demand (De Cieri et al. 2008). Coined by many writers as the ‘contingent workforce’, employees in flexible work forms are a growing trend, with a 2007 ABS study indicating the contingent workforce now accounts for approximately 20% of the workforce in Australia (Nankervis et al. 2008). Examples of flexible labour solutions include temporary workers, outsourcing, fixed term contracts, casual and part time employment (Nankervis et al. 2008).

Evidence suggests that this trend is not just a strategy to reduce labour costs, but also a key attraction and retention strategy. The 2005 Current Population Survey (CPS) in the US demonstrated strong evidence to suggest that the majority of contingent workers actually seek the flexibility that flexible working arrangements provide (Surfield 2005). The emergence of this need has led many organisations to implement flexible labour solutions as a strategy to attract and retain the best talent.

In opposition to the points above, the speed in growth of this trend in Australia has led to much debate on the negative impacts of the contingent workforce to both the individual and the organisation. The apparent job insecurity, reduced entitlements and lowered morale associated with many forms of contingent work have led some writers to prescribe a cautious approach when promoting flexible labour solutions (Parker 2004; Nankervis et al. 2008; De Cieri et al. 2008) and for some to coin this group the ‘disposable workforce’ (Surfield 2005). Additionally, the deteriorating skills base, lower stability, higher turnover and impact on customer service levels that have been found to result from a highly contingent workforce have reinforced this call for concern (Nankervis et al. 2008; De Cieri et al. 2008).

Like human resource planning discussed previously, flexible labour solutions represent a workforce design strategy for organisations to compete. Based on the increased ability to adapt labour supply to meet labour demand and the attraction and retention of a workforce that is growingly seeking flexibility, one could conclude that the use of flexible labour solutions is a valid one no matter what the economic climate.
The potential negative impacts discussed point to the importance of linking the flexible arrangements adopted closely with organisational objectives and managing their implementation intimately through human resource planning. A more sophisticated approach in selecting which roles are critical to the organisation, and therefore which to fill with contingent workers may be the answer to avoiding the potential negatives described above. Lepak and Snell’s Human Capital Characteristics Model (De Cieri et al. 2008), which rates roles on their strategic value and their uniqueness to the organisation, provides one example of a model which may assist.

Diversity Management

Diversity management represents another workforce design strategy that may result from a human resource planning process and aims to attract, develop and retain the best talent from the entire labour market, maximising labour supply (Nankervis et al. 2008).

Most writers on the topic contend that the benefits of managing diversity are clear. Achieving competitive advantage by maximising the entire labour pool leads the list, particularly with the skills shortages predicted for the global economy (De Cieri et al. 2008).

The competitive advantage gained through the differences diversity management promotes and their positive impact on desirable workforce competencies such as innovation (Vallerio 2006), adaption to change and client interactions (De Cieri et al. 2008) also feature prominently. Nankervis et al. (2008) builds on these by arguing that diversity management is also driven by changes to the composition of the workforce, including the growth of women at work, the aging workforce and the interactions between Generations X, Y and the Baby Boomers. Reputation is also a factor with diversity management strategies and as Rance (2004) highlights, impacts both employment and marketing branding strategies.

Whilst the benefits discussed above are theoretically sound, the actual impact on organisational performance remains unclear. The propensity for organisations to take a compliance focused approach to diversity management, focusing on quotas and mandates, has been linked to reduced impact on organisational performance (Ricucci 1997; De Cieri et al 2008). Likewise, the focus on structural diversity management actions such as policy improvements neglecting changes to organisational culture, including the deep seeded values and beliefs that many argue are the critical barriers to inclusion, has been found to result in questionable outcomes (Nankervis et al. 2008; Palmer 2003; Vallerio 2006).

The risk of reverse discrimination leaving some employees feeling disengaged (Ricucci 1997) and the juxtaposition between theorists on strategic human resource management and the associated requirement for employees to conform with organisational fit and those promoting difference through diversity management (De Cieri et al. 2008) mean the evidence to support the impact on organisational performance remains blurred.

Much like the previously discussed workforce design approaches, the theories available on diversity management point to the strategy being important in both times of economic prosperity and downturn. Organisations will want to compete no matter what the economic environment and as demonstrated above, diversity management is a strategy to maximise the available talent through the attraction, retention and development of a diverse workforce.
Again, the need to link the approach closely with how the organisation chooses to compete and the human resource planning process is vital and with the difficulty in linking such strategies with organisational performance, the need to create meaningful data on how the strategies impact performance is also vitally important.

References


