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Regulation—The Bahamas Experience**

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HUMAN RESOURCES MANAGEMENT IN UTILITY REGULATION—THE BAHAMAS EXPERIENCE

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Abstract

The paper deals generally with human resources management at the PUC since its establishment with a focus on the experiences with staffing, human resources development, compensation and benefits.

During the early stages of the PUC, funding was provided by central government for the engagement of a consultancy to advise on various aspects in establishing the PUC. A small coordinating team was also appointed by the Government to prepare the groundwork for the establishment with a view to the members of the team assuming top positions in the new PUC. The PUC though responsible for the regulation of telecommunications, water and electricity is currently only empowered to regulate telecommunications.

During the first five years of its existence, the PUC has had to concentrate on issues of human resources management while simultaneously dealing with pressing regulatory matters. For purposes of the presentation, both human resources management (HRM) and human resources development (HRD) will be covered. Human resources management is viewed as formal systems that ensure best use of employee talent and is concerned mainly with human resources research and information systems, labour relations, compensation and benefits, staffing and human resources development. HRD, a subset of human resources management, is concerned with training and development, organizational development and career development. The areas to be expanded upon as they relate to activities at the PUC will include:

Staffing, human resources research and information systems, compensation and benefits, training and development, organization development, and career development. The paper concludes with a look at the way forward in human resources management at the PUC.

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INTRODUCTION

People have always been central to organizations, but their strategic importance is growing as it is recognised that the success of the organization increasingly depends on its employees. Organizations have, therefore, to do a good job of managing its human capital--the knowledge, skills and capabilities that have value to organizations.

This paper, “Human Resources Management in Utility Regulation—The Bahamas Experience” is presented in four parts. The first part gives brief background information on utilities regulation in The Bahamas and the role of the Public Utilities Commission (PUC). Part two defines Human Resources Management and its role in organizations. Part Three focuses on the experiences at the PUC in Human Resources Management and Part Four covers the areas that the PUC will be placing more emphasis on in Human Resources Management. The greater portion of the presentation will be spent on parts three and four.

1. BACKGROUND

The regulation of utilities in The Bahamas, namely: water, telecommunications and electricity has traditionally been carried out by the government owned monopolies, which both provided and regulated the activity. Due to the increasing liberalization in telecommunications worldwide, the Government’s policy position on the Bahamas Telecommunications Company was that it should be privatized, and this resulted in the enactment of a new telecommunications law in 1999 to allow for, inter alia, the liberalization of the sector, the separation of the regulator and the operator, the granting of licences by the regulator, regulatory transparency and reduced government control.

With the coming into force of the Telecommunications Act, 1999, the economic regulation of the telecommunications utility sector became the responsibility of the PUC.

1.1 The Public Utilities Commission

The Public Utilities Commission was established under the provisions of the Public Utilities Commission Act, 1993 as amended by the by The Public Utilities Commission (Amendment) Act, 1999, for the purpose of regulating “controlled public utilities” namely, electricity, telecommunications, and water and sewerage. However, the PUC Act never came into operation until March, 2000 and only telecommunications is regulated by the PUC at this time.

The overall functions of the PUC are to ensure that the services rendered by a controlled utility undertaking are satisfactory and charges reasonable; to promote the interest of consumers and to promote effective competition in accordance with

the Government's Sector Policy. The PUC is expected to operate with a high level of autonomy and to receive direction from the Government through the Sector Policy, a document that is required by the Act to be gazetted, and is, therefore, an official public policy. It is the PUC's responsibility to see that the policy is implemented.

During the establishment phase of the PUC, a small coordinating team was appointed by the Government to begin the preparations for the internal organization. The Government also engaged an international consultancy to advise on various aspects in establishing the PUC.

This paper will focus specifically on the experiences at the PUC with respect to staffing, organizational and human resource development, compensation and benefits and the direction planned for human resources management in the future.

2. HUMAN RESOURCES MANAGEMENT

2.1 Definition

- **Human resources management (HRM) refers to the management of people in organizations.**
- **Human resources management is the activities, policies, and practices involved in obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate number and skill mix of employees to accomplish the organization's objectives.¹**
- **HRM is the design of formal systems in an organization that ensures the effective and efficient use of human talent to accomplish organizational goals. It is an essential ingredient for organizations to remain competitive and fulfill their societal objectives.²**

¹ Dessler, Cole, Sutherland, Human Resources Management in Canada, 2005, p 2

² Dessler, Cole, Sutherland, "Human Resources Management in Canada", 2005, p. 2

2.2 Goal of Human Resources Management

The bottom line of any human resources management system is to maximize employees' contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as having a challenging job and obtaining recognition), and organizational missions.³

Human resources development and organizational development, which are subsets of human resources management, are important to the effective achievement of the HR goals. Human resources development refers to training, career planning and personal development. The Leadership Architect Model for Competency Based Human Resources Processes breaks organizational development down into the following components:⁴

Organizational Development

- **Organization Capabilities**
- **Team Capabilities**
- **Interviewing and selection**
- **Feedback**
- **Career Development**
- **Learning Enhancement**
- **Performance Management**
- **Succession Planning**

³ Society for Human Resources Management, The SHRM Learning System, Module 1 p.4

⁴ The Career Architect, www.lominger.com

2.3 Human Resources Management Responsibilities

The human resource manager's role has evolved into three main areas:

- **Strategic**

Strategic Human Resources Management is the linking of Human Resources Management with strategic goals and objectives in order to improve business performance and develop an organizational culture that fosters innovation and flexibility.⁵ It deals with creating the right culture and building the right organization. The activities involved include, preparing the organization for change, restructuring the organization and developing performance management systems that support corporate objectives.

- **Operational**

The operational role involves those day-to-day tasks that are focused on running the organization. The activities that are usually associated with the day-to-day management of people and include recruitment, resolving employee complaints, communicating with employees, serving as consultants and offering advice.

- **Administrative**

The administrative deals primarily with monitoring to ensure compliance, record keeping e.g.. filing reports required by law and maintaining employee records and providing services. These responsibilities are usually made easier by technology, Human Resource Information Systems (HRIS) e.g. many North American companies are using electronic human resources (e-HR) to automate HRM transactions and have employees service themselves as required. Employees are able to update personal data, enroll in and make changes to benefits plans and access online training courses.

⁵Dessler, Cole, Sutherland, "Human Resources Management in Canada", 2005, p. 2

Today, persons responsible for human resources management would be concerned with the following:

1. The Strategic Role of Human Resources Managers

**The impact of HRM Practices on the bottom line,
Environmental influences, workforce diversity, HR
Auditing**

**2. Designing and analyzing jobs, HR Planning
recruitment and selection**

**3. Orientation and training, career development,
managing organizational renewal and
performance appraisal.**

4. Compensation and rewards

5. Building effective employer/employee relationships

Occupational Health and safety, fair treatment, labour relations,
collective bargaining and contract administration

6. International issues in HRM

2.4 Role of the Human Resources Department

The primary role of the Human Resources department is to ensure that the organization's human resources are utilized effectively and managed in compliance with company policies and procedures, government legislation, and in unionized settings, collective agreements.

All managers must concern themselves with HRM, since they all meet their goals through the efforts of others, which requires the effective management of people. In small and medium-sized organizations, where the HR department is small or may not exist at all, every supervisor and line manager has responsibilities related to a range of HRM activities, including analyzing jobs, planning labour needs, selecting employees, orienting and training employees, appraising performance and maintaining employee

commitment. As an organization grows, managing human resources effectively and ensuring legal compliance become more of a challenge and it then becomes more beneficial to delegating some of these functions to a separate HR department.

3. PUC EXPERIENCES IN HUMAN RESOURCE MANAGEMENT

The initial work to establish the PUC commenced in July, 1999 by the Government's appointed coordinating team. Two persons on the team later became the Chairman and Executive Director. Their work included the recommendation on the organizational structure; building the organizational, individual and team capabilities and competencies; preparation of preliminary job descriptions and the initial recruitment of the staff. This work began prior to the commencement of the consultancy to advise on the internal organization, resources, training and regulatory responsibilities of the PUC. However, the consultancy reports were very useful in that it fortified some decisions already made and provided guidance on areas not addressed.

3.1 Institutional Building

The Organizational Chart on page 10 shows the First Level Organization structure at establishment.

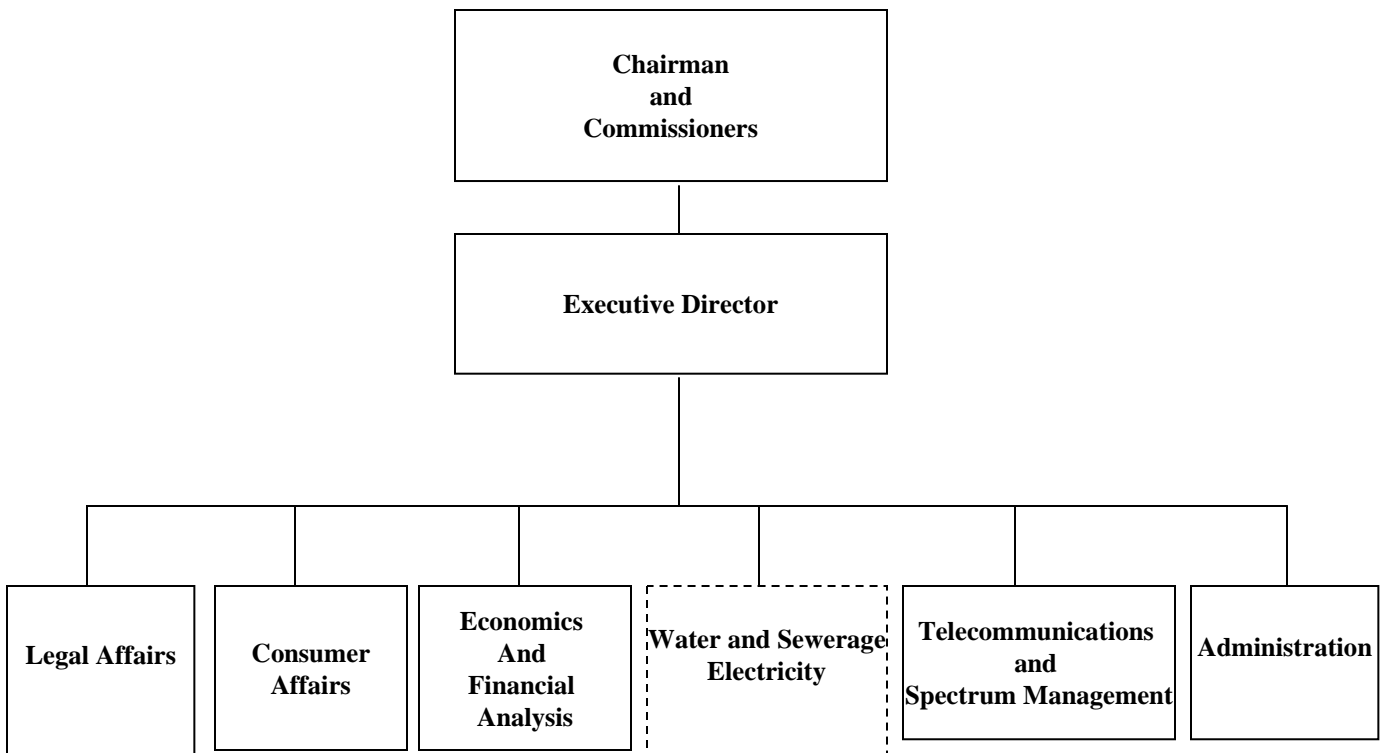
3.1.2 Research and Information Systems

The PUC was established at a time when Information and Communications Technologies (ICTs) were being integrated into all levels of the every day operations of organizations. To establish effective means of communicating and increase productivity, a Local Area Network (LAN) and the Internet were established very early. Within the first three years of its existence, the PUC's website was operational. In addition to the use of these technologies as a resource for day-to-day communication, they were also to be used in research and development activities and to increase productivity.

3.1.3 Mission Statement

The PUC's mission statement is intended to articulate the organization's essential nature, values and work as well as inspire commitment, innovation and zeal. The development of the mission statement was a team effort and took the form of a competition with the inducement of a reward for the person whose entry was used partially or completely in creating the final version of the mission statement. 9

Organizational Chart



The function of human resources management falls within Administration

MISSION STATEMENT

“The Public Utilities Commission (PUC) is committed to the promotion of quality utility services throughout The Bahamas at reasonable prices, and to the fostering of competition where appropriate.”

3.1.4. Personnel Policies Manual

The PUC Personnel Policies Manual (PPM) was produced in-house and is the principle document to provide guidance to the employees on matters affecting their conditions of employment. The policies are representative of the PUC's long-term commitment to fair and equitable treatment of all of its employees and compatible with applicable labour legislation and collective bargaining trends. Prior to the introduction of the PPM, a document containing abbreviated terms and conditions was utilised. Where this document fell short, the labour laws and Central Government's General Orders were to be referred to. All PUC managers are assigned responsibility for the implementation of the policies contained in the Manual.

3.2 Staffing

The PUC was expected to operate with a staff complement of around 30 persons at its maximum. The recruitment process has turned out to be continuous and challenging for all levels of staff and for varying reasons. The current number of persons on staff is 21.

The PUC received assistance from the Public Service with the provision of some of its staff to assist with start-up activities, particularly in Administration. A considerable amount of resources was expended in the recruitment of economists, legal counsel, qualified accountants and telecommunications engineers. The first economist hired by the PUC terminated the employment in August, 2001 and shortly afterwards, the PUC sought actively to employ a senior economist using a variety of means including advertising locally, head hunting and recruiting from within the region. We found out that there was a scarcity of qualified persons in this field.

The recruitment exercises had limited success as the candidates selected did not accept the offer of employment for various reasons, and the post of senior economist remained vacant. It was not until July, 2003, that the PUC hired a college graduate as assistant economist. In 2004, the PUC was considering offering a scholarship to a graduate student to study economics due to the apparent dearth of available candidates. The PUC again started the process of recruiting a senior economist in 2004 and in December recruited an economic advisor from within the region. The PUC is now in the process of recruiting a Senior Economist once again to work along with the Economic Advisor.

The PUC has had to look at flexible staffing alternatives and these included: hiring on a part-time basis, hiring persons on fixed term contract, and hiring from

abroad. A part-time chief accountant was hired for a period of time, and the PUC received assistance from the Commonwealth Secretariat with the appointment of a telecommunications regulatory advisor from abroad for a two-year period. It took the PUC quite some time to employ an in-house legal counsel and the post had to be filled on a fixed-term contract basis. It was found that generally once it was decided to hire a candidate, swift action had to be taken in concluding the offer of employment. In general, the reasons recruitment in these areas appeared to be the most challenging were:

- The PUC was a new entity and as such very little was known about it and, therefore, people were hesitant to work there.
- The regulatory functions as outlined in the PUC and Telecommunications Acts were new to the Bahamas, required a lot of new learning, and discipline, and job applicants seemed hesitant to venture into the uncharted areas; particularly when they could make very good salaries in other less demanding areas.
- The PUC found certain areas of staffing to be either very competitive or to have had a scarcity of persons who met the PUC's requirements. The areas of competition were particularly in the banking and financial services sectors and for staff in the economic and administrative services areas. The very attractive remuneration, job benefits and general ambience of the sectors made the areas very attractive to younger employees.
- On average the remuneration offered candidates from abroad, although very good, was not sufficiently attractive to relocate when all other things are considered.

The recruitment methods and sources employed, in the hiring process were strategically aligned to organizational priorities and were:

Local Media
PUC Website
Head hunting
Recruitment from the Public Service
International Organizations

The PUC also experienced the usual start-up problems such as persons getting use to their new roles and adjusting to the type of culture that PUC was trying to create.

This sometimes resulted in resignations at the management, administrative and clerical levels. In the administrative and clerical areas the turnover rate appeared to be some what higher than in the other areas. This was due primarily to:

- **the ease of finding employment of this particular grouping; and,**
- **the problems associated with finding employees with the right fit for the organization. Early emphasis, therefore had to be placed on human resources development.**

3.3 Training and Development

The training and development of the staff were of priority and the consultants engaged to advise on the establishment of the Commission had prepared needs analysis and individual draft training plans for all staff who were at the PUC at the time. Training sessions were also conducted as part of their remit.

Every management staff participated in some type of regulatory, management, or human resources management training locally, regionally and internationally. These training sessions generally lasted from one to two weeks.

The staff engaged in regulatory work had to be exposed very early to the appropriate training to give orientation and basic skills in utilities regulation. The International Training Programme on “Utility Regulation and Strategy” offered jointly by the Public Utility Research Centre (PURC) and the World Bank was identified as a required course for all regulatory staff. The PUC became a member of the Development Sector of the International Telecommunication Union (ITU) and the staff benefited from participation in various ITU training programmes, conferences and fora. The areas in which training has been focused are: interconnection, numbering, costing for telecoms and electricity, amateur radio administration and radio spectrum monitoring.

The administration, management, clerical and support staff participated in relevant training courses and conferences in management, human resources management, financial accounting, and human relations locally and abroad.

The regulatory and legal websites were also to be used as resources and staff were encouraged to network with others in their professions, and to join their professional associations by PUC subsidizing the membership fees. The staff was also encouraged to pursue their own personal development activities.

The PUC also created a team building programme for all of its staff. At the beginning of each year a training seminar is held which is designed to motivate the staff, build effective and productive teams and enhance customer service.

3.4 Performance Appraisal

The PUC views performance appraisal as the key to effective performance management, as it provides a basis for analysis of the employee's work performance and for any action taken to maintain, enhance or change it.

Performance appraisal is carried out in general at the completion of the probationary period and on the employee's anniversary date thereafter. The PUC uses a rating form which takes into consideration the strategic objectives, the expectations of performance, productivity and effectiveness. These forms were developed by Administration and selected management staff participated in their development. Prior to the forms being in use, performance appraisal was conducted using forms from the Central Government as in the initial stage of the PUC's set up, the Central Government was benchmarked for a range of HR activities.

The performance appraisal process is initiated by the Human Resource Section and the employee's supervisor does the actual appraising before it is signed off on by various levels of management as appropriate. In addition to the rating of performance, the appraisal form contains development activity questions and allows for comments on the strengths and weaknesses of the employee and for the employee to give feedback and to sign-off on the appraisal. The PUC uses two slightly different appraisal forms to assess its management and non-management staff.

3.5 Compensation and Benefits

PUC found that it had to compete for talent with the private and public sectors, therefore its compensation packages had to be competitive. Salaries had, therefore, to be benchmarked with these sectors and kept current with timely salary reviews. To ensure that its total remuneration package was competitive, it had also to offer attractive benefits packages. The benefits consist of, inter alia, a health and life insurance plan in which the PUC pays the employees' premium in full; a defined benefit pension plan that is paid for fully by the PUC; annual salary bonus at Christmas, generous leave benefits, and training opportunities as necessary.

4. WAY FORWARD

The PUC is now in its fifth year of existence and much has been accomplished in the area of human resources management. During this period, a considerable amount of time has been devoted to the operational and administrative aspects of HR Management. A balance needs now to be created by placing more emphasis on the strategic side. This can be achieved to a great extent through the hiring of additional management level staff in Administration to assist the PUC in strengthening its team and in concentrating on its mission, its core areas, and the provision of excellent service to the public, while satisfying individual goals. The areas of focus in moving forward are:

- **In-house and external training of managers in general and human resources management to enhance understanding of their roles in the development of the employees in order to strengthen organizational responsiveness, promote commitment, competence and performance to facilitate the achievements of the PUC's goals and objectives.**
- **Continuous training and development of all staff through online programmes, university level, technical colleges and training institutions in regulatory matters, use of information communications technology (ICTs), management, organizational dynamics and customer service.**
- **Placing emphasis on positioning the PUC as an “employer of choice” to attract and retain quality manpower.**
- **Continuous review of training plans and job descriptions to ensure that they continue to be in line with the strategic goals of the PUC.**
- **The use of e-HR to provide certain administrative services, freeing up HR staff to concentrate on strategic activities.**
- **A greater role to be played by HR in environmental scanning, which involves identifying and analyzing external opportunities and threats that may be crucial to the organization's success.**
- **More emphasis to be placed on activities to measure HR's effectiveness as a strategic partner.**

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THANK YOU!!